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# Managing for Success: A Workshop for Dairy Farm Managers



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# I. MANAGING FOR SUCCESS - I

Many thanks to those who contributed to this publication: The Cornell Cooperative Extension Agricultural Agents of New York State, the PRO-DAIRY staff and the 1988 Managing for Success work group which included Stephan Hadcock, Wayne Knoblauch, Kristen Park, Shaw Reid, Terry Smith, Charles Sniffen and Bernard Stanton. The authors are also thankful to dairy farm managers who participated in the 1988 PRO-DAIRY program and offered their suggestions for program improvement.

### **ACTIVITIES FOR MANAGING FOR SUCCESS-I**

<u>Minutes</u>	Activity							
	1) Welcome at the Door and Complete Registration							
30	) Introduce teaching team and warm-up exercise							
5	Agenda Sharing							
20	4) Wrestling with Management							
20	5) Management Inventory							
15	6) The Functions of a Manager							
30	7) The Planning Function							
10	8) Farm Video Introduction to Problem Solving							
10	9) Problem Identification							
15	10) Farm Management Planner							
15	11) Management Challenges and Guarantees							
10	12) Assignment of Homework and Wrap-Up							

# **ACTIVITY 1**

#### Welcome at the Door and Complete Registration Form

#### I. Learning goals of this activity:

- 1. Participants will feel welcome and wanted.
- 2. Tone will be established that this is a workshop in which everyone must be involved.
- 3. Information will be obtained for mailing lists and telephone contacts.
- 4. Demographic information and limited production information will be obtained for identification of audience and evaluation of program.
- 5. The materials fee, plus any local meeting costs, will be collected.

#### II. Key points:



- 1. All preparations for the workshop need to be completed prior to arrival of the first participant so that attention can be focused on welcoming the participants.
- 2. Ask participants to begin filling out the registration form as soon as they have acclimated themselves to the room. The goal is to have the registration forms completed before the workshop actually starts, thereby saving time for subject matter coverage.

#### III. Suggested method/exercise/activity:

- 1. Greet people as they come in the door. Shake hands, welcome, offer coffee/milk/juice (if available). Refer to the section entitled "Beginning a PRO-DAIRY Workshop" in the Facilitators' Guide for more ideas.
- 2. Give participants a registration form and ask them to fill it out. Alternatively, place registration forms around the table at the participants' "tent" (name) card prior to their arrival.

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Office	use. Paid:\$

# PRO-DAIRY

REGISTRA	TION FORM
	Today's date: Meeting location:
FIRST NAME M.I I	AST NAME
ADDRESS	
CITY	STATEZIP
HOME PHONE # ( )	WORK PHONE # ( )
FARM NAME	OTHERS ATTENDING FROM SAME FARM:
COUNTY FARM IS LOCATED IN	(1)
IS THIS YOUR FIRST PRO-DAIRY WORKSHOP?  YES NO	(2)
CIRCLE ONE ANSWER OR FILL IN BLANKS BEI	<u>LOW</u>
1) Your Age:	
2) Number of Years Operated Farm:	
3) Education Level: Grammar High School School	Associate Bachelors Advanced Degree Degree Degree
4) Number of People in Farm Work Force family, and non-family hired employ	
Full time:	Part time:
5) Number of Individuals Involved in	Management:
6) Major Breed: Ayrshire Brown Sw	iss Guernsey Holstein Jersey
(If not dairy, majo	r enterprise:)
7) Number of Cows (Milking and Dry):_	
8) Pounds of Milk Sold per Cow per Ye	ar:
9) Do you use DHI? Yes	No
10) Milking System: Bucket	Pipeline Parlor
11) Number of Tillable Acres: Owned	Rented Total
12) Learned About PRO-DAIRY Through	
Cooperative Agriservice Farm	er Magazine/
Lutanaian Varaanna!	NEWSOMBEL VEHEL.

# **ACTIVITY 2**

#### **Teaching Team Introduction and Warm-Up Exercise**

#### I. Learning goals of this activity:

- 1. Participants will learn the names of the teaching team members and the other participants in the workshop. Participants will also learn some background information about the teaching team members and other participants.
- 2. Participants will begin to feel comfortable speaking out in the workshop and will understand that this type of interaction is essential to the success of the workshop. Individuals will feel empowered to participate. A sense of group cohesiveness will begin to develop.

#### II. Key points:



- 1. Teaching team introductions:
  - a. Use a comfortable, informal style.
  - b. Volunteer information that will help farm managers identify with you (e.g. farm background), while also letting participants know your qualifications for leading the workshop.
  - c. State your expectations for the roles of the facilitator and the group in working and learning together.

#### 2. Warm-up exercise:

- a. Try to have participants introduce someone whom they do not know.
- b. Make sure every participant has someone to introduce even if there is an odd number of participants.

#### III. Suggested method/exercise/activity:

- Each member of teaching team introduce themselves. Distribute (or call attention to) the teaching team introduction form and encourage participants to call any member with questions/concerns.
- 2. See "WARM-UP EXERCISE" below.

#### **TEACHING TEAM INTRODUCTION FORM**

Name: Address: Telephone #: Affiliation:
Biographical Sketch:
Name: Address: Telephone #: Affiliation:
Biographical Sketch:
Name: Address: Telephone #: Affiliation:
Biographical Sketch:
Name: Address: Telephone #: Affiliation:
Biographical Sketch:

#### **WARM-UP EXERCISE**

1.	Write your name and a few words that describe an activity you like to do when you are not working; for example, "Watch baseball."
NΔ	ME:
AC	CTIVITY:
2.	Find a person in the room with whom you are not acquainted. Introduce yourself and exchange this warm-up exercise sheet with them. Describe briefly why you enjoy the off-work activity.
3.	After completing this part of the warm-up, write down a positive characteristic about the person with whom you just spoke. For example, you might have found this person to be cordial, down-to-earth, or genuine.
PC	SITIVE CHARACTERISTIC:
4.	Then introduce your new acquaintance to the group. For example, "I would like you to meet Tony. He likes watching baseball, and strikes me as being down-to-earth."

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#### **Agenda Sharing**

#### I. Learning goals of this activity:

- 1. Participants will increase their understanding of the goals of the Managing for Success workshop.
- 2. Participants will know what they can expect at today's session in terms of the schedule of activities and workshop format.

#### II. Key points to be made:



- 1. The agenda has been set up to introduce management and then focus on one area of management, that being planning. Within planning, the workshop then explores problem solving.
- 2. Involvement of participants is essential to the success of the workshop. Involvement includes completion of worksheets, exercises, and contributing to the group discussion.

#### III. Suggested method/exercise/activity:

Use overheads (I.3.1-3) as visuals for a mini-lecture style presentation.



### MANAGING FOR SUCCESS FEEDBACK SHEET

Da	le
Co	unty
Wo	rkshop site
Sed	ction 1. Please rate each part of the course on a scale of 1 (low value) to 5 (high value) according to its contribution to the goals of this workshop. Circle one number for each area.
1.	Teaching Team Introductions and Warm-up Exercise (Low value) 1 2 3 4 5 (High value)  Comments:
2.	Agenda Sharing (Low value) 1 2 3 4 5 (High value)  Comments:
3.	Wrestling with Management (Low value) 1 2 3 4 5 (High value)  Comments:
4.	Management Inventory Exercise (Low value) 1 2 3 4 5 (High value)  Comments:
5.	

9

5 (High value)	
<del>-</del>	
on to Pro 3 4	tting for Your Farm 3 4 5 (High value) on to Problem Solving 3 4 5 (High value)  Exercise

10. Mini-lecture on Use of Farm Management Planner (Low value) 1 2 3 4 5 (High value)

Comments:

Comments:

11. Challenges and Guarantees of PRO-DAIRY

(Low value) 1 2 3 4 5 (High value)

Comments:

#### **END OF SESSION I**



12. "Ho	(Low value) 1 2 3 4 5 (High value)
	Comments:
	blem Identification - Own Farm (Low value) 1 2 3 4 5 (High value)
	Comments:
14. Pro	blem Diagnosis Exercise
	(Low value) 1 2 3 4 5 (High value)
	Comments:
15. Gei	nerating Alternatives - Own Farm (Low value) 1 2 3 4 5 (High value)
	Comments:
16 Dog	nicion Making
io. Dec	cision Making (Low value) 1 2 3 4 5 (High value)
	Comments:
17. Ger	neral vs. Operational Management (Low value) 1 2 3 4 5 (High value)
	Comments:
18. Tac	tical Planning (Low value) 1 2 3 4 5 (High value)
	Comments:



19. F								ocus Workshops (High value)
	Comme	nts:	· ·					<u>.</u>
								ond session of Managing for Success, please swering the following questions.
2a. \	What did yo	u lik	e <u>b</u>	est a	abo	ut th	ie cor	urse?
2h \	What did yo	u lik	<u>م</u> ام	aet	aho	ıı ı <del>†</del> †	ne col	urea?
	mai did yo	u	.O <u>10</u>	<u></u>		at ti	10 00	
2c. 1	f you had to	cha	ang	e on	ne th	ning	abou	t the course, what would you change?
2d. F	Please rate	the	<u>con</u>	<u>tent</u>	of t	the v	works	hop by circling one number in each category.
I	Jseless	1	2	3	4	5	Uset	ful
I	mpractical	1	2	3	4	5	Prac	ctical
	Please rate gory.	the	<u>disc</u>	cuss	ion_	lead	<u>ders</u> fo	or the workshop by circling one number in each
,	Amateur		1	2	3	4	5	Professional
İ	Disorganize	d	1	2	3	4	5	Well prepared
	Ininformed		1	2	3	4	5	Knowledgeable



2f. Please give your comments about the following written resource materials you received during the course.
Management Resource Notebook:
Farm Management Planner:
Milk Production Records for Management Control:
2g. We welcome any additional comments or suggestions on the workshop or the PRO- DAIRY program:

3. (Optional) Your name:



#### Agenda Sharing (Overhead-I.3.1)

#### **TODAY'S GOALS**

By the end of today's Managing for Success workshop, you, the participating dairy farm manager, should

- 1. Understand clearly what management is and what managers do.
- 2. Learn and apply management skills in planning and problem solving.

#### Involvement of participants is essential

\* worksheets, exercises, and discussion

#### Feedback is needed

\* complete feedback sheet as the session progresses



#### Wrestling with Management

#### I. Learning goals of this activity:

- 1. Participants will understand the difference between technical activities and management.
- 2. Participants will understand why management is a creative profession and not simply the next step for a good technical person.
- 3. Participants will learn that the concept of management is centered on people and their activities.

#### II. Key points:



- 1. Management requires a <u>unique</u> set of skills and abilities which not everyone has and which do not necessarily accompany technical skills.
- 2. Management is the art and science of accomplishing objectives and goals through oneself and others.
- 3. MANAGEMENT is determining what must be done and achieving results through the efforts of **oneself** and other **people**. Management is planning, organizing, staffing, directing, and controlling the business' resources toward the accomplishment of established goals.
- 4. <u>Management has a unique set of terms, principles, and practices just like agronomy, finance, and dairy science.</u>

#### III. Suggested method/exercise/activity:

- 1. Use an example (thin cows) to bring out the participants inclination to deal with problems on a technical level. Ask participants to name <u>some causes for undercondition cows</u> as one of the participants lists on the flip chart. Expect to hear technical causes.
- 2. Do the management definition facilitator exercise below with flip chart, overheads (I.6.1-2) and worksheets. Make sure the participants are actively wrestling with the question, "What do managers do?"
- 3. Go back to the list of technical reasons for thin cows. Ask participants how the things they listed relate to management activities they discussed. Discuss that these are technical reasons as to why the problem exists. Ask the "MANAGEMENT WHY?" Get the participants to now list some management reasons for thin cows.



#### MANAGEMENT DEFINITION (facilitator exercise)

1. Ask the question, "What do managers do?"

Think of someone who you feel is a good manager and tell me what they do. What are their activities? What functions do they perform in the business they manage that distinguish their activities from someone involved in strictly technical or labor activities.

Allow time for participants to write down their own thoughts on the question,

then

Have a participant record responses preferably on the flip chart or if need be on an overhead.

**2.** Recognize managerial functions as people list what they think managers do. Offer this definition and summary of the recorded responses:

MANAGEMENT is determining what must be done and achieving results through the efforts of **oneself** and other **people**. Management is planning, organizing, staffing, directing, and controlling the business' resources toward the accomplishment of established objectives and goals.

Go back to thin cows



Wrestling with Management (Worksheet)
What do managers do?
(Think of someone who you feel is a good manager and write down what they do. What are their activities?)



Management Definition (Overhead-I.4.1)

#### **MANAGEMENT DEFINITION**

#### **MANAGEMENT** is

determining what must be done and achieving results through the efforts of **oneself** and other **people**. Management is planning, organizing, staffing, directing, and controlling the business' resources toward the accomplishment of established objectives and goals.



	Management Definition (Worksheet)
MANAGEMENT is determin	ing what must be done and achieving results
through the efforts of	and other
	Management is
	.,
	, and
	the business' resources toward the
accomplishment of establish	ned and

# **ACTIVITY 5**

#### **Management Inventory Exercise**

#### I. Learning goals of this activity:

- 1. Participants will begin to <u>recognize</u> that there are *five functions* of management by completing a series of questions about the functions.
- 2. Participants will *learn* which of the five management functions they are stronger/weaker in.

#### II. Key point:



 This is a self-disclosure exercise. The exercise is designed to help the participant examine his or her own strengths and weaknesses pertaining to the managerial functions.

#### III. Suggested method/exercise/activity:

- 1. Give participants the Management Inventory exercise. See following pages.
- 2. Once completed, explain how the exercise is scored and allow time for the participants to score their own inventory.
- 3. Processing of inventory will be accomplished during the next activity.



# Management Inventory

1	The goals and objectives o strongly disagree				on my farm are clear and often written.  strongly agree		
	1	2	3	4	5		
responsibilities.					has very clear responsibilities, and I often write down those		
	strongly disagree				strongly agree		
	1	2	3	4	5		
3 I can clearly tell if someone is doing a good job and					oing a good job and why they are doing well.		
	strongly d	disagre	<del>)</del>	stro	ongly agree		
	1	2	3	4	5		
4	People I work with put in 11 strongly disagree				10% effort to get the job done. strongly agree		
	1	2	3	4	5		
5	I regularly match daily perfo strongly disagree				nce against standards I have set. ongly agree		
	1	2	3	4	5		
6	Given a lare		per of t	hings t	to choose from, I find it is difficult for me to make the		
	strongly disagree			stro	strongly agree		
	1	2	3	4	5		





					<del></del>		
7	•		-		e farm, it's the owners problem.  ongly agree		
	1	2	3	4	5		
8	B Evaluating people's skills				heir ability to fit into the jobs is difficult for me.		
	strongly disagree			stro	strongly agree		
	1	2	3	4	5		
9	Motivating people is some strongly disagree			_	ething I do not do well.  strongly agree		
	1	2	3	4	5		
1 0 People who work with me don't control themselves and need a boss to					t control themselves and need a boss to do it.		
	strongly disagree			stro	ongly agree		
	1	2	3	4	5		
1 1	The big pict		d the d	etails a	are very clear to me. I know where I'm going and how		
_			<del>)</del>	stro	ongly agree		
	1	2	3	4	5		
1 2	I have clear procedures fo						
	1	2	3	4	5		
1 3	I plan and o	-	-		ng for everyone on the farm.  ongly agree		



1 4	I know whe				se take over a job and do it their way. ongly agree	
	1	2	3	4	5	
1 5	The quality	and q	uantity	of repo	ports I get is sufficient for the level of control I want.	
	strongly d	gly disagree		stro	ongly agree	
	1	2	3	4	5	
1 6	I think on my feet and pla			an as I	go along rather than figure out the details first.	
	strongly d	isagree	•	stro	ongly agree	
	1	2	3	4	5	
17	When I am in charge, I like strongly disagree					
	1	2	3	4	5	
18	People wor	king wi	th me a	are not	t well trained and don't know how to do their jobs.	
	strongly disagree			stro	ongly agree	
	1	2	3	4	5	
19	Most communication on the strongly disagree				m comes from the top and trickles down.  ongly agree	
	1	2	3	4	5	
2 0	The records	s I use	do not	keep n	me well informed of my progress toward goals.	
	strongly di	sagree	•	stro	ongly agree	



					WORKDOOK		
2 1	1 I am very creative and can easily come up with 10 ideas to solve any problem						
	strongly disagree		stro	strongly agree			
	1	2	3	4	5		
2 2	People wor	king wi	ith me	are res	re responsible and accountable for what they do.		
	strongly disagree			stro	strongly agree		
	1	2	3	4	5		
23	I know just what to pay pe			-	• •		
	1	2	3	4	5		
2 4	Everyone on the farm knows what is going on and stays informed of problems and successes.						
	strongly disagree			stro	strongly agree		
	1	2	3	4	5		
2 5	Everyone on the farm is familiar with the controls and standards that have been set and helps to monitor them for problems.						
	strongly di	ongly disagree			strongly agree		
	1	2	3	4	5		
2 6	I'm not goo	d with o	details,	and o	often miss the little things when making a plan.		
	strongly disagree			stro	strongly agree		
·	1	2	3	4	5		
2 7	Good worke		my farr	n don't	t need to have clearly defined roles and		

strongly agree

5

strongly disagree



2 8 I have difficulty recruiting a good selection of applicants for any job I have open on the farm.

strongly disagree

strongly agree

1 2 3 4 5

2 9 Communication is usually not written even when it is important. strongly disagree strongly agree

1 2 3 4 5

3 0 By the time I know I have a problem, it's too late to do much about it.

strongly disagree

strongly agree

1 2 3 4 5

# Congratulations! You're Done!



Now you can score your results



## **Scoring Sheet**

**INSTRUCTIONS:** For each question # in row "a" of each section, add up your score.

For each question # in row "b" of each section, add up your score, then subtract it from 18. Total the value for "a" and "b" in each section and graph these on the following page.

#### Planning

1 11 21 = subtotal a \_\_\_\_\_

6 16 26

b 18 - ----- + ----- = subtotal b \_\_\_\_\_

SUB a + SUB b = total PLANNING \_\_\_\_\_

#### Organizing

2 12 22 a = subtotal a \_\_\_\_\_

7 17 27

b 18 - ----- + ----- = subtotal b \_\_\_\_\_

SUB a + SUB b = total ORGANIZING

#### Staffing

3 13 23 = subtotal a \_\_\_\_\_

8 18 28 b 18 - \_\_\_\_ + \_\_\_\_ = subtotal b \_\_\_\_\_

SUB a + SUB b = total STAFFING



#### Directing

a

b

14 24

= subtotal a

19 29 18 -

10

= subtotal b

SUB a + SUB b = total DIRECTING \_\_\_\_\_

#### Controlling

15 25

= subtotal a \_\_\_\_ a

= subtotal b \_\_\_\_\_ 18 b

30

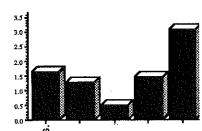
20

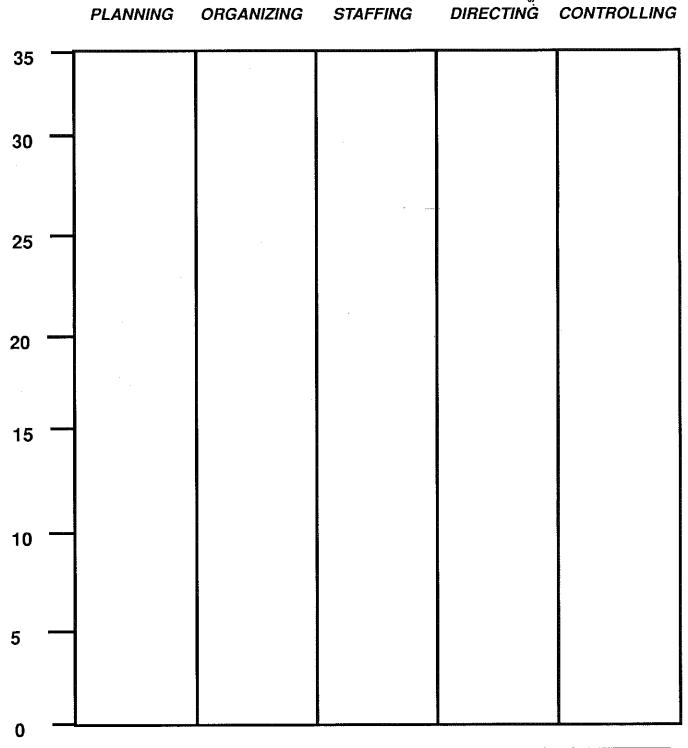
SUB a + SUB b = total CONTROLLING\_\_\_\_\_



# **Graphing Sheet**

**INSTRUCTIONS:** Post your scores below, then draw a line in each column and shade in under the line to make a bar graph.





Post total from scoring sheet:

PLANNING

**ORGANIZING** 

STAFFING

DIRECTING

**CONTROLLING** 

# **ACTIVITY** 6

#### The Functions of a Manager

#### I. Learning goal(s) of this activity:

- 1. Participants will learn the five functions of management in terms of the activities involved in performing each function.
- 2. Participants will recognize their management strengths and weaknesses.

#### II. Key points:



- Management can be learned.
- 2. All managers are different.
- 3. Management strengths and weaknesses can be identified and then weaknesses improved through studying management and adopting new practices.

#### III. Suggested method/exercise/activity:

- 1. Define the functions of management. Refer back to activities of a manager discussed in Activity 4 and to the definition of management. Have participants discuss what is involved in each function. Offer our definition (use overheads I.6.1-5).
- 2. Process the management inventory exercise by asking participants to raise their hands for the two functions on which they scored <u>highest</u>. Profile the group on a flip chart or overhead to show where the group's strengths and weaknesses lie. Make the point that weak areas can be improved by studying management and adopting new practices.
- 3. Use management wheel (overhead-I.6.6) to summarize. Point out that this workshop will be focusing on the planning function and lead into next activity.



Planning (Overhead-I.6.1)

#### **PLANNING**

<u>PLANNING</u> is the ongoing process of developing the farm business' mission, objectives, goals and detailed tactics to clearly focus activities toward the most productive and rewarding ends. Planning also involves the process of problem solving which includes decision making.

Organizing (Overhead-I.6.2)

#### **ORGANIZING**

ORGANIZING is establishing an internal framework for the farm business. This structure clearly defines the roles and activities required of people in order to meet the objectives of the farm business. The manager must decide the positions to be filled and the duties, responsibilities, and authority attached to each one. Organizing also includes the coordination of efforts among people and enterprises.



Staffing (Overhead-I.6.3)

**STAFFING** is recruiting, hiring, training, evaluating and compensating farm personnel including oneself. This includes finding the right person for each job and keeping manned the positions required by the organizational framework

Directing (Overhead-I.6.4)

#### DIRECTING

<u>DIRECTING</u> is leading, coaching, delegating, and motivating oneself and other people. Directing involves communicating with people to develop and improve their skills and capabilities. Directing seeks to create a working environment in which people enthusiastically carry out their roles to meet the objectives and goals of the organization

Controlling (Overhead-I.6.5)

#### CONTROLLING

<u>CONTROLLING</u> is measuring and reporting actual performance at prescribed intervals, comparing that performance to set standards, and taking appropriate corrective actions when events are not conforming to plans.



Management Wheel (Overhead-I.6.6)

#### FUNCTIONS OF THE FARM MANAGER



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## FIVE FUNCTIONS OF MANAGEMENT (Worksheet)



PLANNING is the	ongoing process of developing the	farm
business'		,
	and detailed tactics t	to clearly focus activitie
toward the m	ost productive and rewarding ends.	Planning also involves
the process o	fwhic	ch includes decision
making.		
PRGANIZING is 6	establishing an internal framework f	for the farm business.
This structur	re clearly defines the roles and activi	ities required of
	in order to meet the obj	ectives of the farm
business. Th	e manager must decide the positions	s to be filled and the
		and
	attached to each or	ne. Organizing also
includes the	coordination of efforts among people	e and enterprises.



	,a	nd
oneself and other po	eople. This includes finding	the right person for eacl
job and keeping ma	nned the positions required	by the organizational
framework.		
CO.		
RECTING is		
	, and	oneself a
other people. Direc	eting involves communicating	ng with people to develop
and improve their s	kills and capabilities. Direc	ting seeks to create a
working environme	nt in which people enthusia	stically carry out their ro
to meet the objectiv	res and goals of the organiza	ition.
ONTROLLING is	and	
actual performance	at prescribed intervals, com	paring that performance
set standards, and t	aking appropriate	



## The Planning Function

#### I. Learning goal(s) of this activity:

- 1. Participants will recognize the need for building a plan.
- Participants will learn the four elements of a plan: mission, objectives, goals, and tactics.
- Participants will recognize the benefits of setting/clarifying objectives and goals.
- Participants will understand the distinction between objectives and goals and the characteristics of each.
- 5. Participants will apply what they have learned by writing objectives and goals for their own businesses.

## II. Key points:



- 1. Planning activities rationally and systematically is easier if you know what you are trying to achieve.
- 2. By planning, the manager attempts to influence future activities by actions taken in the present.
- 3. A mission summarizes why the farm business exist. These reasons for being in business reflect the personally held values of the owner/operators. The mission also describes what products or services the business will market and their purposes.
- 4. Objectives are general, observable, challenging and untimed descriptions of the farm business. They outline what the owner/operator wants the business to look like in the future. The objectives help to realize the farm's mission.

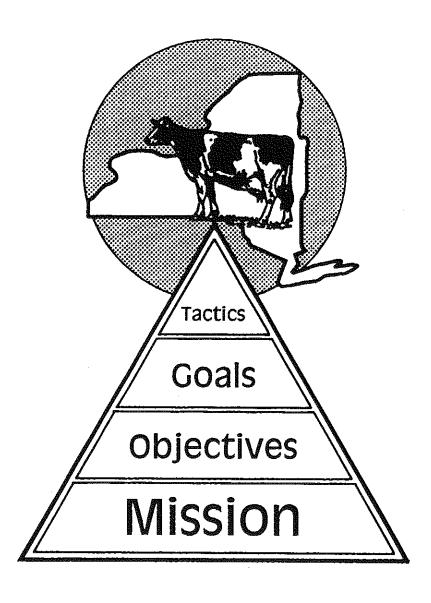
- 5. Goals are Specific, Measurable, Attainable, Rewarding and Timed (SMART) statements of what is to be done en route to the accomplishment of an objective. They are stated in quantitative terms such as pounds, miles, or scores. Frequently, the goal is of little value in itself, but is important in supporting the accomplishments of objectives. Attainment of goals provides satisfaction.
- Tactics are precise, individually itemized plans for action. Tactics describe
  exactly who, what, when, where and how activities will take place in order
  to accomplish a goal.
- 7. Tactical planning is action oriented, focusing on the specific processes necessary for achievement of the objectives set out in the strategic plan.
- 8. The planning process is (1) setting mission, objectives, goals, and tactics and (2) problem solving.
- 9. Planning is a continuous process.
- 10. Planning fosters a commitment to achieving objectives despite change or difficulty. When conditions (internal or external) prevent reaching objectives by the means (tactics) planned, alternative means (tactics) are found rather than use the changed conditions as an excuse.

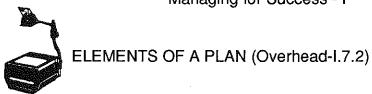
#### III. Suggested method/exercise/activity:

- 1. Mini-lecture based on key points, use case farm and overheads (I.7.1-5).
- 2. Exercise on identifying elements of a plan.
- 3. Objective and goal setting for own farm.



Planning Triangle (Overhead-I.7.1)





## FOUR ELEMENTS OF A PLAN

### Mission:

Why the farm business exists, based on the values of the owner/operator.

## Objectives:

Outline what the owner/operator wants the business to look like in the future.

## Goals:

SMART statements of what is to be done en route to an objective.

#### **Tactics:**

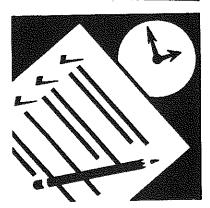
Precise, individually itemized plans for action.

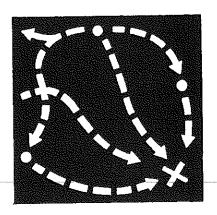


Managing for Success - I 39 Planning Schematic (Overhead-I.7.3)











## OBJECTIVES AND GOALS (Overhead-I.7.4)

## **OBJECTIVES AND GOALS**

Objectives:

Goals:

General

Specific

Observable

Measurable

Challenging

Attainable

Untimed

Rewarding

Timed

PLANNING PROCESS (Overhead-I.7.5)

## **Planning Process**

- 1. Setting Mission, Objectives, Goals, and Tactics
- 2. Problem Solving



Elements of a Plan (Worksheet)

	elements of a plan include a mission, objective, goals and tac	tics.
Define ea	ach and how they are used:	
Definition	of Mission:	
⊣ow a Mi	ssion is used:	
Definition	of Objective:	



Definition of Goal:		
	·	
		<del>.,</del>
Definition of Tactic:		<del></del>
		<del>ramel-mel-14</del>
and the second s	**************************************	
How a Tactic is used:		
3. SMART refers to what elemen		
3. SMART refers to what elements. 4. What does each letter mean:	nt of a plan?	
3. SMART refers to what elements. 4. What does each letter mean:  S	nt of a plan?	
3. SMART refers to what elements. 4. What does each letter mean:  S	nt of a plan?	



5. What is	s the difference between an objective and goal?
6. From the	ne statements listed below, identify whether it is a mission, objective or
	a. Decrease herd health problems.
	b. Start baling hay on May 25, 1990.
	c. Increase farm profits.
	d. Decrease SCC to 250,000 by December 31, 1989.
	e. Enjoying raising purebred livestock, I will build a registered dairy herd to sell for a restful retirement.
	f. Retire with no debt.
	g. Have weekly one-hour staff meetings to discuss problems, starting Monday.
	<ul> <li>h. Valuing the future security of my family, I will build         a successful business that my children will want to         inherit.</li> </ul>
	i. Keep hay harvesting window tighter.
	j. Have nutritionist balance feed program by Friday.



# PLANNING PROCESS - OWN FARM WORKSHEET

The mission of					
				 4.1	
			· · · · · · · · · · · · · · · · · · ·	 	<del></del>
				 	<del>.</del>
				 	<del></del>
	s to realize			 	
ist 3 objective	s to realize	your farm's	s mission:		
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ist 3 objective	s to realize	your farm's	s mission:		



List 3 goals to actualize one of your farm's objectives. The goal objective number	als support
1.	
2	
3	

# **ACTIVITY 8**

## Farm Video Introduction to Problem Solving

#### I. Learning goal(s) of this activity:

- 1. Participants will recognize that problem solving is a specific process.
- 2. Participants will learn the steps in the problem solving.

#### II. Key points:



- 1. The basic steps in the problem solving are
  - a. Identify problems/opportunity areas
  - b. Diagnose problems
  - c. Generate alternative solutions
  - d. Select best alternative "decision making"
  - e. Make new tactical plan
- 2. The specific steps highlighted in the farm video are
  - a. Identification of the problem
  - b. Evaluate resources
  - c. Generate alternatives
  - d. Creative input
  - e. Analyze alternatives
  - f. Strategic planning (tactical planning is also talked about while the words "strategic planning" appear on the screen)
  - g. Execution
  - h. Evaluate
  - i. Corrective action

#### III. Suggested method/exercise/activity:

1. Introduce video tape as one example of a farm using problemsolving. Briefly describe the farm. Encourage the participants to remember the process Dave Thompson describes.

Show the video.



- 2. Ask the participants to recall the problem solving process while you list answers on a flip chart. Take time to clarify the six steps in the process. Indicate which of Dave Thompson's points are combined in one of the six steps (e.g., "creative input" is part of "generating alternatives").
- 4. Link to next activity as starting in to discuss problem solving in depth, beginning with problem identification.



## Steps in Problem Solving (Overhead-I.8.1)

## Steps in Problem Solving

- 1. Identify problems/opportunity areas
- 2. Diagnose problems
- 3. Generate alternative solutions
- 4. Select best alternative "decision making"
- 5. Make new tactical plan

Problem Solving (Overhead-I.8.2)

## **Problem Solving**

Problem solving is part of the Planning Process

## Questions to be Answered in Problem Solving

1. What is the problem in terms of unmet, unset, and conflicting objectives?

(Problem identification)

2. What is causing the problem: technical and management reasons?

(Problem diagnosis)

3. What are the possible solutions to the problem?

(Brainstorming/Generating alternatives)

4. What is the best solution to the problem?

(Decision making)

5. What action is to be taken?

(Tactical planning)



Steps in the Problem Solving (Worksheet)

•	
The:	se are the areas where you can make some improvement!)
) 	
 Onc	e you do this you'll understand better why you have the problem.)
)	
— Brai	nstorming is one method for doing this.)
J	
In st	ep 4, you select an alternative.)
5	



## **Problem Identification Exercise**

#### I. Learning goal of this activity:

1. Participants will learn the steps to opportunity area (problem) identification.

## II. Key points:



- 1. Problem identification is recognizing the opportunity areas.
- 2. Problem identification answers the question "What is wrong?"
- 3. The steps or guidelines for determining opportunity areas are as follows:
  - a. Define internal and external environments
  - b. Evaluate current situation compared to objectives and goals
  - c. Determine "What is wrong!"
- 4. A well stated problem or opportunity area is defined in terms of unmet, conflicting, or unset goals or objectives.

#### III. Suggested method/exercise/activity:

- Problem identification mini-lecture. See following pages.
   Use overheads I.9.1-2, worksheets, and case farm example.
- 2. Encourage participants to be thinking about opportunity areas on their farms as they do the homework between sessions.



# PROBLEM IDENTIFICATION (Overhead-I.9.1)

#### PROBLEM IDENTIFICATION

## Guidelines for Determining Opportunity Areas:

- 1. Define internal/external environment.
- 2. Evaluate current situation compared to objectives and goals.
- 3. Determine "What is wrong!"

## TYPES OF OBJECTIVES AND GOALS (Overhead-1.9.2)

#### PROBLEM IDENTIFICATION

## Types of Objectives and Goals

Unmet:

Objectives and goals that have not been attained.

Conflicting:

Objectives and goals that are in opposition to each other.

Unset:

Objectives and goals that have not yet been established.



PROBLEM IDENTIFICATION	(WORKSHEET)
------------------------	-------------

b				
C				
	f output to examine			
ATTO STATE OF THE S				<del></del>
Mineside State Confession Confess				
efine thes	e types of objective	es/goals:	·	
Unmet:				
and the second s	J :			
Conflicting				



PROBLEM IDENTIFICATION E	EXERCISE
State each problem identified in terms of unmet, conflicting or unset object	tive/goal.
Problem 1	
<ul><li>a. My farm goal is to decrease SCC to 250,000 by January 1, 1989.</li><li>b. Today is February 1, 1989. I have just received my SCC report. My he 375,000.</li></ul>	erd SCC is
Problem 1:	
Problem 2	
<ul><li>a. I never considered taking forage samples.</li><li>b. Today I am having a nutritionist balance my ration.</li></ul>	
Problem 2:	



Problem 3
<ul> <li>a. I have an objective to take one day off a week to spend with my family</li> <li>b. I have an objective to not spend more money to hire additional help.</li> </ul>
Problem 3:

# **ACTIVITY 10**

## Farm Management Planner

#### I. Learning goal(s) of this activity:

- 1. Participants will learn how to use the PRO-DAIRY Farm Management Planner, especially the TO DO list section.
- 2. Participants will learn the concepts of time management.

## II. Key points:



- 1. The PRO-DAIRY planner is used to make time use more efficient.
- 2. Generating a TO DO list is done by the following steps:
  - A. Brainstorm everything that comes to mind that needs to be done today and record it.
  - B. Review goals and tactical plans for more ideas of what needs to be done.
  - C. Bring forward unfinished activities from the previous day
  - D. Review yesterday's notes and your calendar for other ideas and record them.
- 3. Prioritizing a TO DO list prevents being managed by crisis. Determine what is truly important to do in order to meet the farm goals. Do not allow urgent activities to be your only activities. Remember that "Management is imperative and labor is eminent."
- 4. **Importance** is determined by the contribution of the activity to a predetermined objective or goal.
- 5. **Urgency** is determined by the immediacy with which the activity must be undertaken.
- 6. Remember that plans are not static they are constantly changing. Planning is an on-going process which does not stop when the writing is done.

### III. Suggested method/exercise/activity:

1. Introduce and describe how to use the PRO-DAIRY Farm Management Planner (overheads I.10.1-5).



Sections of the Planner (Overhead-I.10.1)

#### **PLANNER SECTIONS**

The planner has tabs for its 10 sections.

- 1. Instructions
- 2. Mission
- 3. Objectives
- 4. Goals
- 5. Tactical Plans
- 6. Control Plans
- 7. Problem Diagnosis
- 8. Decision Making Grids
- 9. Daily TO DO lists
- 10. Daily Routine
- 11. Monthly Calendars

Building a Solid Plan (Overhead-I.10.2)

#### **BUILDING A SOLID PLAN**

- A. Develop and enter mission statement
- B. Develop and enter objectives
- C. Develop and enter SMART goals



Generating a Daily TO DO List (Overhead-I.10.3)

#### **GENERATING A DAILY TO DO LIST**

- 1. Brainstorm everything that comes to mind that needs to be done today and record it.
- 2. Review goals and tactical plans for more ideas of what needs to be done.
- 3. Bring forward unfinished activities from the previous day
- 4. Review yesterdays notes and your calendar for other ideas and record them.

Prioritizing a TO DO List (Overhead-I.10.4)

### PRIORITIZING A TO DO LIST

1.Rank each item A, B, or C by importance to farm objectives and goals.

**Importance** is determined by the contribution of the activity to a predetermined goal

High value, most important -

Α

Medium value, moderately important - B

Low value, least important -

С

2.If desired, prioritize within categories.

Prioritize according to urgency.

**Urgency** is determined by the immediacy with which the activity must be undertaken.

Prioritize activities (1,2,3,4,...) within each category (A, B, C)

Example: A1, A2, A3, A4, B1, B2, C1, C2, C3



## Using a TO DO List (Overhead-I.10.5)

#### **USING A TO DO LIST**

- 1. Act on your priorities.
  - A. Undertake most important activities first: A's first, then B's, then C's.
  - B. Stay with one task until it is completed.
  - C. Do not procrastinate, stay disciplined
  - D. Work smarter not harder.
- 2. Throughout the day keep control.
  - A. Check off activities completed.
  - B. Record the names of people who have been delegated tasks
  - C. Put an arrow beside activities moved forward to another day.
  - D. Record notes during the day of thoughts, ideas, conversations with people, etc., that you want to remember.
  - E. Record new activities on future days TO DO list.
- 3. Keep your planner handy all the time.
- 4. Do not be without your TO DO list.
- 5. Keep your old TO DO lists clipped in your planner.



1 Than	HOW TO USE THE FARM MANAGEMENT	PLANNER (Worksneet)
i. inep	lanner has tabs for its 10 sections.	
1		-
2		-
3		_
5.		-
6		-
7		-
8		· -
9		-
10		-



PLANNER (Worksheet)

	I EMINITE (ANOLUSINGEL)
1. Wr	nat are the steps to building a solid plan?
A.	Develop
В.	Develop
C.	Develop SMART
D.	Develop
Pla is (	emember that plans are not static - they are constantly changing.  anning is an on-going process which does not stop when the writing done.  at are the steps to complete your TO DO list?
	everything that comes to mind that needs to be done today and record it.
В.	Review and tactical for more ideas of what needs to be done.
C.	Bring forward unfinished from the previous day.
D.	Review yesterdays and your for other ideas and record them.
3. Ho	w do you prioritize your TO DO list?
A.	First rank each item,, or
	High value, most important  Medium value, moderately important  - C
В.	Secondly within each category (A, B, and C) prioritize the
	activities



4. Act	on your priorities.
A.	Undertake most important activities first: A's first, then B's, then C's.
В.	Stay with one task until it is
C.	Do not, stay disciplined
D.	Work smarter not
5. Thr	oughout the day keep control.
A.	activities completed.
В.	Record the of people who have been delegated tasks
C.	Put an beside activities moved forward to another day.
D.	Record notes during the day of, and
	with people that you want to remember.
E.	Record new activities on future days'
6. Kee	ep your handy all the time.
7. Do	not be without your list.
8. Ke	ep your old TO DO lists clipped in your

# **ACTIVITY 11**

## **Management Challenges and Guarantees**

## I. Learning goal(s) of this activity:

- Participants will recognize that a change in management means a change in themselves and their behaviors.
- 2. Participants will learn that changing old ways is not easy, but can be accomplished with discipline and by taking one small step at a time.
- 3. Participants will learn the 5 challenges of PRO-DAIRY.
- Participants will learn the 4 guarantees of PRO-DAIRY.

#### II. Key points:



- 1. The ultimate responsibility for management belongs to the owner operator of the farm business. *"The buck stops here."*
- 2. Change or improvement in the management of the farm involves a change on the part of the owner-operator.
- 3. Change involves discovering some new wisdom, making a decision, committing to a plan of action and following through with discipline.

## III. Suggested method/exercise/activity:

- 1. Mini-lecture using key points and overheads (I.11.1-3).
- 2. Have participants fill out worksheets.



Challenges and Guarantees Intro (Overhead-I.11.1)

#### CHALLENGES AND GUARANTEES

#### I. Introduction

#### A. The buck stops here.

You are ultimately responsible for the quality of your farm's management.

#### B. Management skill is not inherited.

Management is not natural.

Randomness and entropy are natural.

Management works toward order and rationality.

#### C. Management can be learned by study and experience.

Change and improvement of farm management means the changing and improving of ourselves, our activities, how we think of things and how we do things.

In order to make a change we must:

- 1. Discover some new knowledge
- 2. Transform knowledge into wisdom through disciplined new activities and planned experiences.



Challenges (Overhead-I.11.2)

#### II. Challenges of PRO-DAIRY (commitments to new activities)

- 1. Build a farm plan and record it in a planner prior to the management clinic.
- 2. Set aside at least 10 minutes of management time each day for 21 working days.
- Use some of your management time daily for 21 days to keep your daily TO DO list.
- 4. Learn and apply the planning process.
- 5. Complete all homework assignments.

Guarantees (Overhead-I.11.3)

#### III. Guarantees from PRO-DAIRY

If you commit yourself to the challenges of PRO-DAIRY and follow through with determined actions we <u>GUARANTEE</u> the following:

- 1. Your farm management skills will improve.
- 2. Your control over your business will improve.
- 3. Your feeling of well being about yourself and your business will increase.
- 4. Your productivity and profitability will improve if it is one of your objectives to do so.

This guarantee is backed by the return of the fee collected for materials.



## Management Challenges and Guarantees (Worksheet)

Is management natural or is it unnatural?		
How can management be learned?		
Changing and improving management means changing and		
roving of and our		
In order to change we must		
A		
B		
The 5 challenges of PRO-DAIRY are		
1.		
2.		
3		
4.		
5.		
The 4 guarantees of PRO-DAIRY are		
1		
2		
3.		
•		

# **ACTIVITY 12**

## Assignment of Homework and Wrap-Up

#### I. Learning goal(s) of this activity:

- 1. Participants will understand what they are expected to do for homework before the second session of Managing for Success.
- 2. Participants will further internalize the management concepts they have learned today through review of material covered.
- 3. Participants will learn how to use the booklet "Milk Production Records for Management Control."
- 4. Participants will understand what to expect at the second session of Managing for Success.

## II. Key points:



- Homework activities should be presented as an important part of the curriculum. Make it clear that the teaching team is expecting everyone to complete the assignments.
- 2. Homework assignments are (1) begin to develop your farm management plan and record it in your planner, (2) utilize your daily TO DO list, (3) complete the farm management profile, (4) utilize the milk production control system, and (5) attend Managing for Success II.

## III. Suggested method/exercise/activity:

- 1. Distribute and explain the use of the PRO-DAIRY booklet "Milk Production Records for Management Control." See booklet for explanation of how to use.
- Go over all homework assignments (overhead-I.12.1), being sure that each one
  is understood by the participants. Refer to case study for example of how to fill
  out Dairy Farm Management Profile.

- 3. Remind participants to fill out feedback sheet up to the end of Session I (number eleven on the feedback sheet). Do not collect feedback until the end of Session II.
- 4. Collect remaining registration forms and fees.
- 5. Briefly review what was covered today. Refer to the management wheel and planning triangle (Overheads-I.12.2-3). Remind participants that we have only covered a portion of the planning process and that the discussion will be completed at the second session.
- 6. Express interest in seeing everyone at the second session.



## Homework Assignment (Overhead-I.12.1)

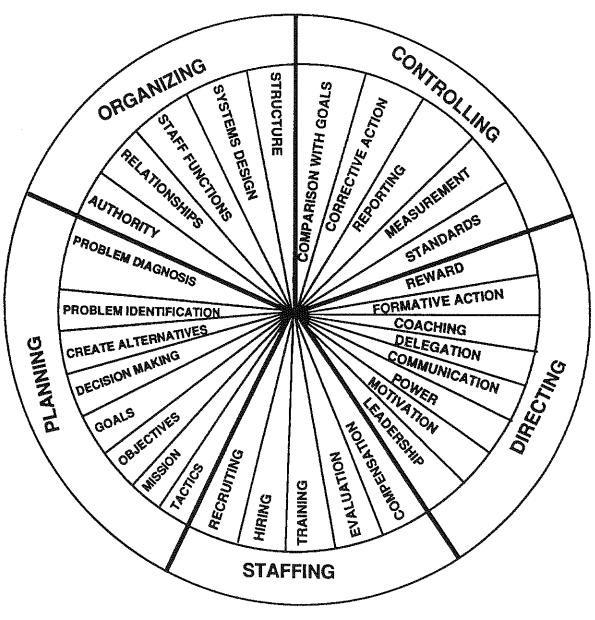
## **HOMEWORK ASSIGNMENT**

- 1. Begin to develop your farm management plan and record it in your planner.
- 2. Utilize your daily TO DO list.
- 3. Complete the Dairy Farm Management Profile.
- 4. Utilize the milk production control system.
- 5. Attend MFS II.

Management Wheel (Overhead-I.12.2)

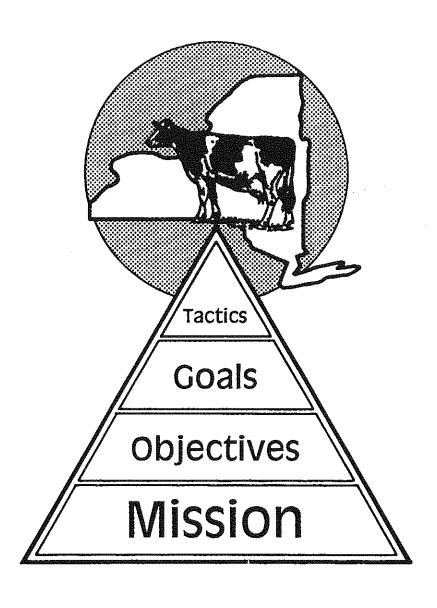
**Management Wheel** 

# FUNCTIONS OF THE FARM MANAGER



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Planning Triangle (Overhead-I.12.3)



# YODER FARM CASE

#### Mission statement:

Our mission is to produce and market high quality milk in sufficient quantity to provide a good standard of living for our family. The business should also be profitable enough to provide above average compensation for employees and long-term financial security for our family.

# Objectives:

- 1. Build net worth
- 2. Increase farm profits
- 3. Allow time off for personal and family activities

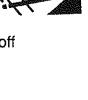


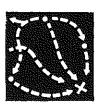
#### Goals:

- 1. Reduce debt to asset ratio by 5% by January 1, 1990
- 2. Reduce somatic cell count to 250,000 by year end
- 3. Spend 1/2 day per week more with family during 1990.
- 4. Improve the condition of cows at all stages of lactation by October 1, 1989: specific body condition score goals are to average 4- at freshening, 3 at 150 days in milk, and 4- at dry off (see box on following page for information on body condition scores).

#### Tactics:

- 1. a. Sell 2 old tractors at next weeks auction
  - b. Market 8 extra bred heifers by December 31, 1989
  - c. Raise price received for milk by meeting quality incentives every month
  - d. Reduce purchased feed expense by substituting lower cost feedstuffs, starting September 1.
- 2. a. Send milkers to refresher training, September 10
  - b. Have Quality Milk Promotion Services analyze our mastitis control program during September
  - c. Shorten time interval between machine removal and application of teat dip, starting today (August 13)
  - d. Scrape freestall alleys 1 additional time per day starting August 20, 1989
  - e. Cull chronic mastitis cases, next sale date.





- 3. a. Set up schedule to train Bill to do morning feeding, training to be completed by October 15
  - b. Give responsibility for heat detection to Bill along with authority to make appointment with A.I. technician and incentive for success, beginning August 25
  - c. Improve use of time by using a "TO DO" list every day
  - d. Set specific time to be with family during which Bill is not to bother you except in emergencies, begin January 1
- 4. (See tactical plan at end of case study.)

# **Body Condition Scores**

1	Skin and bones.
2 or 2-	Severe negative energy balance
2+	High producing, early lactation cows. No problem.
3	Milking cow in good condition
3+ to 4-	Tail end and dry cow in good condition
4	Overconditioned
5	Severely overconditioned

#### **PROBLEM SOLVING - Yoder Farm Case**

#### Problem Identification

#### A. Define internal/external environment:

External Environment - The Yoder's are located in an area where the labor market is extremely tight. The local market for purchase of good quality hay is unreliable. Although the processor they market their milk with appears to be financially sound, the Yoder's anticipate the price they receive for their milk will decline slightly over the next year. Availability and quality of input suppliers in the area is good to excellent: veterinary services are located very close to the farm; equipment dealers carry adequate parts supplies for the equipment lines owned by the Yoder's; two area banks do significant agricultural lending; the local Cooperative Extension office is an excellent source of information.

Internal Environment - Carl and Sarah Yoder are both active participants in their 100-cow dairy business. Carl has management experience outside of farming having been in sales for 7 years; Sarah was raised on a cash grain farm in Western New York. The Yoder's have 4 young children: Adam (10 yrs.), Kathleen (9), Joshua (5), and Lucas (3). Adam and Katie are becoming increasingly helpful with such chores as feeding the calves. In addition to family, the Yoder's have 1 full-time employee (Bill) and a neighbor's son who helps out part-time during the summer. The Yoder farm is located in Central New York on 400 acres of well and moderately well-drained crop land with average potential yields of 4.5 tons of hay and 19 tons of corn silage. Milking is done 2X day in a double-5 herring bone parlor with automatic takeoffs. Housing consists of a 100 cow freestall barn for milkers, loose housing in the old (original) barn for heifers, and hutches for calves. Forage is stored in 1 bunker and 1 cement stave silo having combined storage capacity of 500 tons dry matter. The Yoder's feed a total mixed ration once a day. The line of equipment on the farm is adequate but some of the key pieces(haybine, baler, corn planter) are nearing the point of needing to be replaced.

# B. Evaluate current situation compared to objectives and goals.

The Yoder's must now analyze records and data and compare this information about their current situation with their objectives and goals. (See Dairy Farm Management Profile and Body Condition Score Report.)

# **BODY CONDITION SCORE REPORT: Yoder Farm Case**

Period: June 1 to September 30, 1989

At Freshening:		At 150 Days In Milk:			At Dry Off:		
Cow Name	Score	Cow Name	Score		Cow Name	Sco	
Fifi	4-	Lynn	2+		Jenny	3+	
Ina	4	Violet	3-		Jennette	3+	
May	4-	Sherry	3-		Gloria	4-	
Maggie	3	Sandra	2+		Ginger	4-	
Mimi	4+	Penny	2+		Edith	3-	
Bess	3+	Patty	2		Mia	3	
Elise	4-	Tina	2+		Wilma	3+	
Erica	3+	Nadine	3-		Wanda	4-	
Linda	4	Becky	2+		Sonia	3+	
Minna	4-	Anna	3-		Polly	4-	
Lottie	4-	Candy	2+		Rose	3+	
Lizzy	4	Celia	2		Robin	4	
Fanny	3+	Gina	2		Nora	4-	
Dinah	4-	Dawn	2+		Rosie	4-	
Dolly	4	Dina	3-		Sadie	4+	
Bea	4-	Grace	3-		Phoebe	3+	
Betsy	3+	Fern	2		Pam	3-	
Anne	4-	Gwen	2+				
		Jackie	3-				
		Lena	2+				
Average							
Score:	4-		2+			3+	
Range:	3 to 4+		2 to 3-			3- to	

C. Determine "What is wrong!" State the opportunity areas/problems in terms of unmet, conflicting, or unset objectives or goals.

The Yoder's had a goal to reach average body condition scores of 4-at freshening, 3 at 150 days in milk, and 4- at dry off. Averages of cows reaching the control points between June 1st and September 30th were 4- for freshening cows, 2+ for cows at 150 days in milk, and 3+ for cows at dry off. Thus, the Yoder's have an unmet goal for cows at 150 days in milk.

# 2. Problem Diagnosis

The Yoder's now need to examine the causes of their problem which fall into two categories - technical and management.

In determining the causes of the problem, they first look for the technical reasons as to why this problem has occurred, that is, asking the "TECHNICAL WHY."

# A. Technical causes for the problem:

Low dry matter intake

- X Unbalanced rationNot enough bunk spaceAll haylage no corn silage in summer
- X Insufficient quantity of feed
- X Insufficient number of feedings/day Poor timing of feedings
- X Poor feed bunk conditionCows are away from bunk for too long

The Yoder's now go back and identify with an "X" the most significant technical causes for the problem.

B. The Yoder's now ask themselves the "MANAGEMENT WHY", that is, they examine the management cause(s) behind the significant technical reasons listed above. These causes will relate to either planning, organizing, staffing, directing, or controlling.

# Management causes for the problem:

X No plan has been developed for ration balancing or bunk feeding techniques

Individuals feeding the cows do not have complete directions or are not motivated to feed the cows accurately.

In the left hand column above, identify with an "X" the management cause which you feel is the root cause of the problem.

#### 3. Generate alternatives:

Re-state problem: The Yoder's have an unmet goal - their cows are too thin at 150 days in milk, averaging only 2+ rather than the desired 3.

Using brainstorming, the Yoder's generate possible solutions to their problem.

Feed more grain
Balance ration
Expand feed bunk
Keep cows off pasture
Improve feed bunk management

# 4. Decision Making:

In order to make a choice among the alternatives generated, the Yoder's must develop some reasonable criteria for comparing the alternatives.

Rating criteria: Low cost to implement, least labor required, positive impact on body condition score, easy to implement, produces results fast.

Now the Yoder's must compare the alternatives based on these criteria. (See decision making grid below.)

# 5. Tactical Planning:

The Yoder's must decide what will be done, where, how, by whom, and when in order to implement the alternative(s) selected. They begin by setting a specific goal for this tactical plan. (See tactical plans below.)

DECISION MAKING GRID	- Yoder Farm	Case	Rat	II	rating	
Problem: Unmet goal for 150 days in status = 2+.	Unmet goal for body cond 150 days in milk; goal = status = 2+.	lition of cows = 3, current	S	א בן א מי	fair fating for Poor rating for	r criterion r criterion
Alternatives	7 6 6	ρ 		99	Improve	
Rating Criteria	grain	ration	feed bunk	pasture	feeding techniques	
Low cost to implement	н	т	1	8	т	
Least labor required	2	е	H	8	2	
Positive impact on body condition score	2	ဗ	2	2	m	
Easy to implement	м	ო	τ	2	8	
Produces fast results	7	т	N	н	m	
(Total)	(10)	(15)	(2)	(6)	(13)	
Ranking> (order 1 to 5)	m	Т	ស	4	8	

# TACTICAL PLAN for: Ration Balancing (Opportunity Area)

Goal to be actualized: To have cows reaching 150 days in milk average a body condition score of 3 by March 1, 1990

		-	
What task or activity is to be done?	Who is respon-sible?	How and/or where should the task be done?	When to perform task or activity (deadline frequency, under what
			conditions)
Take samples of all forages for testing	Carl	Mail samples or give to DHI supervisor	Every 3rd Tuesday of the month
Choose feed consultant/ nutritionist	Carl & Sarah	Interview consultants and check references	By November 1, 1989
Investigate costs and availability of alternative feedstuffs	Sarah	Check prices at local mills and in "Feedstuffs" magazine	Before monthly meeting with nutritionist
Balance ration	Nutri- tionist	In his/her office; by use of computer program	1st of every month
Meet with Bill and Sarah to make adjustments to feeding program		Our kitchen	After breakfast on the 2nd of every month
Inventory forages	Bill		Every three months at beginning of season; every month as supplies dwindle
,			•

# TACTICAL PLAN for: Bunk Feeding Techniques (Opportunity Area)

Goal to be actualized: To have cows reaching 150 days in milk average a body condition score of 3 by March 1, 1990

What task or activity is to be done?	Who is respon- sible?	How and/or where should the task be done?	When to perform task or activity (deadline, frequency, under what
			conditions)
Observe feed bunk to determine amount of feed left	Bill (AM) Carl (PM)		One hour before each feeding
Adjust amount fed according to feeding plan	Bill (AM) Carl (PM)	Adjust feedstuffs on a proportional basis	Every feeding
Clean out feed bunk and feed remains to heifers	Carl (PM)	Load in tractor bucket to take to heifers	After PM feeding, every day
Feed 2X per day	Bill (AM) Carl (PM)	According to recommendations from nutritionist	8:00 AM and 7:00 PM daily; starting next Monday
Keep log of feed fed and consumed	Bill (AM) Carl (PM)	Enter in record book located next to feed bunk	Every feeding: before (for amount consumed at previous feeding) and after (for amount fed)
Moisture test forages and adjust ration accordingly	Carl	Dry 100 grams of forage in micro- wave, re-weigh	Every Monday morning
			-
			,

# **TO DO LIST - Yoder Farm Case**

# TO DO list:

<u>Importance</u>	<u>Priority</u>	Activity
Α	2	take forage samples
В	4	clean out feed bunk
В	1	inventory haylage
Α	1	call Cooperative Extension for list of consultants
С	1	pick up kids after baseball practice
Α	3	design or get a dry matter intake chart
В	3	buy microwave and scales
В	2	set date to meet with Bill and Sarah
С	2	send #77 to sale barn
В	5	call vet for appointment to do monthly pregnancy checks

# **Prioritized TO DO list:**

<u>Importance</u>	Priority	Activity
Α	1	call Cooperative Extension for list of consultants
Α	2	take forage samples
Α	3	design or get a dry matter intake chart
В	1	inventory haylage
В	2	set date to meet with Bill and Sarah
В	3	buy microwave and scales
В	4	clean out feed bunk
В	5	call vet for appointment to do monthly pregnancy checks
С	1	pick up kids after baseball practice
С	2	send #77 to sale barn

DAIRY FARM MANAGEMENT PROFILE

(Large Breed)

CIRCLE MOST APPROPRIATE RESPONSE AND INDICATE SPECIFIC VALUE (IF AVAILABLE)

Specific value

NUTRITION AN 70 45 \$6.00 Never	PRODUCTIVITY 12,000 3.3 3.0 3.0 3.1	FARM RESOURCES AND 24 28 23,500 \$2,500 \$500 60 Never Never Never
1D FEEDING 80 50 50 65.00 ou	14,000 3.4 3.1 30 1,050	
NG \$4.00 Out of Storage	16,000 3.5 3.2 28 28	FINANCIAL MAN 28 32 \$2,000 \$400 70 Irregularly Irregularly Irregularly Sometimes
100 80 \$3.00	1,200	MANAGEMENT 32 32 0 (\$1,500) 80 arly arly arly ass
120 100 \$2.50 In and Out	20,000 3.8 3.4 24 1,300	36 42 \$1,000 \$200 90 Annually Annually Annually Frequently
Average Peak Milk - Mature Cows  Average Peak Milk - 1st Calf Heifers  Purchased Feed & Crop Expense/Cwt. Milk # 4.80  Forage Analysis Performed	Milk Sold per Cow, pounds Percent Butterfat Percent Protein Average Age at First Calving, months Average Body Weight at First Calving	Cows per Worker - Conventional Barn  or  Cows per Worker - Freestall Barn  Farm Debt Per Cow  Planned Debt Payments per Cow  Percent Equity  Compile farm inventory  Complete a balance sheet  Complete an income statement  Utilize a cash flow budget
91 57 \$4.80	17,850 3.6 3.2 25.2 1200	29 1405 330 28

Herd Somatic Cell Count  Bacteria Count (SPC or PIC)  Average % of Cows with Dirty Udders  Rank Importance of Mastitis in Culling Decisions Routine Maintenance Program for Milking System  Dry Treatment Program  Liner Slippage ("Squawking")	Calving Interval, months Services per Conception Percent first calf heifers in herd Herd Health Program	Soil Test Individual Fields (years)  Planting Started Planting Completed Corn Silage Yield, tons per acre Corn Grain Moisture Content at harvest	Soil Test Individual Fields (years)  Completion of First Cutting (Date) 6/12  Percent of Legume in Hay Crops 80  Percent of Hay Crop Acres Top Dressed 600  Method of Seeding Establishment  Average Yield, Dry Matter Tons Per Acre 416  Average Life of Alfalfa Stands
	Calvi Servi Perce Herd	Soil Plant Plant Corn Corn	Soil Tes Completi Percent Percent Method o Average
100,000 1,000 5 5 1 Quarters	12.0 1.5 25 2X/Month	Every 1 April 20 May 5 20 20 120	Every 1 June 10 (100) (Clear) 3
300,000 5,000 10 4 Yes Ters All	D HEALTH (2.5) 30	# # # # # # # # # # # # # # # # # # #	Every 3 65 80 crop
500,000 10,000 20 3) ected Quar	NT AND HER 12.8 2.0 35 Monthly	Every 5 (May 1 May 20 15 30 90	Every 5 June 20 50 60 Companion Por Forage 3
	E MANAGEME 13.3 2.6 40 cy	Every 10 May 10 June 1 13 35	Every 10 40 40 Crop 2.5 6
MILKING MANAGEMENT 900,000 700, 75,000 25,0 60 2 1 2 None None Constant Many	REPRODUCTIVE MANAGEMENT AND HERD       14.0     13.3     12.8       3.0     2.6     2.0       45     40     (35)       Emergency     Monthly	CORN Never May 20 June 10 10	HAY CROPS Never June 30 25 20 Companion For Grain 7

Adapted from form developed by Departments of Animal Science and Agricultural Economics, Cornell University

A.E. Ext. 89-20 Agronomy Mimeo 89-13 Animal Science Mimeo 117

# Managing for Success: A Workshop for Dairy Farm Managers



Guy K. Hutt Robert A. Milligan Jonas B. Kauffman, III Elizabeth A. Claypoole

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II. Managing for Success - II

Many thanks to those who contributed to this publication: The Cornell Cooperative Extension Agricultural Agents of New York State, the PRO-DAIRY staff and the 1988 Managing for Success work group which included Stephan Hadcock, Wayne Knoblauch, Kristen Park, Shaw Reid, Terry Smith, Charles Sniffen and Bernard Stanton. The authors are also thankful to dairy farm managers who participated in the 1988 PRO-DAIRY program and offered their suggestions for program improvement.

## Preface

The overall approach in Managing for Success will be a four-stage progression made for each important topic:

- 1. Demonstrate the need for the concept and related skills
- 2. Teach the concept and skills
- 3. Coach the participants in use of the skills
- 4. **Review** the concept in the context of overall farm management

Restated from the participant's point of view, the process is

- 1. Recognize the need for the concept and related skills
- 2. Learn the concept and skills
- 3. Apply the skills
  - a. Case example
  - b. Own farm
- 4. Internalize the concept

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25	9)	Selection of Management Focus Workshop				
10	10)	Wrap-up and homework				
5	11)	Completion of Course Feedback and Adjournment				

# **ACTIVITY 1**

# Warm-Up Brainstorming Exercise and Homework Review

# I. Learning goals of this activity:

- 1. Participants will regain a feeling of group cohesiveness.
- 2. Participants will learn the technique of brainstorming to generate alternatives and begin to use creative thinking by participation in a brainstorming exercise.
- 3. Participants will learn from the experiences which others had in the implementation of workshop materials.
- 4. Participants will further internalize the concepts covered in Managing for Success-I.
- 5. Participants will learn from each other new and innovative approaches to the use of the management tools.

# II. Key points:



- 1. Have participants work with someone whom they do not know.
- 2. Make sure every participant has someone to work with even if there is an odd number of participants.
- 3. Brainstorming encourages the sharing of any ideas, regardless of how ridiculous they might appear.

# III. Suggested method/exercise/activity:

- 1.See brainstorming exercise below.
- After brainstorming exercise, ask participants about their success with the To
  Do lists and milk per cow records. Lead the group in a discussion. Coach
  the participants through any problems they had with the use of To Do list,
  planner, or milk weight monitoring.
- 3. Share the agenda by reviewing today's goals.

# **BRAINSTORMING EXERCISE**

- 1. Pass out one pipe cleaner to each participant.
- 2. Explain that the object is to brainstorm as many uses for this item as possible within one minute. Offer a token prize, if available, to the person who comes up with the most ideas.
- 3. Explain rules of brainstorming:
  - a. No evaluation of ideas; defer judgement
  - b. Quantity of ideas is more important than quality of ideas
  - c. Be uninhibited; generate new ideas from previous ideas
- 4. Have participants write down all their ideas within one minute.
- 5. Ask how many participants came up with 5 ideas (show of hands), 10 ideas, 15 ideas, etc.
- 6. Pair participants and have them together come up with as many ideas as possible in one minute. They can use each other's ideas to generate new uses for the pipe cleaner.
- 7. Ask how many teams came up with 5 ideas (show of hands), 10 ideas, 15 ideas, etc.
- 8. Have the pair introduce each other to the group and say one unique idea that the other person came up with for the pipe cleaner.





Warm-Up (Overhead-II.1.1)

# **Brainstorming Rules:**

- 1. No idea evaluation.
- 2. Quantity vs. quality.
- 3. Be uninhibited.



		(Worksheet)					
	BRAINSTORMING WORKSHEET						
individ	lual Ideas:						
	•						
	_						
		·					
1							
_							
Group	Ideas:						
	· ·						
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•							
		<del></del>					



Agenda Sharing (Overhead-II.1.2)

# **TODAY'S GOALS**

By the end of today's Managing for Success workshop, you, the participating dairy farm manager, should

- 1. Continue to learn and apply skills in planning and problem solving.
- 2. Select one or more areas of opportunity for your farm business.
- 3. Register for the upcoming PRO-DAIRY course which best fits your needs.

# As in Session I, involvement of participants is essential!

\* worksheets, exercises, and discussion

#### Feedback is needed!

\* complete feedback sheet as the session progresses

# **ACTIVITY 2**

# **Problem Identification Exercise**

# I. Learning goal of this activity:

1. Participants will apply problem identification to find opportunity areas on their farm.

# II. Key points (review from session I):

- 1. Problem identification is recognizing the opportunity areas.
- 2. Problem identification answers the question "What is wrong?"
- 3. A well stated problem or opportunity area is defined in terms of unmet, conflicting, or unset goals or objectives.

# III. Suggested method/exercise/activity:

Have participants identify two or three opportunity areas using the format of the Own Farm Worksheet.



	OWN FARM WORKSHEET - PROBLEM IDENTIFICA	TION (1)
. Dei	fine internal/external environment:	
	List the important factors in the external environment which are affe business and that you believe will continue to have an impact on yo the future:	cting your ur farm in
		-
	List important factors in the internal environment which are affecting business and that you believe will continue to have an impact on yo the future. Consider the relative strengths and weaknesses in your and management resources.	ur farm in
	Relative strengths of my technical and management resources:	
		-
		-
	Relative weaknesses of my technical and management resources:	-



OWN FARM WORKSHEET - PROBLEM IDENTIFICATION (2)
---

# 2. Evaluate current situation compared to objectives and goals:

Examine the information which you have gathered during the Managing for Success exercises and from your past experiences. Look at the Dairy Farm Management Profile and Management Inventory, DHI records, etc.

Compare this information about your current situation with your objectives and goals.

3.	Determine	"What is	wrong!"	
----	-----------	----------	---------	--

1	
2	
3	

# **ACTIVITY 3**

# **Problem Diagnosis Exercise**

# I. Learning goals of this activity:

- 1. Participants will recognize the need to diagnose problems in order to determine the their cause(s).
- 2. Participants will learn techniques to diagnose problems.
- 3. Participants will apply the skill to the diagnosis of their own problem.

# II. Key points:



- 1. Problem diagnosis answers the question "What are the causes of the problem (what happened, when, how, why, and where)?".
- 2. Problem diagnosis attempts to get to the root cause or causes of a problem.

  Of particular interest is the root management cause of the problem.
- It is important to search for problem causes not blame. Once a technical reason for a problem has been determined, one should ask "Why?" (repeatedly if necessary) until a cause is stated in terms of a management function.
- 4. Anticipate multiple causes.
- Both analysis (taking things apart, looking at the pieces) and synthesis (the big picture, looking at the whole system) are helpful in determining causes of problems.

# III. Suggested method/exercise/activity:

- 1. In a brief mini-lecture based on the key points, describe problem diagnosis (use overhead-II.3.1).
- 2. Remind participants about having generated a lot of technical causes for thin cows during MFS-I, and tell them that this was the first step in problem diagnosis. Ask participants to recall some of the causes they listed for underconditioned cows as you or a farm manager lists them on the flip chart. This time expect to hear some management causes along with the technical ones; if not ask for some management causes behind the technical causes. As participants begin to generate management causes, ask them to classify the cause according to the management function involved. Use overheads (II.3.2-6) to illustrate management causes and to review the management functions to which they relate.
- 3. Summarize the benefits of problem diagnosis (use overhead-II.3.7).
- 4. Have participants work through the diagnosis exercise on their own farm problem.
- 5. Point out the problem diagnosis worksheets available in the Farm Management Planner for future use.



Problem Diagnosis (Overhead-II.3.1)

# **DIAGNOSIS**

In the medical field, DIAGNOSIS is defined as

"Determining by examination the nature and circumstances of a diseased condition."

Similarly in management, DIAGNOSIS can be defined as

"Determining by analysis the nature or CAUSE of a business problem."



# **PROBLEM DIAGNOSIS**

What happened (or didn't happen) and WHY?

Concerned with finding problem CAUSES:

TECHNICAL causes

**MANAGEMENT** causes



Management Reasons - Planning (Overhead-II.3.2)

# **MANAGEMENT REASONS FOR THIN COWS - PLANNING**

- \* There is no plan for ration balancing, feed acquisition, and/or feeding strategy.
- \* Management function = Planning
- \* Planning = Developing mission, objectives, goals and tactics. It also includes problem solving.
- \* Corrective Action = Develop a tactical plan and use it.

Management Reasons - Organizing (Overhead-II.3.3)

# **MANAGEMENT REASONS FOR THIN COWS - ORGANIZING**

- \* It is unclear who is responsible for ration balancing, feed acquisition, and/or feeding.
- \* Management Function = Organizing
- \* Organizing = Establishing a business framework; defines the duties, responsibility, and authority of each position. Coordination of efforts among people.
- \* Corrective Action = Clarify responsibilities and authority; organizational chart.



Management Reasons - Staffing (Overhead-II.3.4)

#### **MANAGEMENT REASONS FOR THIN COWS - STAFFING**

- \* The individuals balancing the ration, acquiring the feed, and/or feeding the cows are not sufficiently qualified or trained to attain the goals of the plan.
- \* Management Function = Staffing
- \* Staffing = Recruiting, hiring, training, evaluating, and compensating oneself and other people.
- Corrective Action = Provide training and/or make personnel changes.

Management Reasons - Directing (Overhead-II.3.5)

## **MANAGEMENT REASONS FOR THIN COWS - DIRECTING**

- \* The individuals feeding the cows do not have complete directions and/or are not motivated to feed the cows accurately.
- \* Management Function = Directing
- \* Directing = Leading, coaching, delegating and motivating oneself and other people.
- \* Corrective Action = Provide complete and understandable directions; foster an environment in which people enthusiastically carry out their roles in the organization.



Management Reasons - Controlling (Overhead-II.3.6)

# **MANAGEMENT REASONS FOR THIN COWS - CONTROLLING**

- \* A plan is in place but there is insufficient monitoring to determine whether the goals of the plan are being attained. Example: Feed bunk is empty 6 hours before feeding.
- \* Management Function = Controlling
- \* Controlling = Measuring and reporting actual performance. Comparison to standards and taking appropriate corrective actions.
- \* Corrective Action = Monitor selected items at predetermined intervals and take planned action when necessary.

Benefits of Problem Diagnosis (Overhead-II.3.7)

# BENEFITS OF PROBLEM DIAGNOSIS

Don't waste time solving a "symptom" (rather than a cause)

Reduces likelihood problem will recur

Keeps focus on most important causes

Encourages learning from past decisions

Begins generating alternative solutions



Problem Diagnosis (Worksheet)

# **DIAGNOSIS**

S is defined as	
mination the nature and circumst	ances of a
DIAGNOSIS can be defined as	
the nature or	of a business
,	mination the nature and circumst

# **PROBLEM DIAGNOSIS**

What happened (or didn't happen) and	WHY?
Concerned with finding problem	
cau	ses
cau	ses Ses

#### BENEFITS OF PROBLEM DIAGNOSIS (Worksheet)

	BEINET TO OF A TROBLEM BINGINGS (WORKSHOOT)
Don't waste time solving a	(rather than a cause)
Reduces likelihood problem will	<del></del>
Keeps focus on	causes
Encourages learning from	
Begins generating	solutions



Own Farm Worksheet - Problem Diagnosis
Decide which problem you want to focus on for the remainder of the workshop:
Problem #, from problem identification worksheet above.
Determine the causes of the problem. Look for the technical reasons as to why this problem has occurred, that is, ask the "TECHNICAL WHY."
Technical causes for the problem:
(X)
· · · · · · · · · · · · · · · · · · ·
In the left hand column above, identify with an "X" the most significant technical causes for the problem.
Ask yourself the "MANAGEMENT WHY", that is, examine the management causes behind the significant technical reasons listed above. These causes will relate to planning, organizing, staffing, directing, or controlling.
Management causes for the problem:
(X)
<u> </u>
· · · · · · · · · · · · · · · · · · ·
In the left hand column above, identify with an "X" the management cause which you feel is the root cause of the problem.

# **ACTIVITY 4**

# **Generating Alternatives**

# I. Learning goal(s) of this activity:

- 1. Participants will recognize the need to generate creative alternative solutions to problems.
- 2. Participants will apply the skills in generating creative alternatives for the solution of their own problem.
- 3. Participants will further internalize the technique of brainstorming learned in the MFS-I Warm-up Exercise.

# II. Key points:



- 1. Generating alternatives answers the question "What are the possible solutions to the problem?"
- 2. Brainstorming encourages the sharing of any ideas, regardless of how ridiculous they might appear, with the hope that a creative solution to the problem will be generated.
- 3. Creativity is the key to the generation of a number of possible alternatives.
- 4. Divergent thinking is necessary and useful to the process of generating alternatives.

# III. Suggested method/exercise/activity:

- 1. Remind participants of the "rules" for brainstorming (use overhead) and that the pipe cleaner exercise was brainstorming.
- 2. Have participants brainstorm alternatives for their own farm problem.



Generating Alternatives (Overhead-II.4.1)

# RULES FOR BRAINSTORMING

- 1. No idea evaluation
- 2. Quantity vs. quality
- 3. Be uninhibited



	Generating Alternatives (Worksheet)
The Rules for Brainstorming are	
1	
2	
3	

OWN FARM WORKSHEET - GENERATING ALTERNATIVES
g, generate below possible solutions to your problem.
_

# **ACTIVITY 5**

# **Decision Making**

#### I. Learning goal(s) of this activity:

- 1. Participants will recognize the need for decision making as an integral part of the planning process.
- 2. Participants will learn what is involved in the decision making process.
- 3. Participants will sharpen their decision making skills by applying these skills to their own farm problem.

## II. Key points:



- 1. Decision making answers the question "What is the best solution to the problem?"
- 2. Decision making can be viewed as selecting a course of action; it can also be called a selection process.
- 3. Alternatives are evaluated and prioritized on the basis of some rational criteria.
- Decision making requires moving from the divergent thinking necessary to generate alternatives to the convergent thinking needed to narrow the possibilities and select a course of action.
- 5. Some problems require multiple solutions; the process does not always result in the choice of a single alternative. Caution should be taken not to choose more alternatives than the available resources can implement.

## III. Suggested method/exercise/activity:

- 1. Brief mini-lecture on key points of decision making (use overhead II.5.1 and decision making grid). In describing what is meant by criteria, remind participants of the criteria which Dave Thompson mentioned during the video tape: "labor savings, additional income, and/or ease of operating." Point out that the criteria often stem from particular objectives or goals set by the manager. Use overhead-II.5.2 to show some additional examples of well stated criteria.
- 2. Review decision making process for example case farm. Demonstrate use of the decision making grid.
- 3. Have participants go through the decision making process on their own farm problem. They should take time to think about and list the criteria down the right hand column of the decision making grid, and then use them to compare the alternatives listed across the top of the grid.
- 4. Point out the decision making grids that are located in the Farm Management Planner for future use.



**DECISION MAKING (Overhead-II.5.1)** 

#### **DECISION MAKING**

Decision making answers the question

"What is the best solution to the problem?"

# Steps in Decision Making

- 1. Develop criteria for evaluating alternatives
- 2. Rate each alternative on each of the criteria
- 3. Compare the alternatives based on the ratings each received
- 4. Rank the alternatives
- 5. Choose the best alternative (or a combination of those that are highly ranked)

Rating Criteria (Overhead-II.5.2)

# RATING CRITERIA

CRITERIA = "Established rules or principles for judging anything."

#### Example criterion:

Likely to be accepted by family/employees
Minimize cost to implement
Quick results likely
Likely to increase profits
Positive effect on employee attitudes/motivation
Positive impact toward goal
Minimize labor required
Maximize return on investment



# DECISION MAKING (Worksheet)

	DEGIGION WARRING (WORKSHE
Decision making answers the question	
"What is the	to the problem?"
Steps in Decision Making	
1. Develop for evaluating	alternatives
2. Rate each on each of	f the criteria
3. Compare the alternatives based on the rat	tings each received
4 the alternatives	
5. Choose the alternative	
(or a combination of those that are hig	jhly ranked)



		_		Managi	ing for Su			26
Ranking>	(Totals)>					Rating Criteria		OWN FARM WORKSHEET - I
	t 1 1 1 1 t						_	DECISION MAKING GRID
	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1						-	G GRID
							_	Ratings:
	1 1 1						_	3 = Good rating 2 = Fair rating 1 = Poor rating
	1 1 1 6 6 1						_	ng for criterion ng for criterion

# **ACTIVITY 6**

# General vs. Operational Management

# I. Learning goal(s) of this activity:

- 1. Participants will recognize the distinction between general and operational management.
- Participants will learn what is involved in general and operational management.

# II. Key Points:



- GENERAL MANAGEMENT is planning, organizing, staffing, directing, and controlling the overall farm business. It involves the creation and maintenance of the farm business' internal environment in order that people can work effectively and efficiently together.
- OPERATIONAL MANAGEMENT is planning, organizing, staffing, directing, and controlling specific technical and production areas of the farm business.

# III. Suggested method/exercise/activity:

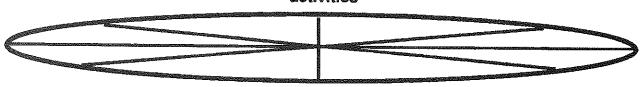
 Brief mini-lecture on the levels of management. Define general and operational management. Demonstrate graphically using overheads-II.6.1-3.



Levels of Management (Overhead-II.6.1)

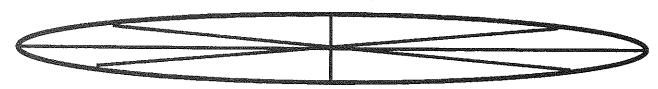
# General Management

activities



# **Operational Management**

activities



# Technical

activities





General and Operational Management (Overhead-II.6.2)

#### **OPERATIONAL MANAGEMENT**

#### AND

#### GENERAL MANAGEMENT

#### **Operational Management:**

- Management of technical/labor activities:
  - Writing down a cropping program (Planning)
  - Monitoring somatic cell count (Controlling)
  - Training milkers (Directing)
  - Weighing heifers (Controlling)
- Primarily enterprise specific

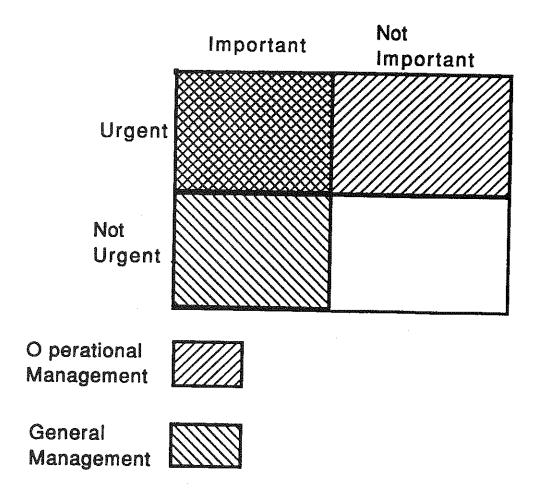
## General Management:

- Management of operational management:
  - Recruiting new herdsman (Staffing)
  - Leading agriservice personnel (Directing)
  - Writing down plans for expansion (Planning)
  - Assigning new responsibilities (Organizing)
- Not very enterprise specific

Problems at both levels can be analyzed for a failure in management function



Urgent vs. Important (Overhead-II.6.3)





# **Tactical Planning**

#### I. Learning goal(s) of this activity:

- 1. Participants will recognize the importance of tactical planning.
- 2. Participants will understand the components of a tactical plan.
- 3. Participants will learn how to develop a tactical plan.
- 4. Participants will apply tactical planning skills to their own farm problem.

# II. Key points:



- Tactical plans are used to translate decisions made into actions to be taken.
   They provide a road map of activities to be accomplished in meeting goals.
- 2. Tactical plans are composed of answers to the following questions: What task is to be done, who is responsible, where will the task be done, how will it be done, and when will it be accomplished.
- 3. Writing down tactical plans helps the manager to clearly define the tasks to be done in order to accomplish goals. The process of writing down the plan may cause the manager to address areas that may have been neglected without going through the process.
- 4. Tactical plans should be used to monitor progress toward goals.
- 5. The definition of tactics as discussed in MFS-I:

Tactics are precise, individually itemized plans for action. Tactics describe exactly who, what, when, where and how activities will take place in order to accomplish a goal.

# III. Suggested method/exercise/activity:

- 1. Brief mini-lecture on tactical planning (use overheads-II.7.1-2). Illustrate using tactical plan from example case farm. May want to put up a blank tactical plan overhead and ask participants to generate a couple of tactics for the example case on thin cows.
- 2. Have participants write a tactical plan for implementation of the alternative(s) selected for their own farm problem.
- 3. Point out the tactical planning sheets located in the Farm Management Planner for future use.



Tactics (Overhead-II.7.1)

#### **TACTICS**

Tactics: precise, individually itemized plans for action

Tactics answer the following questions:

WHAT task or activity is to be done?

WHO is responsible?

WHEN should the task be completed?

WHERE should the task be done?

**HOW** should the task be done?

Tactical Plans (Overhead-II.7.2)

#### TACTICAL PLANS

- \* A set of tactics put together to accomplish a goal
- \* Translate decisions made into actions to be taken
- Provide a road map of activities to be done to get from where you are to where you want to be (your goal)

#### Why bother to write them down?

- \* Can't be forgotten!
- \* Clarifies responsibilities and deadlines
- \* Written plans can be shared with family and employees
- \* Process of writing down forces the manager to address areas that may have been neglected otherwise
- Can be used to monitor progress toward reaching goal



Tactics (Worksheet)
TACTICS
s: precise, individually itemized plans for
s answer the following questions:
task or activity is to be done?
is responsible?
should the task be completed?
should the task be done?
should the task be done?
TACTICAL PLANS
A set of tactics put together to accomplish a
Translate decisions made into to be taken
Provide a road map of activities to be done to get from where you are to where you want to be (your goal)
bother to write them down?
Can't be
Clarifies responsibilities and
Written plans can be shared with and
Process of writing down forces the manager to address areas that may have been neglected otherwise

OWN FARM WORKSHEET -	TACTICAL PLAN	for: (Opport)	unity Area)
Goal:	·		
What task or activity is to be done?	Who is respon- sible?	How and/or where should the task be done?	When to perform task or activity (deadline, frequency, under what conditions)

# **ACTIVITY 8**

# **Summary of Planning**

## I. Learning goals of this activity:

1. Participants will further internalize concepts related to the elements of a plan and the planning process.

# II. Key points:



- 1. Key points from Activity 7 (MFS I) on the planning function.
- 2. Key points from Activity 8 (MFS I), the video introduction to problem solving.
- 3. Planning is a continuous and circular process.

# III. Suggested method/exercise/activity:

Brief review of the planning process and steps in problem solving. Flip chart may be used to solicit what the group remembers.



Planning Process (Overhead-II.8.1)

# **Planning Process**

- 1. Setting Mission, Objectives, Goals, and Tactics
- 2. Problem Solving

Summary of Planning (Overhead-II.8.2)

**PLANNING** is developing mission, objectives, goals and tactics. It also includes problem solving.

#### FOUR ELEMENTS OF A PLAN

#### Mission:

Why the farm business exists, based on the values of the owner/operator.

# Objectives:

Outline what the owner/operator wants the business to look like in the future.

#### Goals:

SMART statements of what is to be done en route to an objective.

#### Tactics:

Precise, individually itemized plans for action.



Problem Solving (Overhead-II.8.3)

# **Problem Solving is part of the Planning Process**

Questions to be Answered in Problem Solving

- What is the problem in terms of unmet, unset, and conflicting objectives?
   (Problem identification)
- What is causing the problem: both technical and management reasons?
   (Problem diagnosis)
- 3. What are the possible solutions to the problem?

(Brainstorming/Generating alternatives)

4. What is the best solution to the problem?

(Decision making)

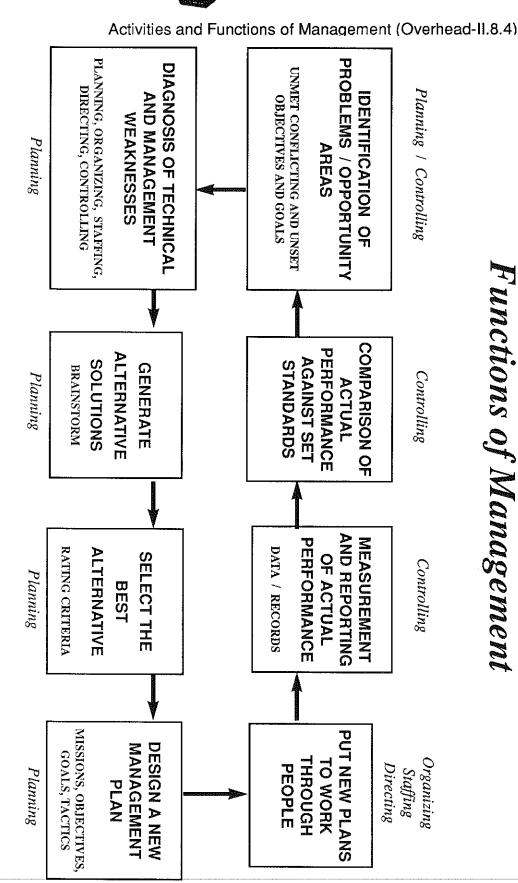
5. What action is to be taken?

(Tactical planning)

IMPORTANT ACTIVITIES and

Functions of Management





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	Summary of Planning Process (Worksheet
What are the four ele	ments of a management plan?
1	
2	
3	
-	
4	
4	
4 What are the five step	os in problem solving?
4 What are the five step 1 2	os in problem solving?
What are the five step  1  2  3	os in problem solving?

# **ACTIVITY 9**

# **Management Focus Workshops**

#### I. Learning goal(s) of this activity:

- Participants will learn what is to be covered in the Management Focus
   Workshops which will follow Managing for Success and the Management
   Clinic.
- 2. Participants will receive the information needed to select the course or courses that will most help them put their farm "under management."
- 3. Participants will apply decision making skills to choose which Management Focus Workshop(s) to pursue.
- 4. Participants will register for Management Focus Workshops.

# II. Key points:



- 1. Management will continue to be emphasized in the Management Focus Workshops.
- 2. The Management Focus Workshops include Forage Management, Milk Quality Management, Feeding Management, Managing with Finance, General Management, and Dairy Records put to work.
- 3. Criteria need to be selected and applied to the workshop alternatives.
- 4. Learning management is a continual process and will be further developed in the Management Focus Workshops.

#### III. Suggested method/exercise/activity:

- 1. Present information on material to be covered in each course (overheads-II.9.1-5). If teaching team member from a Management Focus Workshop is present, may want to have them present information for their course.
- 2. It is important to clarifying what will and will not be covered in Management Focus Workshops. Participants must understand whether they fit in the target audience for each course.
- 3. Refer participants to handouts in their notebooks describing each course.
- 4. Have participants should go through decision making process choose among the alternative courses.
- Have participants fill out registration form and turn them in. Payment of the workshop fee now will contribute to the participant's feeling of commitment to attending and to doing the homework to be assigned in the next exercise.
- 6. Explain that they can change their registration at a later date (e.g. if decision changes after the Management Clinic).

# MANAGEMENT FOCUS WORKSHOP FEEDING MANAGEMENT



## **OBJECTIVES:**

- \* Use an interactive workshop setting to clarify and/or demystify the various facets of managing a dairy farm feeding program.
- \* Focus attention on the role the Feeding Manager plays within the farm business and specify how the appropriate skills needed may vary from those of a nutritionist.
- \* Develop individually or group generated tactical plans that support both technical and management oriented strategic plans.
- \* Recognize that executing tactics (doing) is not the endpoint of a total management plan. Evaluation of planned monitors promotes a constant reforming of tactics and strategies.

#### **GOALS:**

- \* Breakdown the broad area of Feeding Management into its functional components for analysis and study. Eventually tie the components back together as an integrated system.
- \* Follow a consistent format for the "component" exercises that fosters interaction, creativity and experience sharing among the course participants.
- \* Apply the question "what is important for the manager to understand in this situation?", to reinforce the concept that a manager can "buy in" necessary technical expertise.
- \* Reinforce, using examples, the concept that "management is people."
- \* The exercise teaching format will further allow for the shaping ofparticipant tactical plans. Those seeking creative input from the group will have the opportunity to receive it.
- \* Using tactical plans for monitoring and/or controlling, demonstrate that execution is almost always followed by evaluation, which in turn begs some modification of the tactical plan for action.

# FEEDING MANAGEMENT WORKSHOP OUTLINE

#### **SESSION I**

- I. Warm up exercise ranking hay by milk producing capacity.
- II. Course introduction.
- III. Quality forages.
  - A. Foundation of the feeding program.
  - B. No substitute for quality forage for early lactation and young heifer performance.
  - C. Even the toughest farm scenarios can be managed.
- IV. The farm business environment.
  - A. Factors that management can affect.
  - B. Factors affecting the business that are outside of the immediate control of management.
- V. Rumen metabolism.
  - A. A microscopic world that when well managed, opens the milk secretory floodgates.
  - B. Though complex, understanding key concepts become the managers edge.
  - C. All need their own working mental model of this dynamic system.
- VI.Homework prepare forage inventory numbers for session-II

#### SESSION II

- I. Forage analysis monitoring the forage supply.
  - A.What the numbers mean.
  - B.How labs differ in the way they report the numbers.
  - C.What the manager needs to know about A & B.

- II. Allocating the forage supply.
  - A. How much forage is available?
  - B. What is the quality of the various stored forages?
  - C. How much is needed by the various production and heifer age groups?
  - D. Where are the stored forages located?
  - E. What is the most profitable utilization of the stored forages based upon A,B,C and D?
- III. Dry matter intake.
  - A. Identify the 1001 factors that affect it.
  - B. Identify opportunities for enhancing DMI on your farm.
  - C. Brainstorm ways to overcome the problems blocking the realization of the opportunity.

#### **SESSION III**

- I. Protein and energy utilization.
  - A. Current concepts on how to manipulate these two primary nutrients in order to better manage the rumen environment.
  - B. Again, what a manager needs to understand to get the most out of "technical advisors".
- II. Body condition scoring a monitoring tool... and more.
  - A. Using body condition scoring to understand and manage the interaction between feeding practices, the environment and reproductive management.
- III. Dry cow management.
  - A. Proper dry cow management as a continuum in the production cycle.
  - B. Optimal strategies for the late lactation --> dry, dry and dry --> early lactation transition periods.
- IV. Heifer management.
  - A. Why 1250 Lbs. at 24 Mos. is an optimal goal.
  - B. How to get there.

#### **SESSION IV**

- I. Feeding strategy.
  - A. Pulling together the pieces of the overall feeding program to move towards optimal management across all areas.
  - B. Optimal strategies for various housing/feeding systems.
  - C. Ideas/innovations on how to get there.
- II. Farm feeding system self-evaluation, strategic and tactical planning session.
  - A. Using the collective knowledge and experiences of the group to turn problems into opportunities through analysis, creative input, strategic and tactical planning.
- III. Conclusion and course evaluation.



# FEEDING MANAGEMENT WORKSHOP (Overhead-II.9.1)

**Quality Forages** 

Rumen Metabolism

Forage Analysis

Allocation the Forage Supply

Dry Matter Intake

Protein and Energy Utilization

**Body Condition Scoring** 

Dry Cow Management

Heifer Management

Feeding Strategy

Own Farm Feeding System Self-Evaluation and Planning

# MANAGEMENT FOCUS WORKSHOP MILK QUALITY



#### **COURSE DESCRIPTION:**

The production of high quality dairy products for the consuming public is the responsibility of everyone associated with the dairy industry. Since milk quality can not be improved upon by processors, distributors, or supermarkets, the farm must be the starting point for quality assurance. Wholesome, high quality milk should be free from adulterants and off-flavors, and contain low counts of bacteria and somatic cells.

This four-session workshop will examine management factors on the farm that effect milk quality. Technical information covering off-flavors, mastitis-causing organisms, milking procedures, and milking machine maintenance and function will be presented. Two case studies demonstrating mastitis problem solving and subsequent tactical planning will be followed by farm managers working in groups on their own particular milk quality problems. A significant amount of pre-course data collection including recent somatic cell reports, record of clinical mastitis cases, bacteriologic cultures, and information about the milking machine, milking procedures, and cow housing will help farm managers identify and clarify milk quality problems.

#### COURSE OBJECTIVE:

The final product of this course will be a detailed tactical plan the farm manager has devised to improve milk quality. The plan will have an operational, as well as a general management component. The operational management component of the plan will cover technical activities within the milking and environment maintenance operations. The general management component will deal with controls on milk quality and alternative planning when progress toward milk quality goals is impeded. Furthermore, participants will gain a thorough understanding of factors they manage that have an influence on milk quality and herd health. With this technical knowledge, they will be better able to communicate their service needs more effectively to professionals in the area of mastitis control and milk quality.

#### MILK QUALITY MANAGEMENT WORKSHOP OUTLINE

#### SESSION I

- 1. Registration and Introductions
- 2. Group Warm-up Exercise
- 3. Milk Flavor Taste Test
- 4. Mini-lecture on Milk Quality
- 5. NYS Milk Code
- Mini-lecture on Antibiotic Residue Avoidance
- 7. Calculating Mastitis Costs
- 8. Identification/Diagnosis of Mastitis Problems

#### **SESSION II**

- 1. Mini-lecture on Mastitis-causing Organisms
- 2. Monitoring Udder Health
- 3. Reading DHI Somatic Cell Reports
- 4. Mastitis Problem Solving Scheme
- 5. Case Study #1
  - a. Identifying/Diagnosis of Problem
  - b. Brainstorming Courses of Action
  - c. Developing Tactical Plans

#### **SESSION III**

- 1. Video/Discussion on Milking Procedures
- 2. Prioritizing Milking Procedure Improvements
- 3. Mini-lecture on Cleaning/Sanitizing
- 4. Mini-lecture on Milking Machine Maintenance
- 5. Developing a Maintenance Schedul

#### **SESSION IV**

- 1. Review Mastitis Problem Solving Scheme
- 2. Case Study #2
  - a. Identifying/Diagnosis of Problem
  - b. Brainstorming Courses of Action
  - c. Developing Tactical Plans
- 3. Fiscal Analysis of Current Mastitis Situation
- 4. Own Farm Case Study in Small Groups
- 5. Report on Own Farm Tactical Plans
- 6. Fiscal Analysis of Tactical Plans



### MILK QUALITY MANAGEMENT WORKSHOP (Overhead-II.9.2)

### Quality Milk

Milk Flavor Taste Test NYS Milk Code Antibiotic Residue Avoidance Calculating Mastitis Costs

Identification/Diagnosis of Mastitis Problems

Mastitis-causing Organisms

Monitoring Udder Health
Reading DHI Somatic Cell Reports
Case Study #1

### Milking Procedures

Video/Discussion on Procedures
Prioritizing Milking Procedure Improvements
Cleaning/Sanitizing

#### Milking Machine Maintenance

Developing a Maintenance Schedule Case Study #2

Own Farm Milk Quality Plan

Fiscal Analysis of Current Mastitis Situation

Own Farm Case Study in Small Groups

Report on Own Farm Tactical Plans

Fiscal Analysis of Tactical Plans

# MANAGEMENT FOCUS WORKSHOP FORAGE MANAGEMENT



#### **OBJECTIVE:**

The objective of the Management Focus Workshop on Forage Management is to improve dairy farm managers' abilities in planning, implementing, and controlling forage production practices to better apply agronomic knowledge and technology. Farm managers will complete tactical plans in many potential opportunity areas to assist in applying the concepts taught in each of the subjects listed in the outline.

### FORAGE MANAGEMENT WORKSHOP OUTLINE:

- I. Quality Forage: The productivity and profitability of dairy farms is highly based on the quality of the forage available for feeding. This is important as having sufficient quality forage is the primary goal dairy farmers want to achieve when they expend so much energy in crop production.
- II. Dairy Herd Requirements for Quantity of Forage: Planning a forage program on a dairy farm begins with determining what the different groups of animals need for feed. You will have the opportunity to determine the forage needs on your farm.
- III. The Farm's Forage Supplying Power: A look at the impact of the total crop rotation on the supply of feed and your individual soils' potentials to produce forage.
- IV. Managing the Soil Resource for Forage Production: Evaluating fields for rotation and choosing forage seeding mixtures to match the soil resource.
  - V. Input Management: Making the best use of the Cornell Recommends for Field Crops and understanding how to use soil test reports from the Cornell Nutrient Analysis Laboratories. This section also looks at what impact crop inputs may have on water quality.



- VI. Planning and Preparation for Spring and Summer Crop Work: In this section you will take a look at your farm's equipment requirements and when to prepare equipment for the crop season. Timeliness will be developed for completing field operations and time requirements for both planting and harvesting will be determined. With this background labor needs for the cropping season will be established.
- VII. Harvest and Storage Management: This is where the cropping operation meets the feeding manager. Important considerations of harvest and storage management will briefly be discussed. A more in depth course on this subject will be offered in many parts of the state.
- VIII. **Putting Manure in its Place**: To the chore manager it may be a problem but to the crop manager manure is free fertilizer. Environmentally and economically it only makes sense to make the best use of this resource.
- IX. Is There Gold in Those Pastures?: Many farms are profiting handsomely from their pastures. Let's take a look at how they are doing it.
- X. Initiating a Control Program for the Established Crop: Monitoring the progress of crop growth, comparing the progress with standards, and recording and reporting the crop situation are all important activities for taking corrective action when necessary and for future crop planning. This will help show how to get the job done.
- XI. Putting the Forage Management Plan Together: Many of the important components of a forage management plan will have been discussed; now, in break out groups, is your opportunity to clarify many of these ideas and record them with tactical plans ready for action.



### FORAGE MANAGEMENT WORKSHOP (Overhead-II.9.3)

**Quality Forage** 

Dairy Herd Requirements for Quantity of Forage

The Farm's Forage Supplying Power

Managing the Soil Resource for Forage Production

**Input Management** 

Planning and Preparation for Spring and Summer Crop Work

Harvest and Storage Management

Putting Manure in its Place

Is There Gold in Those Pastures?

Initiating a Control Program for the Established Crop

Putting the Forage Management Plan Together

# MANAGEMENT FOCUS WORKSHOP GENERAL MANAGEMENT



#### **COURSE DESCRIPTION:**

The General Management workshop is a two-day program which deals indepth with two critical management skills: Leadership and Conflict

Management. Along with motivation and communication, leadership is a means of directing - one of the five important functions of a manager discussed in Managing for Success. Leadership is the skill which a manager uses to persuade family members, hired employees and agriservice personnel to apply themselves enthusiastically toward reaching the farm's objectives and goals. All of us have leadership skills which can be improved. The intent in the leadership section of the workshop is to assist farm managers in better utilizing and adapting their leadership skills in various situations.

Very few people like conflict. Nevertheless, everyone finds themselves involved in situations where conflicts arise. If well managed, those situations which began as conflicts can often benefit the individuals involved as well as the business. The **conflict management** section of the workshop investigates the different types and causes of conflict and then has participants explore their typical style of handling conflict. A considerable amount of time is spent on techniques for managing conflict toward resolution.

In both the leadership and conflict management sections of the workshop, participants develop a plan for managing a particular leadership or conflict situation on their farm.

### **General Management Workshop Goals:**

- 1. Understand the nature of leadership in management and its importance
- 2. Understand your "default" leadership style
- 3. Develop usable techniques for improved leadership
- 4. Develop a plan for the implementation of managerial leadership
- 5. Develop a working definition of conflict
- 6. Identify conflict situations commonly dealt with by farm managers
- Discover your individual conflict management style and its implications for successful conflict resolution
- 8. Develop applied conflict management skills

### **General Management Workshop Outline**

Day 1, 12:00 noon - 9:30 p.m.

- 1. Great leaders exercise
- 2. Management Leadership Style
- 3. Situational Leadership
- 4. Own Farm Plan for Leadership
- 5. Leadership Case Study: Feature film <u>Twelve O'Clock High</u>

Day 2, 8:00 a.m. - 3:00 p.m.

- 1. Types and Sources of Conflict
- 2. Conflict Reaction Style
- 3. Conflict Resolution Strategies
- 4. Own Farm Plan for Conflict Management
- 5. Conflict Management Case Study: "The P. T. Worker Case"



### GENERAL MANAGEMENT WORKSHOP (Overhead-II.9.4)

### Day 1, 12:00 noon - 9:30 p.m.

- 1. Leadership Discussion
- 2. Your Management Leadership Style
- 3. Situational Leadership
- 4. Own Farm Plan for Leadership
- 5. Leadership Case Study: Feature film Twelve O'Clock High

### Day 2, 8:00 a.m. - 3:00 p.m.

- 1. Types and Sources of Conflict
- 2. Your Conflict Reaction Style
- 3. Conflict Resolution Strategies
- 4. Own Farm Plan for Conflict Management
- 5. Conflict Management Case Study: "The P. T. Worker Case"

# MANAGEMENT FOCUS WORKSHOP MANAGING WITH FINANCE



### **COURSE DESCRIPTION:**

This Management Focus Workshop is designed for those dairy farm managers who want to strengthen their skills in managing with finance. As the title implies, this course focuses on using financial tools to better manage the dairy farm business.

An integral part of this course involves the completion of a Cornell Dairy Farm Business Summary by every participating farm. This summary provides an excellent financial record for use in making important business decisions. It also provides an excellent basis for comparison of past and future years performance.

The Managing with Finance workshop will be four sessions long. A two week break between the third and fourth session will allow the PRO-DAIRY team time to generate the Farm Business Summary from data collected by the participant.

#### **COURSE OBJECTIVES:**

- 1. Encourage the dairy farm manager to quantify objectives and goals in financial terms.
- 2. Improve the dairy farm manager's skills in generating, maintaining, and understanding basic financial records including the balance sheet, income statement, and cash flow statement.
- 3. Improve the dairy farm manager's skills in linking and analyzing financial and production records to assess the operational management of the business.
- 4. Encourage the dairy farm manager to use financial records in planning, organizing, staffing, directing, and controlling the business.

### MANAGING WITH FINANCE WORKSHOP OUTLINE

#### Session I.

- 1. Welcome at the door and Warm-Up
- 2. Importance of quantifying financial goals
- 3. Relationship between general management goals and financial statements
- 4. Profitability versus Cash Flow
- 5. The Balance Sheet
  - a. Mini-Lecture
  - b. Construction of Balance Sheet for Case Farm
  - c. Prepare Own Farm Balance Sheet
- 6. Using the Balance Sheet in Management
- 7. Wrap-up and homework assignment

### Session II.

- Introduction to the Income Statement
- 2. Cash receipts and expenses
  - a. Classifying receipts and expenses
  - b. Case farm receipt and expenses
- 3. True or accrual accounting
  - a. Case farm accruals
- 4. Depreciation: What is it and why is it important?
  - a. Case farm depreciation
- 5. Profitability: Net farm income
  - a. Case farm
  - b. Own farm income statement
- 6. Summary and homework assignment

#### Session III.

- 1. Understanding cash flow
- 2. A simple cash flow example A Day in the Life of Joe Farmer Case Example Cash Flow Statement
- 3. Discussion of Case Farm Exercise Results
- 4. Buying a Machine on Credit: A Cash Flow Decision
- 5. Projecting Cash Flows for Next Year

#### Session IV.

- 1. Profitability Analysis
  - a. Case Farm Profitability Analysis
  - b.Own Farm Profitability Analysis
- 2. Balance Sheet Analysis Own Farm
- 3. Cash Flow Analysis Own Farm
- 4. Financial Analysis Business Charts



### MANAGING WITH FINANCE WORKSHOP (Overhead-II.9.5)

Quantifying Financial Goals

Profitability versus Cash Flow

The Balance Sheet

Using the Balance Sheet in Management

Introduction to the Income Statement

Cash receipts and expenses

True or accrual accounting

Depreciation: What is it and why is it important?

Profitability: Net farm income

Understanding cash flow

Buying a Machine on Credit: A Cash Flow Decision

Projecting Cash Flows for Next Year

Profitability Analysis

- a. Case Farm Profitability Analysis
- b. Own Farm Profitability Analysis

Balance Sheet Analysis - Own Farm

Cash Flow Analysis - Own Farm

Financial Analysis Business Charts

DECISION MAKING GRID - MANAGEMENT FOCUS WORKSHOPS

Good rating for criterion Fair rating for criterion Poor rating for criterion 11 11 6 G H

Ratings:

workshop. In order to attend, I must make selection(s) and register. I have an unmet goal! "I have a goal to attend at least one Problem:

		1	<u> </u>	1	I	<u> </u>	
Dairy Records							
General Mgmt.							1 1 1
Managing with Finance							1 1 1 1
Feeding Mgmt.							 
Milk Quality Mgmt.							
Forage Mgmt.							1 1 1 1
Workshops Rating Criteria	Impact on business objectives	Data from "Dairy Farm Management Profile"	Score on "Management Inventory"	Feasibility of attendance	Other:	Other:	Total>  Ranking> (1 to 6)

### PRE-REGISTRATION FORM - MANAGEMENT FOCUS WORKSHOP

Office use:		Please	Print!
		Today's date:	
FIRST NAME	M.I	LAST NAME	····
ADDRESS			
		STATEZIP	
HOME PHONE # ( )		WORK PHONE # ( )	
FARM NAME		COUNTY FARM IS LOCATED IN	
Feeding Mana	gement	C	
Forage Manag	gement	Milk Quality Management	
General Mana	igement	Dairy Records Management	
Course information:			
Location:			
Dates:			
Course fee = \$ Amount paid: \$ Amount due: \$		ecks payable to Cooperative Extension")	
Office use: Check deposite	ed on accou	unt with Cornell County.	

### **ACTIVITY 10**

### Wrap-Up and Homework

### I. Learning goal(s) of this activity:

- 1. Review the challenges and guarantees.
- 2. Review the definition of management including the functions (planning, organizing, staffing, directing, and controlling).
- 3. Review the use of the planner and the milk production control records.
- 4. Review the homework assignment.

### II. Key points:



- 1. There are 5 challenges and 4 guarantees in PRO-DAIRY.
- 2. MANAGEMENT is determining what must be done and achieving results through the efforts of oneself and other people. Management is planning, organizing, staffing, directing, and controlling the business' resources toward the accomplishment of established objectives and goals.
- 3. **TO DO** lists are an important tool for planning and controlling management activities.
- 4. Controls enable us to measure, report and analyze our progress toward the accomplishment of goals.
- 5. Homework assignments are to be completed prior to the management control clinic.

### III. Suggested method/exercise/activity:

- 1. Assign homework (overhead-II.10.1)
- 2. Review challenges and guarantees (overheads-II.10.2-4).



HOMEWORK ASSIGNMENT: MFS II (Overhead-II.10.1)

### **HOMEWORK ASSIGNMENT: MFS II**

- 1. Complete farm management plan.
- 2. Use your daily TO DO list and planner.
- 3. Use the decision making grid sheets in the planner.
- 4. Read and complete the Management Control Clinic materials.
- 5. Use the control planning sheets in the planner.
- 6. Continue to use the milk production control system.
- 7. Participate in a management control clinic.
- 8. Participate in at least one Management Focus Workshop.



### HOMEWORK ASSIGNMENT: MFS II (Worksheet)

### HOMEWORK ASSIGNMENT: MFS II

- 1. Complete farm management plan in your planner.
- 2. Use your daily TO DO list and planner.
- 3. Use the decision making grid sheets in the planner.
- 4. Read and complete the Management Control Clinic materials.
- 5. Use the control planning sheets in the planner.
- 6. Continue to use the milk production control system.
- 7. Participate in a management control clinic.
- 8. Participate in at least one Management Focus Workshop.



Challenges and Guarantees Introduction (Overhead-II.10.2)

### **CHALLENGES AND GUARANTEES**

#### I. Introduction

A. The buck stops here.

You are ultimately responsible for the quality of your farm's management.

B. Management skill is not inherited.

Management is not natural.

Randomness and entropy is natural.

Management works toward order and rationality.

C. Management can be learned by study and experience.

Change and improvement of farm management means the changing and improving of ourselves, our activities, how we think of things and how we do things.

In order to make a change we must:

- 1. Discover some new knowledge
- 2. Transform knowledge into wisdom through disciplined new activities and planned experiences.



Challenges (Overhead-II.10.3)

### II. Challenges of PRO-DAIRY (commitments to new activities):

- 1. Build a farm plan and record it in a planner prior to the management clinic.
- Set aside at least 10 minutes of management time each day for 21 working days.
- 3. Use some of your management time daily for 21 days to keep your daily TO DO list.
- 4. Learn and apply the planning process.
- 5. Complete all homework assignments.

Guarantees (Overhead-II.10.4)

### III. Guarantees from PRO-DAIRY:

If you commit yourself to the challenges of PRO-DAIRY and follow through with determined actions we GUARANTEE the following:

- 1. Your farm management skills will improve.
- 2. Your control over your business will improve.
- 3. Your feeling of well being about yourself and your business will increase.
- 4. Your productivity and profitability will improve if it is one of your objectives to do so.

This guarantee is backed by the return of the fee collected for materials.

### **ACTIVITY 11**

### Completion of Course Feedback and Adjournment

### I. Learning goal(s) of this activity:

- 1. Participants will complete course feedback.
- 2. Participants will leave the workshop session feeling good about the workshop experience and themselves.

### II. Key points:



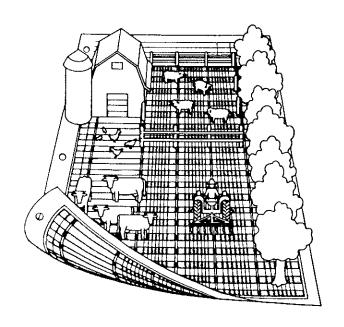
- Feedback sheets will have been distributed at the beginning of Managing for Success in order facilitate receiving feedback on each activity as it is completed.
- 2. Section II of the feedback sheet evaluating the overall workshop should now be completed.
- 3. Remind participants of the Management Clinic and that everyone involved in management should attend.
- 4. End on a very positive tone, noting once again that through improved management there farm business will become more profitable and their feeling of well being will increase.

### III. Suggested method/exercise/activity:

- Participants should have been working on feedback as the course progressed. Final questions should now be completed and feedback sheets turned in.
- 2. Adjourn session making key points above. shed objectives and goals.

A.E. Ext. 89-25 Agronomy Mimeo 89-18 Animal Science Mimeo 122

## Management Control Clinic



Guy K. Hutt Jonas B. Kauffman, III

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### III. CLINIC

Many thanks to those who contributed to this publication: Robert A. Milligan, the Cornell Cooperative Extension Agricultural Agents of New York State and the PRO-DAIRY staff.

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### Activities for Management Clinic

<u>Minutes</u>	Activities
15	<ol> <li>Review the concepts and practices learned in MFS.         Look over the TO DO lists and the planner. Coach on problems as indicated.     </li> </ol>
15	2)- Review milk weight recording sheets and coach as necessary.
30	3)- Introduce controlling through review of the 1 hr homework exercises and reading assignments.
20	4)- Audit the controls used for the appropriate opportunity area selected in MFS and coach through the process of developing a tactical plan for control.
	5)- As time permits and the level of management allows, you can move to the next area of the farm needing to be audited for control.

### **ACTIVITY 1**

### Review MFS concepts and practices

### I. Learning goal:

1. To give the farm manager the opportunity for individual coaching and review of the management practices learned in MFS with particular concentration on the planning function.

### II. Key points:



- 1. Planning is an on going process.
- 2. The discipline of using the planner will pay off through having clear goals and being able to control events toward the fulfillment of objectives.
- 3. The planner is a control system for your own activities.

### III. Suggested method/exercise/activities :

1. Review the farm's mission, objectives, goals and tactical plans hopefully recorded in the planner. Where any of these points are weak, coach the farm manager through the appropriate process to upgrade the plans. It may be necessary to do some technical and managerial problem solving in order to make progress in planning. That is fine. Utilize the appropriate decision making grid.

## ACTIVITY 2

### Review milk production control system

### I. Learning goal:

1. Establish useful milk production controlling activities.

### II. Key point:



1. The milk production measuring, reporting, analyzing and corrective actions constitute a control system.

### III. Suggested method/exercise/activities:

1. Look over milk weight recording sheets and coach as necessary about the proper use of the milk production control system in order to improve its use to the producer.



### Introduce controlling

### I. Learning goals:

- 1. Learn the 4 elements of controlling.
- 2. Identify the fundamental principles of a good control system.
- 3. Identify the common weaknesses and unintended consequences of a poorly managed control system.

### II. Key points:



- 1. Purpose of Control. To ensure that events conform to plans. Control must concern itself with what is happening in the present.
- 2. Elements of Controlling. The four essential elements of controlling are:
  - 1. Setting standards
  - 2. Monitoring and reporting
  - 3. Interpreting and evaluating information
  - 4. Taking corrective action
- 3. Weakness of Control Systems
  - a. Absence of controls or no clear standards for goals
  - b. Mistake centered
  - c. To much emphasis on the past
  - d. Not based on the correct key factors
  - e. Too complex but not specific enough

### III. Suggested method/exercise/activities:

- 1. Introduce controlling through a review of the 1 hr homework exercises and reading assignment.
- 2. Discuss questions relating to the concepts and practice of control.

### **ACTIVITY 4**

### Audit of selected opportunity area control

### I. Learning goal:

1. To provide some creative assistance using technical expertise in the development of appropriate controls for technical operations.

### II. Key points:



- 1. You can take specific steps to improve the your control over any aspect of the farm business.
- 2. The only thing that can truly be controlled by management is people's activities.
- 3. Development of production controls on technical operations can alert us to the need for control on general management activities.

### III. Suggested method/exercise/activities:

1. Begin by reviewing the area of opportunity identified in MFS, milk quality, feeding, forage, finance or general management. Audit the present control system for that opportunity area. Seek to analyze and improve the control system using the concepts in the control materials. This process will take the form of coaching through the development of new and improved control systems ending up with tactical plans for control.

## **ACTIVITY 5**

### Audit of other opportunity areas for control.

### I. Learning goals:

- 1. To coach through other identified opportunity areas in need of improved control.
- 2. To coach through the development of new and improved controls and systems.

### II. Key points:



- 1. You can take specific steps to improve your control over any aspect of the farm business.
- 2. The only thing that can truly be controlled by management is peoples' activities.
- 3. Development of production controls on technical operations can alert us to the need for control on general management activities.

### III. Suggested method/exercise/activities:

1. As time permits and the level of management allows, you can move to the next area of the farm needing to be audited for control.

# Workbook Pages for the Management Clinic

Please read and work through the exercises in preparation for your Clinic.



### CONTROLLING (text)<sup>1</sup>

### **Key Concepts**

- Learn the elements of controlling
- Purpose of Control. To ensure that events conform to plans. Control must concern itself with what is happening in the present.
- Elements of Controlling. The four essential elements of controlling are: 1-setting standards; 2- monitoring and reporting; 3-interpreting and evaluating information; and 4-taking corrective action.

### Learning Objectives

- Identify the fundamental principles of a good control system.
- Improve the management of your agricultural business through the use of control systems.
- Identify the common weaknesses and unintended consequences of a poorly managed control system.



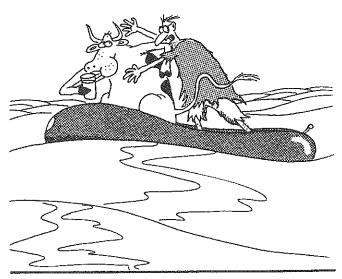
The rural professional and his comphone

<sup>&</sup>lt;sup>1</sup>Materials in this section adapted from "Management 18 " A Short Course for Managers, Burt K. Scanlan 1974

### PURPOSE OF MANAGEMENT CONTROL CLINIC

- 1. One on one coaching in management.
- 2. Receive training in managerial control.
- 3. Identify opportunity areas on the farm that need to come under improved control.
- 4. Receive creative technical assistance in developing appropriate controls for identified opportunity areas.





"Hey! That's milk! And you said you were all empty, you stinkin' liar!"

### MANAGEMENT CONTROL CLINIC (exercise)

What is the purpose of the PRO-DAIRY management control clinic?

1.

2.

3.

4.

## **ESSENTIAL ELEMENTS OF CONTROLLING (text) Setting Goals**

Controlling assumes the existence of a target or goal. Therefore, the **first** essential element of controlling is some <u>predetermined measurable standard contained in a "SMART" goal</u>. Maximum productivity requires that the manager be results oriented; this means he must have something against which to measure results. Some standards will be set as part of the general farm plan and others will be developed as a part of the specific operational plan. In any case, there should be clear SMART goals set in all key areas of the farm business in order for control to be achieved.

### Measuring, Collecting, Recording, and Reporting

The second essential element of controlling is a method of measuring or collecting the data and recording or reporting what is happening. Reports may give the manager feedback on a day-to-day basis or over longer periods of time. Reports may be in the form of a chart in the case of milk weights or as simple as a verbal message on the phone reporting the status of a machine being fixed at the dealers. The key point is that the information which is generated must be practical and usable as well as timely. The information the manager receives should enable him to pinpoint quickly where deviations are occurring so that he can do something about them. A major problem with some reporting methods is that they are so complex and detailed that they are of little practical use to managers who must try to use them. If control is to aid in the accomplishment of results, the manager must receive the necessary feedback soon enough and simply enough to make adjustments if and when they are needed. The particular situation will dictate how frequently feedback should be given.

### **Evaluating and Interpreting**

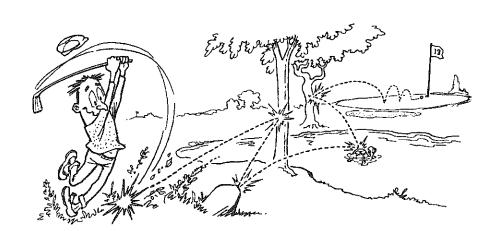
The third element of controlling is <u>interpreting and evaluating</u> the information generated by the feedback system. This is a key step, as it becomes the basis for taking corrective action when needed. The quality of evaluation by individual managers can be assured to the degree that the feedback given them about their operation is easily and readily understood and used or assimilated. Evaluating involves comparing the information against the standard to determine if any unacceptable deviations are taking place which would necessitate corrective action.

### **Taking Action**

The **fourth** element is <u>taking corrective action</u>. It is this step which links controlling so closely to the planning function and enables the manager to accomplish the purpose of control. It should also be noted that in order to take corrective action, the manager must be a good problem solver and decision maker. More specifically, he must be able to identify the real root causes of problems hindering accomplishment and causing deviations. He must create, develop, analyze, and choose between alternative approaches to over coming the problems, and he must then make a tactical plan for the implementation of the decisions he makes.

### **ELEMENTS OF CONTROLLING**

- 1. Clear predetermined standards contained in SMART goals.
- 2. Method of measuring, collecting, recording and reporting what is actually happening.
- 3. Evaluating and interpreting or comparing actual performance against standards.
- 4. Taking corrective action which involves returning to planning.



# **ELEMENTS OF CONTROLLING (exercise)**

List two areas of the farm you want to put under improved control.	<b>G</b>
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Now analyze those areas to see if the 4 elements of controlling are taking place. List the number 1-4 of any control element that is weak.

### CONTROLLING AND CONTROL SYSTEMS (text)

Although controlling often appears last on a list of managerial functions, it is one of a manager's prime responsibilities. In many respects, controlling can be considered the essence of management. It is the function which gives meaning and depth to all other functions.

The importance of controlling lies in the fact that a manager's job is to get things done or, more specifically, to achieve results and meet goals in key areas. Although some of the work may be done by other people, it is the individual manager who remains ultimately responsible for the results. To ensure the desired level of achievement, he must develop and use a control system which will let him know at all times and on a continuous basis whether the work being done is on target.

The purpose of control is to ensure that events conform to plans. By necessity, this implies that control is concerned with the present. Viewed another way, it involves a regulation of what is happening now.

Controlling involves locating operational weaknesses or opportunities and then, where and when appropriate, taking the necessary action to ensure desired results.

Controls can be very simple. Asking someone who is repairing a piece of equipment at the dealership to call at noon and report on progress is effectively putting a measurable control point on the project. Another simple example of control is the checking off of items on a to do list; this lets you monitor, and potentially control, your progress through your days work toward the accomplishment of goals. Control systems can also be much more formal and involved when it is appropriate. As with planning, the amount of effort put into control should be appropriate for what is being controlled.

The importance of control can perhaps best be demonstrated by briefly mentioning some of the common weaknesses associated with control systems. First, and most common weakness is the lack of any control system at all. Events and activities are steaming along unchecked out of control. When people say that they are feeling out of control of what is happening, the simple solution is to put some controls in place where none exist. Often no control exists because there is no measurable standard associated with a goal.

Secondly, some control systems place too much emphasis on the past and are, therefore, after the fact in nature. To the extent that this condition exists, the purpose of control is defeated. For example, it does little good to discover at the end of the year that the cows have not persisted in lactation. As a control device, lactation curves should be compared to the norms on a periodic basis to ensure that the end results will be satisfactory. Similarly, to discover a major quality defect in forage after all the feed is in for the winter is equivalent to locking the gate after the horse is out of the corral. A good control system would identify the problem when it initially happens so that corrective action could be taken. This first common weakness reflects a fault in the way the control system is structured. Simply stated, the point of control is not current. It is dealing with events that are too far in the past.

A third and closely related weakness is that a control system may be mistake-centered rather than cause and correction centered. The way in which the system is managed may place too much emphasis on finding out who made a particular mistake rather than identifying a problem and then taking constructive action to remedy it. This weakness of a control system is potentially most serious when it occurs in combination with problems being identified after the fact. Another aspect of a mistake-centered control system is that it tends to produce adverse and defensive reactions on the part of those who are negatively affected, including our selves. The purpose of control is not to "should" on ourselves or those who work with us but rather to provide opportunities for improvement of performance toward goals. (The human aspects of control will be discussed in more detail later.)

A fourth weakness that can inhibit the effective functioning of a control system is that it may become too complex and not specific enough. Many control systems are designed by other people and may not be workable under the conditions someone else faces. Certain people on the farm may be given the task of monitoring various aspects of the operation on a continuous basis. It is only natural that points of friction may develop between the monitored and the monitoring. As this friction occurs and continues, there is a danger that the control system becomes an end in itself rather than a means to an end. The manager using the system may get carried away with the system itself and forget about what it is supposed to accomplish. The person subject to control attacks the system as inadequate, and this sets the stage for conflict and defensive reactions on the part of everyone involved. In this climate, the purpose of control soon becomes lost.

A fifth weakness of control systems is that they may not be based on key factors that affect results. In any operation, the list of factors which can be subject to control of one kind or another is endless. If an attempt is made to control everything, the manager will very soon be so overwhelmed with details and reports that he will not have time to manage. There are always certain key factors and points at which, if proper control is exercised, there is high degree of certainty that results will be achieved. As a result, a good control system will focus on these key areas only.

In summary, the entire thrust of the controlling function is to help the farm business and the individual manager achieve desired results. It is extremely important that this be the guideline whenever control systems are being designed or used. It is also advantageous for the operation to periodically review the control systems it has to ensure that they are doing the job.

### Weaknesses of Control Systems

- 1. Absence of controls or no clear standards relating to goals
- 2. Mistake centered
- 3. To much emphasis on the past
- 4. Not based on the correct key factors
- 5. Too complex and not specific enough



# CONTROL (exercise)

List and analyze two as the control system wea numbers of the weakne	knesses mentior	ned above app	ore control ove ly to them. If s	r to see if any of so list the
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### AREAS WHERE CONTROL SYSTEMS ARE NECESSARY (text)

As with the managerial function of planning, controlling is of concern to both the total farm organization as well as the individual enterprise. It is therefore possible to talk about control in a broad general management sense as well as in a very specific sense as it relates to such operational activities as Crops, Dairy, Finance, Personnel, Maintenance, or any other specialty. The following list outlines some common areas where control is necessary.

### 1. Production

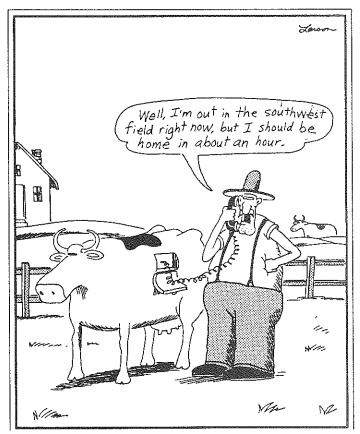
- Quality
- Quantity
- Cost
- Cow and herd productivity
- Field productivity
- Machine output
- Individual job performance

# 2. Personnel Management

- Labor turnover
- Absenteeism
- Safety

# 3. Finance and Accounting

- Capital expenditures
- Cash flow
- Inventories
- Costs



The rural professional and his cowphone

# CONTROLLING SYSTEMS (exercise)

sharing.

The checklist that follows describes eight general types of controls. As you read this list, check off any area where a controlling function that affects you seems either inadequate or in need of critical examination. Then try to relate that area to one of the five common weaknesses of control systems.

Types of control systems  Controls used to standardize performance in order to increase efficiency and to lower costs. Included might be inspections, written procedures for milking or feeding, or production schedules for planting or harvest.
Controls used to measure on-the-job performance. Typical of such controls would be output per hour or per person, cows milked per person per hour, and perhaps partial budgets or standard costs such as dollars of labor per 10 tons of harvested hay.
Controls used for planning operations. Such controls would include production forecasts for crops and milk, budgets, various cost standards, and standards of work measurement.
Controls necessary to allow general management activities to keep the farms various plans and enterprises in balance. Typical of such controls would be a maste budget, polices, and such organizational techniques as farm teams which may include professionals such as a vet, and the use of outside consultants to look at progress towards goals objectively. The overriding reason for such controls would be to provide the necessary feedback for current and long run operations and to help maximize profits.
Controls designed to motivate individuals within a firm to contribute their best efforts. Such controls necessarily would involve ways of recognizing achievement

through such things as promotions, awards for suggestions, or some form of profit

# FUNDAMENTAL PRINCIPLES OF A GOOD CONTROL SYSTEM (text)

There are several fundamental principles that must be observed if a control system is to function effectively and accomplish it's basic purpose. The following principles are particularly important:

- 1. The system must be current.
- 2. The system must develop records on all goals.
- 3. The system must focus on deviations from plans and goals.
- 4. The system must report deviations directly to the person responsible.
- 5. The system must reflect individual responsibilities as well as overall results.

The first principle, requiring that the control system be current, reflects a concern for the basic purpose of control. Stated earlier, control is concerned with the present. If its purpose is to be achieved then the system must be current.

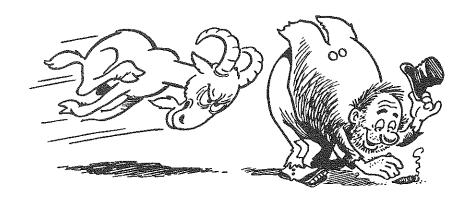
The second principle recognizes that the achievement of the total farm's overall objectives is possible only if individual operational areas accomplish their goals. Therefore, to ensure success the control system must develop records on all goals for all areas of the farm organization. Assuming that corrective action is taken wherever and whenever it is needed, there will then be a coordinated thrust toward the accomplishment of objectives throughout the entire farm. The position of a manager is not only one of responsability but one which demands a great deal of time and concentrated effort. It might also be noted that the manager is almost constantly faced with varying degrees of pressure of one kind or another. A system of control which is properly designed and carried out can go a long way toward simplifying the manager's tasks.

As the third principle suggests, the control system should focus on deviations from goals so that problem areas can be quickly spotted. The idea behind focusing on deviations is not, of course, to chastise but rather to help to quickly pinpoint where some type of corrective action needs to be taken. If the control system does

not specifically pinpoint deviations, the manager must spend a considerable amount of time analyzing and trying to interpret the reports or information provided. Also, there is the danger that some potential problem areas will be overlooked. For example, if there are too many numbers on a DHIA report form, design one that will highlight what you want to know. The same is true for financial reports.

The fourth principle requires that deviations should be reported directly to the person in a position to make a correction. Control is best taken care of close to the source of action. This is not to say that a manager should not also receive feedback on the status of an operation, but it recognizes that if an individual is to direct and control his own performance, he must know on a periodic basis where he stands. By also making progress reports available to those who are actually doing the work, a climate is created where they can adjust their own performance as opposed to being told to do so. Also, there is less need for the manager to be acting in a "policing" capacity. Rather, he can function as a coach. The only time he needs to "step in" is when adjustments are not being made or if the performance gap is such that he wants to make sure that it has been spotted and something is being done.

The final principle acknowledges that overall general results are the sum total of the efforts of individuals working in many operational areas. Therefore, the control system must be complete in that it produces records for individuals as well as in total. If the system does not deal with individual responsibilities, there is not only danger that overall results will not be achieved but also that attention will focus on identifying, after the fact, who made a mistake or what went wrong. This, of course, is not in keeping with the purpose of control.



### **CONTROLLING TACTICAL PLAN (exercise)**

For each of the two areas selected for improved control, (A and B) devise a new or improved control system in light of the information above. The tactical plan for controlling may be of help.

Input or output to be monitored?

Measuring procedure including who?

Monitoring time interval?

Type of report or recording and to whom?

Control standards taken from goals?

Actions or back up plans to bring performance back to standard?



### CONTROL PLAN

CONTROLLING is measuring and reporting actual performance at prescribed intervals, comparing that performance to set standards, and taking appropriate corrective action when events are not conforming to plans.

Input or Output to Monitor	Monitoring Procedure (including who)	Monitoring Time Interval	Control Standards	Corrective Actions to Bring System Back into Control
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# **CONTROLLING** (exercise)

d. Each of the above

Circle the letter of the correct answer or indicate true (T) or false (F) in the blank.

1. When a manager delegates the authority to perform a particular job to an employee, who is ultimately responsible for controlling the results of that job?
a. The manager
b. The employee
c. Both manager and employee
2. The purpose of the controlling function is to ensure that events conform to plans
3. A control system emphasizes what has happened in the past
4. A common weakness of a control system is that it may be cause and correction centered rather than mistake oriented
5. Controlling is a concern of the total farm organization as well as the operational area such as cropping
6. Which of the following is a potential weakness of control systems?
<ul><li>a. The system is not based on key factors that affect results.</li><li>b. The system is not specific enough.</li></ul>
c. The system is mistake oriented.

7. Which of the following are types of control systems?
a. Controls to standardize performance
b. Controls to safeguard farm business assets
c. Controls to set limits within which delegated authority can be exercised.
d. Each of the above
8. Establishing objectives must be the first essential element of the controlling function
9. Taking corrective action links the controlling function closely to the planning function
10. Fill in the blanks to describe five fundamental principles of a good control system. The first is given.
a. The system must be current. b c d e
• Exercise Answers
I.a 2.T 3. F 4. F 5.T 6.d 7.d 8.T 9.T

- 10.
- b. Must develop records on all goalsc. Must focus on deviations from objectives

  - d. Must report deviations directly to the person responsible e. Must reflect individual responsibilities as well as overall results.

### **HUMAN ASPECTS OF CONTROL (text)**

Someone once made the observation that there is nothing wrong with most organizations, it is only when you put people in them that they get fouled up. In a slightly different way, this observation applies to managerial control. As pointed out previously, controlling is an important and necessary function at the individual operations management level and at the over all general management level. It is important to note, however, that it is people and their performance that become the subjects of control, and when this human element is introduced, problems invariably result. The problems are a reflection of the emotional response of those being controlled to the control system. It is important to examine some of the unintended consequences of control systems, the reasons for these unintended consequences, how managers can reduce perceived threat as a result of control, and finally, to present some guidelines which will lead to a positive reaction to attempts at control.

### Historical Assumptions Underlying Control Systems

Historically, management's approach to installing control systems has many times been based on a Theory X Autocratic set of assumptions about people. More specifically, we tend to generalize about people based on some individuals who are not motivated, or who try to get by with as little as possible, and who try, or attempt to try, to take all the shortcuts. As a result, many control systems have been either structured or administered in a negative sense. That is, consciously or unconsciously, they have been used to exert pressure as a basis for disciplining people and as a measure to force compliance with externally imposed standards.

# Unintended Consequences of Control Systems

To the extent and degree that the above situations exist, several unintended consequences of control have developed. Douglas McGregor has delineated these unintended consequences as follows.

- 1. Antagonism to the controls and to those who put them in place.
- 2. Successful resistance and noncompliance. This occurs with respect to the controls we put on our own activities as well as the controls we offer to others.
- 3. Unreliable performance information because of 1 and 2 above.

4. The necessity for close surveillance. This results in a reduction of delegation and is expensive in terms of managerial time as well as having other consequences.

These consequences are readily observable on the farm and to different degrees are characteristic of all control systems. This should not be interpreted to mean, however, that these negative consequences are the inevitable result of all attempts at exercising the controlling function. This is far from the truth, and in a given situation quite the opposite conditions may exist. The key to a successful system lies in how it is structured and administered. Some fundamental principles of effective management of control systems will be pointed out and discussed later but first the reasons why negative consequences sometimes develop must be considered.

The reason for the negative reaction to control systems is explained by how people react to perceived threat. More specifically, if people feel, for whatever the reason, that the system represents a threat to their overall security or independence, they will adopt a pattern of behavior which, in their estimation, will defeat the system and thereby eliminate or at least temper the threat.

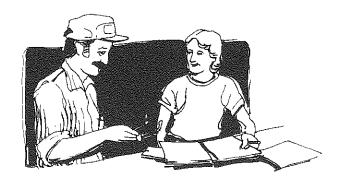
McGregor lists these primary conditions under which threat is likely to be perceived.

- 1. Where punishment as opposed to support and help in meeting standards and goals is emphasized.
- 2. Where trust is lacking in the relationships involved.
- 3. Where feedback negatively affects the individual in terms of his relationship to other people on the farm.

With respect to the first point, additional research has indicated that the manager who attempts to achieve results through people by exerting pressure and having a "perform or suffer the consequences" attitude, tends to achieve lower levels of productivity. Conversely, the highest levels of productivity tend to occur in situations where the manager exhibits supportive relations and a human resource approach as far as his people are concerned.

Any number of conditions can lead to lack of trust. It may be that the person does not know what is expected of him or where he stands. As a result he is constantly being called upon to account for or defend his past performance when in fact he was for all practical purposes left completely on his own with little or no direction. Another condition leading to a lack of trust occurs when the manager is not consistent in the ways in which he exercises leadership (under the directing function) on a day-to-day basis. One day he "runs hot" and the next "cold." People must constantly try to figure out what will be next.

The final condition leading to perceived threat reflects a violation of the purpose of control and also of the job of a manager as a coach whose responsibility is to help people achieve maximum results within the limits of their skill and ability. The information feedback generated by the control system should be used to pinpoint deviations as a basis for taking corrective action. The emphasis should not be on individuals but rather on the eventual goals to be achieved and mutual problem solving to get there.



Clinic 27

### FOUR GUIDELINES FOR ADMINISTERING CONTROL SYSTEMS (text)

If a control system is to accomplish its purpose, it must not only be structurally sound from a technical standpoint, but it must be properly managed. The objective of effective management is to prevent or minimize the human problems which might otherwise arise. There are four important guidelines to effective general management of control.

### Communicate

First, a manager must communicate, discuss, and gain the highest possible degree of commitment among people who work together on the farm to the goals and objectives of the business and each supporting operational area. The greater the extent to which people are committed to a particular objective or goal, the higher their level of job performance tends to be. Also, people who are committed to objectives or goals are more likely to self-direct and control their own performance. Therefore, the manager should do everything within his power to gain this commitment. This should be a foremost concern.

### Educate

Second, a manager must educate people with respect to the purpose of control. The first point of concern relates to the purpose of control in terms of helping to accomplish general farm goals. The second point of concern relates to the purpose of control as it affects the individual operational areas. In the latter case, it must be made clear that controls do not exist for the purpose of finding out who has made mistakes and who should be disciplined. It should instead be clearly communicated that the control system is a tool to help the the farm business as well as the individual to attain their goals and to perform at their full level of capability.

# Support

Third, in his day-to-day dealings with people, and in particular those dealings involving aspects of control, the manager must establish a climate of help and support. He must create a climate where the people he works with are convinced that he is truly concerned about helping them to do the best job possible. No amount of talking can create this type of feeling among people. Their perception is a result of actions, not words.

### Review

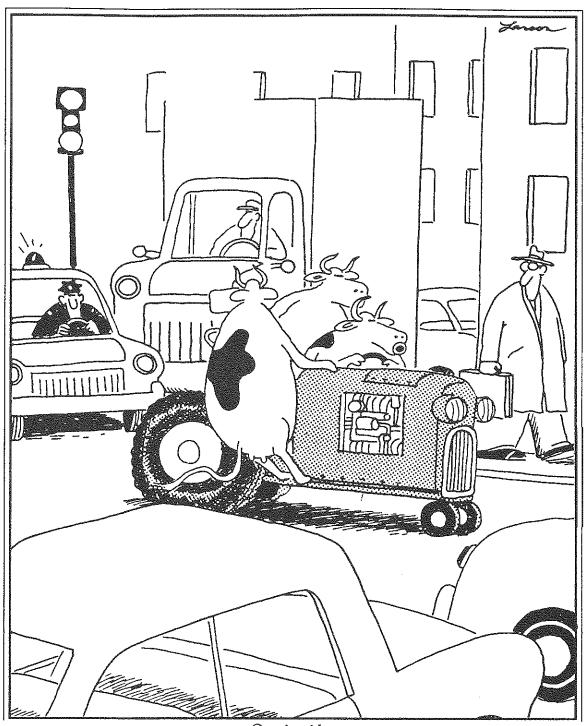
Fourth, in order to gain commitment and to reinforce the true purpose of control and keep people results oriented, the farm manager should continually review with each individual and the total work group the status of achievement and progress toward objectives. This includes getting their ideas as to the problems and difficulties being encountered, alternative courses of action that might be followed to overcome these problems, and jointly developing tactical plans for action. In summary, successful performance of managements' control function goes far beyond the designing of a control system which is just technically sound. Like all other aspects of management, the human element must receive consideration if the expected results are to be forthcoming.

# **CONTROLLING** (summary)

Controlling is the function of management which is designed to ensure that events conform to plans. To be effective, a control system must focus on the present; it must be correction and solution centered as opposed to mistake centered, and it must be specific in the sense that it concentrates on key factors that affect results. Control is universal in that it covers all phases of the farm's operations. The four essential elements of a control system include: the presence of measurable standards in each goal; a system of reporting; interpretation and evaluation of information; and corrective action.

In many cases, control systems have resulted in creating some unintended negative human responses both in ourselves and in those who work with us. When this occurs the reasons most often lie in the way the system is managed. For example, if a climate of punishment or "shoulding" on one self rather than a climate of help and support exists, people will react negatively. Similarly if people perceive a threat they will work to defeat the system. To prevent negative reactions to control systems requires that everyone understands the purpose of controls, that they work in a climate of help and support, and that they receive continual feedback.

- 1. William Travers Jerome, 111, Executive Control The Catalyst (New York: Wiley, 1961), PP 32-33.
- 2. This section draws heavily from the following source: Douglas McGregor, The Professional Manager (New York: McGraw-Hill, 1987, Chapter 8.



Cow joyrides

# IV. Management Overview



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### INTRODUCTION TO MANAGEMENT

# **VOCABULARY OF FARM BUSINESS MANAGEMENT (text)**

MANAGEMENT is determining what must be done and achieving results through the efforts of **oneself** and other **people**. Management is planning, organizing, staffing, directing, and controlling the business' resources toward the accomplishment of established objectives and goals.

### FIVE FUNCTIONS OF MANAGEMENT

<u>PLANNING</u> is the ongoing process of developing the farm business' mission, objectives, goals and detailed tactics which will clearly focus activities toward the most productive and rewarding ends. Planning also involves the process of problem solving which includes decision making.



ORGANIZING is establishing an internal framework for the farm business. This structure clearly defines the roles and activities required of people in order to meet the objectives of the farm business. The manager must decide the positions to be filled and the duties, responsibilities, and authority attached to each one. Organizing also includes the coordination of efforts among people and enterprises.



<u>STAFFING</u> is recruiting, hiring, training, evaluating, and compensating oneself and other people. This includes finding the right person for each job and keeping manned the positions required by the organizational framework.



<u>DIRECTING</u> is leading, coaching, delegating and motivating oneself and other people. Directing involves communicating with people to develop and improve their skills and capabilities. Directing seeks to create a working environment in which people enthusiastically carry out their roles in the organization.



<u>CONTROLLING</u> is measuring and reporting actual performance against set standards and taking appropriate corrective actions when events are not conforming to plans.



### 2

### FOUR ELEMENTS OF A PLAN

<u>MISSIONS</u> summarize why the farm business exist. These reasons for being in business are based on the personally held values of the owner/operators. The mission also describes what products or services the business will market and their purposes.



OBJECTIVES are general, observable, challenging and untimed descriptions of the farm business. They outline what the owner/operator wants the business to look like in the future. The objectives help to realize the farm's mission.



<u>GOALS</u> are specific, measurable, attainable, rewarding and timed statements of what is to be done en route to the accomplishment of an objective.



<u>TACTICS</u> are precise, individually itemized plans for action.

Tactics describe exactly who, what, when, where and how activities will take place in order to accomplish a goal.



### THREE TYPES OF ACTIVITIES PERFORMED IN A FARM BUSINESS

<u>GENERAL MANAGEMENT</u> is planning, organizing, staffing, directing, and controlling the overall farm business. It involves the creation and maintenance of the farm business' internal environment in order that people can work effectively and efficiently together.

<u>OPERATIONAL MANAGEMENT</u> is planning, organizing, staffing, directing, and controlling specific technical and production areas of the farm business.

<u>TECHNICAL ACTIVITIES</u> are all functions and tasks related to the farm business which are not included within the functions of management.



# MANAGEMENT DEFINITION (facilitator exercise)

1. What is Management?

(Record responses preferably on the flip chart or if need be on an overhead.)



- 2. Recognize managerial functions as people list what they think management is. Offer these definitions:
  - a. Management is the design, creation and maintenance of an internal environment for a farm enterprise. This environment supports individuals, working together and in groups where they can perform efficiently and effectively toward the attainment of group goals.
  - b. Managing is the art of doing and management is the body of organized knowledge which underlies the art.
  - c. Management takes scarce resources and allocates them in such a way as to attain predetermined goals.
  - d. Management is taking what you have and using it to get what you want.
  - e. Managers are responsible for undertaking planned actions to enable individuals to make their best contribution toward group objectives.
  - f. Management is developing and implementing plans to direct the business' resources toward the accomplishment of established objectives and goals.

### **TECHNICAL LABOR VS. MANAGEMENT (text)**

### Doing Versus Managing

Although there is always some physical work that a manager does, his prime responsibility is to manage. He must manage his work, the work of others and of his farm as a whole. His job is to coordinate the total effort and to furnish assistance and support to his help as they work toward accomplishing the farms objectives and goals.

Farm Management is a distinct profession and requires a professional to do it. The further one goes in farming, the more this becomes true. Management requires a unique set of skills and abilities which everyone does not necessarily have.

### Objectives of the exercise as an agenda sheet:

- Explain the distinction between doing and managing (being reactive vs. responsible).
- List the five basic functions of a manager.
- Define each function of a manager in terms of the activity it involves.
- Explain why management is a creative profession and not simply the automatic next step for a good technical person.



### Managing Verses Doing (example)

A number of years ago, two field men with essentially the same educational background, experience, and tenure on the farm were placed in management positions at about the same time. As opposed to being paid for performing their technical specialty, they were now paid for being managers of farms in which field work was accomplished. At the end of the first six months, one of them was experiencing considerable success and enjoying his new managerial job. The other was not so successful. He was experiencing problems in meeting schedules and deadlines, there was a degree of unrest among the others on the farm, and he himself was becoming discouraged and frustrated.

The first man had obviously adapted to his new role very well. He realized that he was embarking on a new and different career with the farm and had adjusted accordingly. More specifically, he perceived his management role and function to be different from what it used to be. Among the many things he did after becoming a manager was to take inventory of the organization in terms of the work that had to be done and the employees he had available to do it. He not only concerned himself with the number of employees available but also with their individual skills, abilities, strengths and weaknesses. He reviewed the present status of work on the farm and used this to form priorities and schedules. Through individual and farm group meetings, he communicated to his employees the place and importance of the total farm organization as well as the purpose and objectives of the various areas in which the employees were involved.

In addition, the first man gave his employees a clear picture of where the farm organization stood with respect to what was expected and the present status of work. He shared and discussed with them some of the problems which he thought were inhibiting better performance and obtained their ideas on what could be done to improve things. Beyond this, he took an active interest in each man individually. The manager worked with his employees in a coaching capacity to set goals, help improve performance, and gain more satisfaction from the job. In other words, he managed. He planned, made decisions, organized, staffed, directed, and controlled

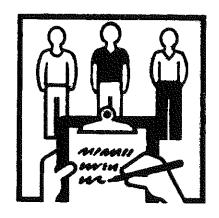
The other man became somewhat overawed by his new role. As soon as he realized he was no longer expected to do much actual field work, he became confused. He had to spend his time some way, so he began by making a point of checking everything every worker did. When he found an error, which he was bound to do, he was quick to call it to the attention of the person in question. The corrections he made himself. He became convinced that more checking was needed; it almost became a challenge to find something wrong. This led him to spend more and more time watching to make sure things were done right. There were also activities upon which the farm had placed high priority. These projects he felt demanded his personal attention, so he had one tractor just for himself. Because he became so involved in working alone on these special projects, certain other things did not get done on time. In addition, his people assumed less and less responsibility for their work. They became passive. One of the better and more experienced field men resigned, and two others requested to be moved into the barns.

This man was not managing; he was doing. He was doing what he had always done: practicing his technical specialty. In management he had found something strange and different to which he could not adjust. He was not able to become a supervisor and gain satisfaction in the accomplishments of others. He could not let go of the tractor, the combine, and all the other tools with which he worked. Eventually he failed as a manager and returned to field work.

Managing is a distinct activity which requires a unique set of skills, abilities, knowledge, and attitudes. Not everyone is a successful manager, but the process can be learned. Technical labor and management are distinctly different activities.

# MANAGEMENT VS. TECHNICAL LABOR (exercise)

Assume that you are in a position with management responsibilities and been informed by your spouse that you must move to Texas to care for a relative. You have been asked to pick a successor to your present job. A considerable thought, you settle on Alex Tompkins, one of your better e Much to your surprise, when you inform Alex of the situation, he shows hesitancy about accepting the job. During your conversation, he asks the questions: "What does the management level position really involve?" "I a manager, what things will I find different?" How would you answer A Tompkins?	n aging After mployees. s some e following f I become
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### MANAGEMENT OVERVIEW (facilitator exercise)

- 1. Why is management important?
- 2. Offer these reasons:
  - a. In order to maximize productivity.
  - b. In order to attain hopes, dreams, goals.
  - c. To enable people to join forces.
  - d. To use resources wisely.
  - e. To achieve order and rationality.
- 3. Why learn to manage?
- 4. Offer these reasons:
  - a. To achieve a regular dependable system which minimizes the expenditure of time, money and unpleasantness.
  - b. To improve the quality of life and leverage our efforts.
  - c. To improve effectiveness which is what we do.
  - d. To improve efficiency which is how we do things.
  - e. To gain control over our activities.
  - f. To enable other people to join us in our efforts.

### MANAGEMENT AS A PROFESSION (text)

Management today is a profession and requires a professional to do it. In prior years, when a manager was needed, the common practice was to look around the farm organization for the best operative employee. He was then appointed manager. The assumption was that since he was good at technical labor he would be good at management. We have come to learn that this type of direct relationship does not represent the real world. A manager requires a unique set of knowledge, skills, abilities, and attitudes. If he is to be successful, he must develop the necessary knowledge, skills, and abilities. It is certainly true that some people probably have more innate or inborn talent to be effective managers than others, but it is also true that these skills and abilities can be learned and developed. This point is evidenced by the fact that business organizations are spending millions of dollars each year on various types of management development programs.



A technical laborer is anyone in a non-supervisory capacity, for example, engineers, clerical workers, sales representatives, assemblers, testers, secretaries. They indicate that their day is taken up totally with labor activities. In many cases, people are promoted because they are the best in their particular function. When they become a supervisor, they begin to take on more management activities, but continue to spend a large part of their time with tasks they used to perform as technical laborers. Why is that so? Consider your own situation; if you came up the ranks as a laborer, how would you respond and think?

At the lower levels of management, when the pressure is on to get something done, the tendency is to continue to think and react as a laborer and get it done, rather than to teach the members of the work unit to do it.

As managers continue to rise in the organization, they find themselves spending more and more time on management activities, and less and less time in laborer activities. They usually learn management activities from watching others, from modeling their bosses, or through trial and error. Advantages in learning to manage this way are that there is consistency of thinking and, if the model is good, the managers learn the right things. In addition, doing becomes part of the manager's reward system and is what will likely get further promotions. It also enhances the manager's comfort level knowing that the employees depend on him. Unfortunately, learning to manage in this manner also has negative consequences. One problem is that this approach tends to perpetuate the way managers who preceded the new managers managed, which may work for some people, but not for others. This approach tends to foster a closed system. Given the changes occurring in the world and in the work place, this approach to management issue needs to be reexamined.

While it is understandable that managers who are former technical laborers probably rely on a one-to-one approach, and this approach does have its value, but does it accomplish work the most effective, efficient way? Do managers have the time and energy to deal with all employees one-to-one? Does the size of the work unit realistically allow this? Take a few minutes to answer these questions.



# ALL BUSINESSES CAN AND SHOULD IMPROVE THEIR MANAGEMENT (facilitator exercise)

In this section we begin to teach management as a subject matter. This new and exciting task will be accomplished by using comparisons to topics that are familiar and by reference to examples. References will be made to the video and slides will be used.

# Management Defined



You should begin this section by asking the participants to list some of the topics they have learned about as they have become increasingly learned about dairy farming. You should receive answers like: nutrition, breeding, crop production, record keeping (dairy, crops, financial), fertility, marketing, etc.. Someone should write the topics on a flip chart. Be certain that someone mentions nutrition in the course of the discussion. If "management" is mentioned just add it to the list.

If "management" is included on the list, lead a short discussion about what the group considers management. If the discussion indicates the participants are calling something else "management" (like record-keeping or nutrition, help the group to recognize what they are talking about - management. If the discussion focuses on "management", decision- making, management function, goals), ask those making the comments to explain their understandings to the group. If they are on target, indicate to the group that this is the direction the discussion is going. If they do not include management on the list, solicit its addition by reference to the video, publicity for PRO-DAIRY, and/or other questions. You can then proceed as suggested in the previous paragraph.

It is now time to indicate that the unique aspect of PRO-DAIRY is that we are specifically learning about management. This indication should be tailored to the group; you may wish to ask if they have seen advertisements for seminar or tapes on "management" and if they recall the cost. Emphasize that other small businesses like out contractor have accepted management as the topic. Specifically, you should indicate that:

- management has a structure
- management has a vocabulary
- management can and should be learned



The handout titled MANAGEMENT AND NUTRITION should be utilized to make this point by illustrating that management is a subject matter just as in nutrition. Three slides are included to assist in this process. Whenever possible have selected participants assist you in making the points.

It is now time to tackle the challenging problem of defining "management". As can be seen in the handout VOCABULARY OF MANAGEMENT, we are defining management as:

"determining what must be done and achieving results through the efforts of **oneself** and other **people**. Management is planning, organizing, staffing, directing, and controlling the business' resources toward the accomplishment of established goals."

In discussing this definition you should make the following points:

- Management is an explicit process
- Management takes time, dedication, and self-discipline
- Management is the key to success
- Management can be learned



### THE STRUCTURE OF MANAGEMENT

# INTRODUCTION TO THE FUNCTIONS OF A MANAGER (text)

Management may be defined as the coordination and integration of all resources (both human and technical) to accomplish specific results. According to this definition, management is viewed in terms of the functions which a manager performs. The five basic functions which have historically formed the core for studying management are planning, organizing, staffing, directing, and controlling.

# Workshop Subject Matter

The Managing for Success workshops are designed to first familiarize farm managers with the basic functions of general management as opposed to technical or labor functions. Once this is accomplished and the farmer can more clearly identify and distinguish his management role and see its importance, the workshop focuses on the application of the management functions. In particular the focus of MFS is on two of the management functions planning and controlling. In order to discuss planning in a useful applied context one must first establish objectives and goals. This accomplished, planning then proceeds through the decision making process. Once the plan is implemented, controlling the farm business becomes the next priority. Several techniques for carrying out opportunity area identification and the functions of planning and controlling will be offered in this workshop.

# The Nature of Managing

Those who occupy farm managerial positions obviously need a clear understanding of their duties; a blurred concept frequently results in time lost in the often more comfortable, non-managerial activities. Employees must also recognize the importance of management and realize the value in having a person to manage activities and accomplish goals through others. Managers on the farm often engage in activities that are not managerial, that is, functions generally performed by technical laborers. For example, milking, planting, barn cleaning, harvesting, feeding, and accounting are examples of technical laborer functions. There is certainly nothing wrong with a manager performing technical laborer functions - in fact, it is necessary on most farms. However it is useful to differentiate between

managerial activities and technical labor activities, even if they are performed by the same person.

It is also useful to distinguish between functions and techniques. There is a tendency to confuse techniques with the functions describing what managers do. Managerial functions are the characteristic duties of the manager, while technical labor refers to the way these functions are carried out. Thus a manager may be engaged in the function of directing but he may use the technique of command or persuasion. His function of controlling an employee's activities may be exercised through the technique of a budget or an exception reporting system. He may organize his employees with the help of the technique of written job descriptions or charts showing lines of authority, or he may plan his time using the technique of a to do list.

### The Functions of the Farm Manager

The over-all job of the farm manager is to create within the farm an environment which will facilitate the accomplishment of its objectives. The farm manager will also be vitally affected by the external environment in which the farm must operate, but he will have little, if any, power to influence government policy, economic conditions, input suppliers and milk markets. Within the farm, however, the manager is responsible for the environment in which he and his co-workers work. It does not matter if the enterprise is a family contractor, a family farm, or other business; the able manager creates conditions conducive to efficient work. In doing this, the manager selects employees and trains them, organizes the operations of his employees, organizes task relationships, directs their work, and measures actual results.

Weaknesses in any of these management functional areas will result in unmet, unset or conflicting objectives or goals discovered by the collection and analysis of data. The identification of one of these areas can be seen as an opportunity to the farm manager. The opportunity for improvement is then exploited through creative problem solving by the manager.

#### THE FIVE MANAGEMENT FUNCTIONS (text)

Management involves the coordination and integration of all resources both human and technical to accomplish specific results. This definition views management in terms of five basic managerial functions. They are planning, organizing, staffing, directing, and controlling.

#### Classification of Functions

In classifying the functions of management, one must first distinguish clearly those activities of operation, such as crop production, livestock production, selling crops and livestock products, accounting, repairing and maintaining machinery and equipment, and purchasing input resources. These operational activities differ from one enterprise to another but the functions of the operational managers are common to all enterprises, farm or non-farm. This is an important point to get across in the Managing for Success workshops.

Although the theory and science may be classified differently among professors and practicing managers, a general pattern of terminology has emerged. Adopted in Managing for Success is the terminology used by managers in many fields. The farm manager is taught and encouraged to use specific, common management terms with greater precision. It is also hoped that by using common terms with ordinary meaning it will be easier to adopt an increasingly scientific approach to an important managerial role.

The most useful method to classify managerial functions is to group them around the activities of planning, organizing, staffing, directing, and controlling. It is not always possible in practice to slice all managerial functions neatly into these categories, since the functions tend to overlap; however, this classification is a helpful and realistic tool for analysis and understanding. Through understanding of managerial function will come improvement of management and through better management will come the achievements of the farm manager's objectives and goals.

Occasionally, educators concern themselves about the order in which the management functions should be undertaken. Theoretically, planning comes first, then organizing, staffing, directing, and controlling. But managers do find themselves performing all these functions at once. Old plans require modifications, and new plans develop while old ones are still in effect. This makes it impractical to insist on a particular time sequence for the various functions.



#### **Planning**

The major emphasis of the Managing for Success workshops falls on the planning function of management. In a good plan however one must design the staff, organization and controls necessary to realize the plans objective. **Planning** involves determining the farm's mission and setting objectives, goals, and tactics to support the mission. Planning involves **problem solving** which includes decision making.

Considerable discussion has arisen about who should plan and when. Planning may be undertaken as an advisory service to the manager in charge of performance. This separation is often highly productive as in the case of a ration planned by a competent agriservice professional. Actual planning and responsibility for planning cannot be completely separated from managerial performance because all managers have ultimate responsibility for planning whether they did the planning themselves or delegated the task to another person. It is therefore imperative that farm managers be well equipped in the creative decision making processes involved in effective planning.

#### **Organizing**



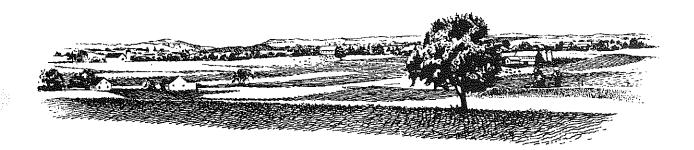
In the Managing for Success workshop it is not the intention to teach any organizational skills or techniques, but rather to introduce the management function of organization. This function involves the organization and coordination of physical resources, but more importantly organizing involves the establishment of an intentional structure that often includes authority relationships. The process of organization begins with the concept of division of work to achieve the overall objectives and goals of the dairy farm. Once this is completed, the manager must concern himself with specific relationships among various operating units. These relationships may take many forms, such as assignment of crop production tasks, delegation of authority to carry out these tasks, and provision for coordination of crop production within the farm organizational structure. Sometimes all these factors are included in the term "organizational structure;" sometimes they are referred to as "managerial authority relationships." In any case, it is the totality of such activities and authority relationships that comprise the more important human resource component of the organization function. In the process of developing the total organization structure, consideration must be given to such issues as the degree of decentralization that should exist, the span of control, delegation of authority, utilization of resources, and chain of command.

There are several implications of this concept of human resource organization. In the first place, the one-man farm can be well organized but cannot be considered an organization, since the owner or operator himself performs the only managerial functions, he delegates no authority. However, if he splits off the herd management activities, assigns them to a family member or employee, and provides coordination of activity between the herdsman and himself through controls (formal or informal), then the enterprise requires organization.

A second implication is that all farm managers, when they decide to organize an enterprise or an activity, proceed in the same way. The manager will reflect the objectives and goals toward which he is striving by grouping the activities for which he is responsible, assigning some of them to family or employees, delegating the requisite authority to accomplish results, and providing for the coordination of these distributed authorities.

The farm organization structure is, of course, not an end in itself but a tool for accomplishing enterprise objectives. Efficient organization will contribute to the success of the enterprise, and for this reason the application of organization principles is very important. But striving for a "pretty" or "classical" structure, without regard for its precise use, is futile. The organization must fit the task-not vice versa-and must reflect any compromises and limitations imposed on the farm manager by the people involved, since organizational roles must be manned.

The organizing function involves developing a formal structure which will facilitate the coordination and integration of resources. The process of organizing begins with the concept of division of work. Accordingly, a series of operating units, such as crops, dairy, finance and repairs are formed with each being responsible for a particular phase of the farm operation. Once this is complete, the manager must concern himself with specifying the relationships among the various operating units. These relationships may take many forms, including authority relationships among people and areas of operation, lines of responsibility and accountability, channels of communication, lines of decision making, and the complete spectrum of interrelationships that exist among the various parts.



#### **Staffing**



Staffing is another management function introduced but not emphasized in Managing for Success. Staffing involves manning, and keeping manned, the positions provided for by the organizational structure. It thus necessitates defining manpower requirements for the job to be done, and includes taking inventory, doing appraisals, and selecting candidates for positions. These new employees are then evaluated, compensated, and trained to accomplish their tasks effectively.

## Directing



Directing is a third area introduced for understanding but not explored in depth in the Managing for Success workshop. Directing involves guiding and supervising employees and family. This includes defining standards and goals, determining how performance in each area is to be measured (criteria of successful performance), developing and monitoring a reporting system, and finally taking corrective action when and where needed to alter the tactical plan. Although this concept is very simple, the methods of directing may be extraordinarily complex.

Leadership skills are important to the directing function. The superior manager must instill in his employees a keen appreciation of enterprise traditions, history, objectives, and policies. All farm workers must learn the organizational structure and the interdependent relationship of farm activities, such as forage quality and feeding strategy. Employees must also learn the different farm personalities, their duties and their authority.

Once employees are oriented, the manager has a continuing responsibility for clarifying their assignments, guiding them toward improved performance, and motivating them to work with zeal and confidence. The methods and techniques a manager will employ to direct his people are, of course, various. The successful direction of employees results in knowledgeable, well-trained people who work efficiently with pride and satisfaction toward the farms objectives and goals.

## Controlling



Controlling is a major focus of the Management Control Clinic. Control seeks to compel events to conform to plans. Thus it measures performance, corrects negative deviations, and assures the accomplishment of plans. The controlling function, if effectively carried out, will provide the manager with continual feedback on exactly where the operation stands at a given point in time with respect to achieving these objectives and goals. Although planning must precede control, plans are not self-achieving. Insuring that plans are carried out requires defining the specific activities of each employee at designated times and locations and for understood reasons. This information feedback should not only deal with generalities, but, ideally, will pinpoint some of the specifics. The plan guides the manager in the timely use of resources to accomplish specific objectives and goals. Then activities are controlled by monitoring against standards to determine whether they conform to planned action.

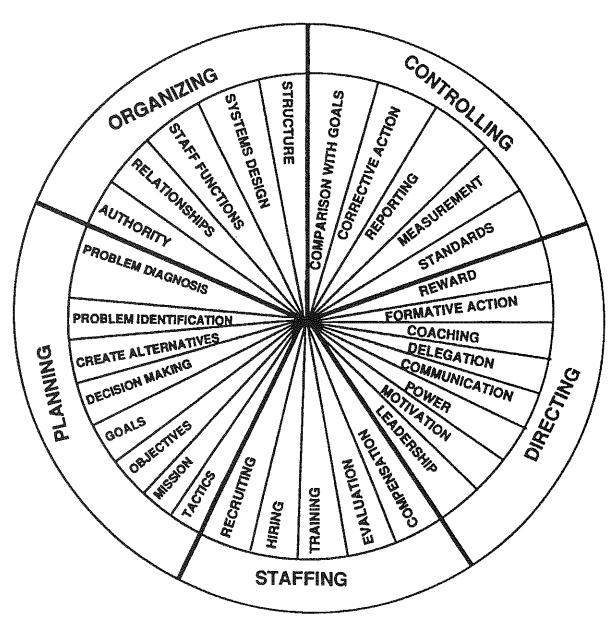
In the past, controlled activities generally related to the measurement of an objective achievement. Control devices such as, a budget, milk inspector, and yearly financial review by bankers are generally familiar. Each has the characteristic of accounting for set objectives and goals by being used to determine whether plans are working out. If goals are not being achieved, or if their accomplishment is behind schedule, the manager must use available information to identify the areas that are causing problems and develop alternatives to overcome these problems. Corrections are made by altering the activities of persons. Nothing can be done about reducing dry matter loss, increasing body condition scores, or reducing the calving interval until the persons responsible for deviations from the plan have been determined. Compelling events to conform to plans means locating the persons responsible for deviation from planned actions and taking the necessary steps to improve their performance. Thus, things are controlled by controlling what people do.

We can summarize controlling as a four-phase process which involves defining standards and goals, determining how performance in each area is to be measured (criteria of successful performance), developing and monitoring a reporting system, and finally taking corrective action when and where needed to alter the tactical plan.

**FIGURE** 

#### FUNCTIONS OF THE FARM MANAGER

## FUNCTIONS OF THE FARM MANAGER



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## MANAGEMENT RESPONSIBILITIES AND FUNCTIONS (exercise)

The checklist on the following pages summarizes some of the responsibilities within each of the five managerial functions. As you read this list, check off any items that seem to apply to your situation as a manager. Then, for each item checked, list below some of the activities you do or are responsible for. This will help you relate your day-to-day activities to the functions of a manager.

Day-to-day Activity		Function
	***	

overall

1.	Planning function
	_Establishing the mission, or overall direction, of the farm
	Making decisions regarding acquisitions, new systems, diversification, organizational size, growth potential
	Establishing specific short-range goals and tactical plans
	_Identifying problems
	_Decision making
_	

## 2. Staffing Function



Recruiting well qualified applicants or businesses to the farm when needed

\_\_\_Developing competitive compensation packages for help on the farm

## 3. Organizing Function



Developing	a	formal	structure
------------	---	--------	-----------

\_\_\_Grouping activities into clear areas of operation

\_\_\_Specifying relationships between people and operating units

\_\_\_Considering issues such as degree of decentralization, delegation, and chain of command

## 4. Directing Function



Developing a total organizational philosophy about people
Integrating the needs of individuals with those of the organization
Creating a motivation-producing leadership climate and culture

## 5. Controlling Function



Taking corrective action when and where needed to alter tactical plans

Developing standards for production of feeds or livestock
Setting forth measures or criteria of successful performance
Designing a system of reporting



## FIVE FUNCTIONS OF A MANAGER (exercise)

	rcle the letter of the correct answer <u>or</u> indicate true (T) or false (F) in e blank.
1.	Which activity is not one of the basic functions of a manager?  a. milking b. directing c. staffing d. controlling
2.	The first phase of the planning function involves the establishment of short-range tactical plans
3.	Brainstorming and selecting are aspects of planning
4.	Organizing involves development of an informal structure to facilitate coordination.
5.	Organizing is concerned with decentralization and delegation.
6.	As an immediate result of the planning process, a chain of command is established.
7.	Which item is not associated with the organizing function?
	<ul><li>a. span of control</li><li>b. delegation</li><li>c. chain of command</li><li>d. motivation</li></ul>
8.	Which item is not associated with the directing function?  a. participation b. communication  c. leadership d. staff evaluation
9.	Which item is best associated with the controlling function?  a. setting standards b. providing feedback on operations c. division of work d. coaching and counseling

- 10. The activity of an executive manager in which he gives careful consideration to future events is known as
  - a. controlling
- b. appraising
- c. developing
- d. planning
- e. organizing

#### Answers:

- 1. A
- 2. F
- 3. T
- 4. F
- 5. T
- 6. F
- 7. D
- 8. D
- 9. B
- 10. D



## **MANAGEMENT FUNCTIONS (exercise)**

Please indicate the extent to which you agree or disagree with the following statements as they apply to you by answering 1 (strongly agree) through 5 (strongly disagree).

Organizing ————————————————————————————————————					Strongly
I am able to clearly pinpoint responsibility		gre 2			Disagree 5
Everything has a place and is in its place	1	2	3	4	5
Everyone has a job and knows what it is	1	2	3	4	5
Planning					
Goals, objectives, and policies are clear	1	2	3	4	5
Creative alternatives are considered	1	2	3	4	5
Selected options are implemented	1	2	3	4	5
Plans are available to all those concerned	1	2	3	4	5
I meet deadlines with energy close to the end	1	2	3	4	5
I like to plan in advance for deadlines	1	2	3	4	5
I take time to reflect on things before I act	1	2	3	4	5
I like my days to be well structured	1	2	3	4	5
I like to keep my days flexible I will sometimes follow my intuition	1	2	3	4	5
I see myself as efficient and ordered I feel comfortable leaving my operation	1	2	3	4	5
I reflect on things before I act	1			4	

Controlling	Strong Agree			Strongly Disagree		
I am able to take corrective action promptly	1	2	3	4	5	
We have standards for measuring progress	1	2	3	4	5	
I express my emotions freely	1	2	3	4	5	
I listen for feedback from my employees	1	2	3	4	5	
I am able to reprimand employees	1	2	3	4	5	
Staffing						
I am skilled in identifying management potential	1	2	3	4	5	
I recognize employees for their contributions	1	2	3	4	5	
I speak directly with family members and employees about the business	1	2	3	4	5	
Directing						
I am able to orient and motivate employees	1	2	3	4	5	
I communicate effectively with employees	1	2	3	4	5	
I catch worker problems as they arise and deal with them	1	2	3	4	5	
I have regular meetings with my employees	1	2	3	4	5	
I am self motivated and self energized	1	2	3	4	5	

## Management Inventory

1	The goals				es on my farm are clear and often written. strongly agree					
	1	2	3	4	5					
2		vn thos	se res	oonsi	n me has very clear responsibilities, and I ofte consibilities. strongly agree					
	1	2	3	4	5					
3	l can clearly tell if som well. strongly disagree				is doing a good job and why g	they are doing				
	1	2	3	4	5					
4	People I				0% effort to get the job done gly agree	•				
	1	2	3	4	5					
5	l regularly strongly o				rmance against standards I h gly agree	lave set.				
	1	2	3	4	5					
6	Given a I	arge n ke the	umber right c	of th	ngs to choose from, I find it	is difficult for				

strongly agree

strongly disagree

7				_	ng on the farm, it's the owners problem. strongly agree					
	The state of the s	2	3	4	5					
8	difficult for me.				kills and their ability to fit into the jobs is					
	strongly d	isagre	8	stro	igree					
	1	2	3	4	5					
9	Motivating strongly d				hing l ngly a	do not do well. Igree				
	1	2	3	4	5					
1 0	•	iow or	k with	me d	on't c	ontrol themselves and need a boss to do				
	it. strongly disagree			stro	strongly agree					
	1	2	3	4	5					
11	The big picture and the going and how to get to strongly disagree					re very clear to me. I know where I'm				
	1	2	3	4	5					
1 2	l have clear procedure strongly disagree									
	1	2	3	4	5					
13	l plan and	-	_		aining	g for everyone on the farm. agree				

						Management Overview	30
1 4	i know w				e else take ov ngly agree	ver a job and do it their way	'.
	1	2	3	4	5		
1 5	control	want.			of reports I go	et is sufficient for the leve	l of
	1	2	3	4	5		
16	details fi	irst.			as I go aloni ngly agree	g rather than figure out the	
	1	2	3	4	5		
17					to make all ti ngly agree	ne decisions.	
	1	2	3	4	5		
18	People we their jobs	<b>3</b> .				ned and don't know how to	do
	strongly u						
	1	2	3	4	5		
19	Most com strongly d				farm comes	from the top and trickles do	wn.
	1	2	3	4	5		
20	goals.					formed of my progress towa	ard
	strongly di	sagree		stroi	ngly agree		
	. 1	2	3	4	5		

2 1	l am very creative and problem. strongly disagree			d can	can easily come up with 10 ideas to solve any			
				stro	strongly agree			
	1	2	3	4	5			
2 2	People w	orking	with i	me ar	e responsible and accountable for what they	y		
	strongly disagree			stro	strongly agree			
	1	2	3	4	<b>5</b>			
2 3	I know just what to pay strongly disagree				y people who are helping me. strongly agree			
	1	2	3	4	5			
2 4	Everyone on the farm knows what is going on and stays informed of problems and successes.  strongly disagree strongly agree							
	1	2	3	4	5			
2 5	•				amiliar with the controls and standards that o monitor them for problems.			
	strongly disagree		stro	strongly agree				
	1	2	3	4	5			
26	I'm not good with deta a plan.			ails, and often miss the little things when making				
	strongly disagree			strongly agree				
	1	2	3	4	5			
27	Good wo		-	farm c	don't need to have clearly defined roles and			
	strongly disagree			stro	strongly agree			

28 I have difficulty recruiting a good selection of applicants for any job I have open on the farm.

strongly disagree

strongly agree

1 2 3 4 5

29 Communication is usually not written even when it is important. strongly disagree strongly agree

1 2 3 4 5

30 By the time I know I have a problem, it's too late to do much about it. strongly disagree strongly agree

1 2 3 4 5

# Congratulations! You're Done!



Now you can score your results

## **Scoring Sheet**

INSTRUCTIONS: For each question # in row "a" of each section, add up your score. For each question # in row "b" of each section, add up your score, subtract 18 and take the absolute value. Total the value for "a" and "b" in each section and graph these on the following page.

Planning

b

Organizing

Staffing

Directing

14 24

a = subtotal a \_\_\_\_\_

19 9 29

b 18 -= subtotal b

SUB a + SUB b = total DIRECTING \_\_\_\_\_

Controlling

5 15 25 = subtotal a а

10 20 30 = subtotal b \_\_\_\_\_ b 18 -

SUB a + SUB b = total CONTROLLING

## **Graphing Sheet**

INSTRUCTIONS: Post your scores below, then draw a line in each column and shade in under the line to make a bar graph.

Post total from

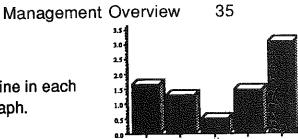
scoring sheet:

**PLANNING** 

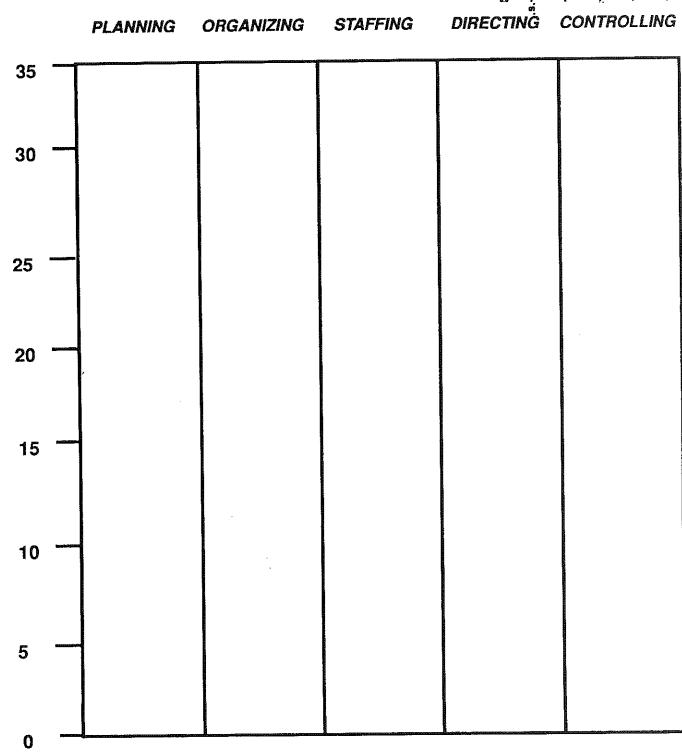
**ORGANIZING** 

**STAFFING** 

DIRECTING



**CONTROLLING** 



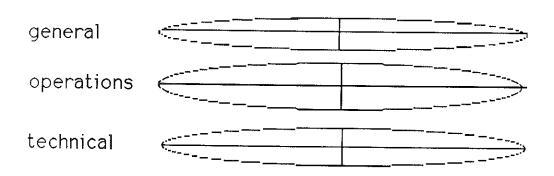
## GENERAL AND OPERATIONAL MANAGEMENT (text)

Not only can we distinguish between a technical laborer and a manager, we can also distinguish between the various responsibilities of general management and operations management.

General Management activities tend to the design creation, and maintenance of the farm business' overall internal environment in order that people can work efficiently together. These management activities can be distinguished from the technical activities in the farm business. The latter is involved with functions and activities that support smaller enterprises within the farm business. This enterprise may be in support of animals, crops or other activities. Managing the sub-systems can be called operations management as opposed to general management activities which care for the over all internal environment of the business.

In order to attain personal goals we find it more productive and profitable to work in pairs or with groups of people to develop systems to facilitate this work. Alone we have limited physical, mental and emotional resources. The fewer people we are working with, the more limited our resources are. Therefore, the more critical it is that the system we are working in be well managed. We cannot afford to waste or under utilize any resources especially the human resource on our farms.

Each type of management activity, whether it is general management of the farm organization or an area of operations management within the business, has clear functions and principals. The functions are the activities and the principals are based upon science and experience. The managers activities are quite different at the operations level than at the general management level.



## Objective of General Management:

Design, create and maintain the farm businesses internal environment where people work together to efficiently achieve goals.

## Objective of Crop Operations Management:

Design, create and maintain an environment and efficient system where plants thrive and are harvested and preserved.

## Objective of Dairy Operations Management:

Design, create and maintain an environment and efficient system for the breeding, nurture and milking of dairy cows.

#### Objective of Financial Operations Management:

Design, create and maintain a system for the efficient use of capital resources.

## Plant and Equipment Operations Management:

Design, create and maintain a system for the creation and maintenance of buildings and equipment.

## HOW FARM MANAGERS PERFORM THE FIVE FUNCTIONS AT THE OPERATIONAL AND GENERAL MANAGEMENT LEVELS (text)

An understanding of the operations or general manager's functions can be amplified by comparing how managers activities change with respect to the five basic managerial functions at different levels of the business. Let us compare the activities of general farm management with those of operations management, such as the herdsman. In many cases the same person performs the activities associated with general management, operations management and much of the technical work and labor. The responsibilities and activities of general and operations management must be clearly understood to assure that all of the management activities are covered and the farm continues to improve and thrive.

## **Planning**



At the general management level, planning is most often long range. Such questions as to the extent and degree of diversification, expansion by either raising heifers or buying in springers, and capital procurement are significant. These issues and the decisions which are made concerning them will have an important impact over an extended period of time. Planning at the general management level is usually concerned with broad overall objectives. It concentrates on such things as return on investment, income over cost ratios, milk markets, and cropping mix. Finally, planning requires originating. By this we mean that the decisions made and the plans formulated at this level serve as a basis for planning at each successive level in the organization. Planning at this level includes developing mission and objectives that can be expanded on at the operations level.

In contrast, planning at the operations level is shorter range in nature and concentrates on goals and tactics. It is more likely to be on a day-to-day or week-to-week basis and carried out in a more informal way. Indeed, many aspects of the planning function are performed for the operations manager by any number of outside consultants such as feed dealers. The operations management activities are preformed at a technical level with little or no concern for the development of the farm as a whole. For example, the milk house unit keeps the necessary records and provides feedback, and the operations manager is charged with making needed adjustments to meet the budget. The further down in the organization, the more specific and precise planning tends to become. Plans at lower levels necessarily must be concerned with the tactical details that affect accomplishment of broader objectives.

Thus, planning at these levels is derivative from the general management plan, rather than originating from production in nature. It is an outgrowth of decisions made a higher levels and deals more with the "how to" as opposed to the "what."

## Organizing



At the general management level, organizing is directed toward determining what the overall formal organization structure should be. Managers must consider such questions as: What will be the basis for departmentalizing work? Should activities be grouped on a functional basis such as crops and cows or other production areas, or should they be grouped in terms of location such as a farm milking out of two barns, or by types of animals, young stock or lactating cows? How much decentralization should exist? This question includes facilities, or physical decentralization, as well as decentralization of decision making. Finally, developing an overall formal organization structure involves establishing lines of authority, responsibility, accountability, communication, and decision making. Of critical importance is the relationship between operations, particularly in terms of the provisions for integration and coordination of effort between them.

Organizing at the operational level deals almost exclusively with the day-to-day coordination of men, machines, and materials to accomplish specific results. In an organizational sense, the operations manager is more concerned with the relationships among things than he is with relationships among structures and people.

## **Directing**



As in the functions of planning and organizing, the general manager's directing function is broader in scope than that of the operations manager's. It is the responsibility of general management to develop and promote an overall positive approach to carrying out the directing function. Beyond this, the general manager must see that all other managers if there are any others receive whatever training is necessary to make them effective leaders. It is not enough to verbalize what should be accomplished. How a manager directs his people and his specific approach to leadership is a mirror of how he is directed. People tend to manage as they themselves are managed. The general management is involved in developing motivation programs and under the staffing function ensuring a continued supply of qualified personnel.

## Controlling



Because of the very close tie among the functions of planning and controlling, the distinctions between the general management and operations management levels are very similar to those cited earlier under planning. The general management level is more likely to focus on the longer range, broader issues. General management will be more concerned with setting forth standards or goals and reviewing information to assess where the organization as a whole stands. Unless high-level issues are involved, they will leave the details of corrective action to operations managers. General management activities will focus on the major areas of the organization, such as production, finance, and personnel management. The operations manager, however, will focus his control efforts on specific factors which influence day-to-day results and on the removal of immediate obstacles. The operations manager is more likely to become involved with immediate crisis.

## **GENERAL AND OPERATIONS MANAGEMENT (exercise)**

Write G (for General Management) or O (for Operations Management) to identify the appropriate level. The first item is given as an example.

1.	a. G Long range b Specific and precise c Short range d Technical e Organizational development
2.	Staffing a Concerned with labor supply issues b Broad overall staff needs and development goals c People showing up late to work
3.	Organizing  a Lines of authority, responsibility, and accountability  b Relationships between people  c Degree of decentralization  d Coordination of men, machines, and materials
4.	Directing a Deals with only one type of operational employee b Establishes organizational philosophy with to communication c Emphasizes getting the work done d Emphasizes motivation
5.	Controlling a Compares control measures with standards b Sets standards and overall requirements for performance c Handles daily factors effecting results

## FARM BUSINESS MANAGED IN A COMPETITIVE ENVIRONMENT (facilitator exercise)

The goal of this section is to develop a recognition among the participants that the key determinant of success is management. First, ask the participants: "Why was the family contracting business successful?" As they provide answers, relate those answers to management in a general way. Examples are:

Response	Management
"His employees knew what to do"	The directing of workers both family and hired is an important management function
"He knew when something was wrong"	Good managers have established early warning systems
"He was able to cope with the weather"	Having plans to cope with the environment is important to good management
"He was lucky to work in a booming housing market"	The environment has a large impact; the manager must focus on what he can control

Use the above as an introduction and do not become engaged in a long discussion.

Now ask the participants whether they think all contracting businesses are well managed. Let them describe a few examples of poor management that they have experienced. You might have to initiate this discussion by asking "Have you ever had an experience like...?" The final question to ask is: "What happens when poor management like we have just talked about reduces productivity and efficiency to a level where the farm cannot compete?" You want the participants to recognize that in the contracting industry there are large performance differences, that management is the key component of those differences, and that the ultimate outcome can be business failure.

## MANAGEMENT AND NUTRITION (exercise)

The following slides may be used to emphasize the just like nutrition, management has specific terms and concepts that can be learned.

		<u>Nutrition</u>	<u>Management</u>
Structure	Animal Requirent Nutrient Content		Functions of Management
Vocabulary	Dry Matter Protein Energy Minerals Vitamins	r	Planning Organizing Staffing Directing Controlling
Central Focus	Balancing Ration Requirements	ns	Developing and Implementing Plans to Meet Goals
Learned	YES		YES
Crucial to Profitability	YES		YES

## MANAGEMENT CONCEPTS (facilitator exercise)

This section is designed to enhance the participants understanding of management and in particular to the discussion of management functions.

We will approach this difficult but important section by suggesting an activity or series of activities and then ask the participants to decide which management function is involved. The first time each function is mentioned you will review that function. Each time you should conclude with a suggestion of how this activity can improve management of the farm business:

1. Activity: Determining why herd somatic cell count is larger than expected

Function: Controlling

Review: Refer participants to the VOCABULARY OF MANAGEMENT and

remind them that controlling seeks to compel events to conform to

plans and correct failures.

Management: The ability to solve small problems before they become big

problems. Reduce SCC before decreased production destroys

profitability.

2. Activity: A forage testing program is implemented to measure the quality of

forage produced.

Function: Controlling

Review: Records are necessary to establish realistic controls and then to

monitor progress.

Management: Early warning signals are necessary for maintaining

productivity and profitability.

3. Activity:

The manager is completing his daily TO DO list over a second cup

of breakfast coffee.

Function:

**Planning** 

Review:

Remind participants that planning and selecting the farms objectives and policies, and of the programs and procedures for achieving them. If the group is interested, review strategies and tactics in the VOCABULARY OF MANAGEMENT handout. If that seems to academic, simply point out that planning is necessary for small, repetitive decisions as well as for major

farm decisions.

Management:

Time is probably the scariest of all resources. Managing one time is necessary for success. The allocation of sufficient time for management is difficult for most farmers.

4. Activity:

A farm manager is discussing which DHI options should be selected.

Function:

Planning

Review:

The design of the record keeping system required to record the controls necessary to monitor progress toward success of the plan.

Management:

Explicit selection of the records required is crucial to maintaining sufficient information without information overload.

5. Activity:

An employee is being recruited to fill a vacancy.

Function:

Staffing

Review:

Staffing involves manning, and keeping manned, the labor

force required to operative the dairy farm.

Management:

Plans cannot be successfully implemented if insufficient labor is available. This function can be crucial to successful execution of plans involving crop production.

6. Activity:

A farm management is explaining the importance of correct milk

procedures to his twelve year old daughter.

Function:

Directing

Review:

Directing involves guiding and supervising family members and

employees.

Management:

This is an area that is not under management in many farm

businesses. Increased emphasis in this area can greatly increase

worker satisfaction and productivity.

7. Activity:

A husband and wife are discussing the possibility of the wife

assuming responsibility for heifers.

Function: Organizing

Review:

Organizing involves the establishment of the internal structure.

Management: Failure to establish clear roles for family members and employees can doom plans before they begin to be implemented. You should indicate that the emphasis is on planning and controlling, however, organizing, staffing, and directing activities may be important components of plans to bring opportunity areas under management. You may wish to visit with participants concerning changes in perception of the scope of management. You should give them the FUNCTIONS OF THE FARM MANAGER handout to assist them in understanding the scope of management.

#### FOOTBALL VIDEO CASE EXAMPLE (text)

Intro - Farm Manager on the farm explains the role of the manager as planning, organizing, staffing, directing, and controlling in order to create an environment where people can work together to achieve the farms goals.

Narrator - The farm general management role is like that of a football team coach. Although the analogy is limited if we are careful not to limit our thinking to this example it can be useful in helping us for a clear conception of management.

First of all a football team is a system that exists in an over arching external environment such as the NFL which inspires certain rules and regulations under which the team manager organizes his internal organization.

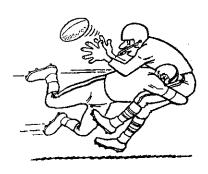
The team manager begins planning with a clear mission to win the Superbowl with as little cost in dollars and men as possible. With this mission clear the manager sets out to plan how he will build a team to fulfill his mission.

The coach sets out to recruit and staff specific positions with players that have special skills and records of past performance. Because the coach has a limited budget this recruiting must be done carefully.

Once the team is staffed the coach will often have some time in practice before organizing the specific positions. A quarterback is chosen to head up the offensive operations management and a head defensive man manages defensive operations.

In this case the strategic plan is to go along early in the game taking some risk to get on the scoreboard then buckle down into a tight defensive stance to put the game away.

From this point the coach may delegate to the quarterback to call the plays from the huddle. The tactical plan for each player will be discussed in the huddle and then it is up to the players to execute to the tactical plans.



## V.Planning



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#### PLANNING OVERVIEW

# PLANNING OVERVIEW (facilitator exercise)

A. Start by asking the participants why they make plans (use flip chart to record responses). On a second flip chart, list reasons why participants do not make plans. Some of the reasons you are likely to get from participants are listed below:

## Why someone makes plans

- 1. Need plan to know where you are going
- 2. Helps others you are working with know what you are doing
- 3. Helps you get more things done
- 4. Makes you think about what may happen in the future
- 5. To avoid making mistakes

# Why someone does not make plans

- 1. Takes too much time
- 2. Things change too fast making plan useless
- 3. Weather dictates your plans
- 4. Still have to take care of whatever comes up
- 5. Feel it limits your options



B. Use an overhead such as "What planning is NOT" to dispel or refute the reasons they do not plan. Major points on this overhead could be as follows:



## Planning is not forecasting.

Forecasting is attempting to determine the most likely course of future events; planning is identifying how you will get to a desired future position (objective or goal) by actions taken in the present

# Plans are not rigid or unchanging.

Circumstances change and plans must be adapted to these changes; however, the objectives and goals set out in the original plan can often be met simply by a change in tactics.

## Planning is never over and done.

Planning is a process which involves evaluating progress toward objectives and goals and reformulating plans on a continuous basis

## Planning is not wasting time.

Planning does take time, but it can greatly increase the efficiency with which we use time.



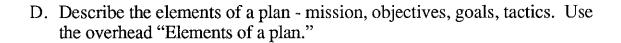
C. Use an overhead such as "What planning IS" to reinforce the reasons they make plans. Major points on this overhead could be as follows:

Planning is setting objectives, goals and tactics.

Planning is problem solving and decision making.

Planning is maximizing the use of scarce resources.

Planning is a continuous activity.



- E. Describe the steps in the planning process:
  - 1. Set mission, objectives, goals, and tactics
  - 2. Identify and exploit opportunity areas (problem solving)

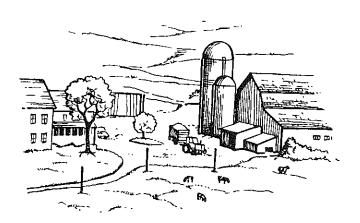
Identify the problem.

Diagnose the problem.

Generate creative alternative solutions to the problem.

Select the best alternative (decision making).

Create a tactical plan to implement the solution.





# STRATEGIC VS. TACTICAL PLANNING (text)



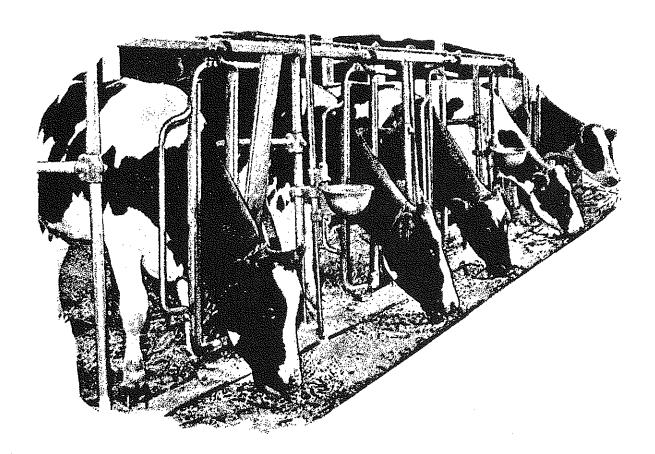
The planning function can be subdivided into two essential phases. The first phase is strategic, concerned with determining the overall long-range mission or direction of the farm organization, and its working objectives. This requires considerable analysis of the external environment and thought. First, managers must determine whether or not the industry is growing and expanding, or changing in any way. If things are changing, growing and expanding, plans must be made for the farm to keep pace. This also involves decisions about the long-range size of the farm, where growth potential exists, the degree and extent to which the farm wants to expand in those areas, and consideration of the advantages, disadvantages, and consequences of taking or not taking certain actions. Only after management has made these kinds of decisions can objectives be set to ensure that the mission is realized.

The second phase of planning involves the establishment of goals supported by tactics which are specific measurable and attainable within a given time frame. These shorter range, specific goals ensure that the longer range objectives will be realized. This goal-setting process involves the determination of specific well defined standards that can be accomplished on the way to meeting objectives. The tactical plan details the action to be taken and involves the who, what, why, when and where in specific detail.

A written plan must be made for all important phases of an operation. Planning is not just this document it is a continuous process. It has been said that "good results without good planning come from good luck, not good management." This planning process often involves other people in the actual creative process and always is communicated to others in order to enable them to help.

A good planning process disciplines the mind and taps its potential to save time money and personal distress. Plans allow you to avoid mistakes and have the peace that comes from knowing where you are going and how you intend to get there.

Planning is a management job - nobody else can do it for you. It is your business and plans must be based on your ideas and assumptions. In order to reap the benefits of planning management time must be set aside for this premiere and critical function.



# MISSION, OBJECTIVES, GOALS, TACTICS (text)



The opening line of Paul Mali's book <u>Managing by Objectives</u> brings to light a challenge of any manager:

"The greatest challenge offered to management is to reconcile and integrate human effort, resources, and facilities toward common goals while avoiding discord and common disasters."

How does the manager accomplish this challenge without first determining the mission, objectives and goals toward which he will travel?

At first glance, the mission of a farm may be quite apparent. Yet, it is amazing how many managers are unsure as to why they are actually in the dairy business. The mission of any business summarizes why the firm exists. These reasons for being in business are based on the personally held values of the owner/operators. The mission describes what enterprises will make up their business and their purposes. For example, a case study farm's mission is "to produce and market high quality milk in sufficient quantity to provide a good standard of living for our family." The value that is held high by this owner/operator is to provide a good standard of living for all family members, and to support this endeavor, special priority will be given to producing and marketing high quality milk. This mission summarizes a long term vision of where the business will go and has established a broad commitment to reach this dream.

Following the summarization of the business' mission, concentration of efforts are made toward the establishment of objectives. Objectives are general, observable, challenging and untimed descriptions of the farm business. They outline what the owner/operator wants the business to look like in the future. This mission becomes realized through the accomplishment of recorded objectives by oneself and other people. For example, in support of the case farm's mission, 2 objectives were recorded: "increase milk sold per cow to 18,000 lbs" and "breed and sell registered animals." By accomplishing these two objectives, the farm's mission of producing and marketing high quality milk will be partially attained. Objectives are the aim given to the mission, the "big picture."

Seeing "The Big Picture" does not replace the need for more specific goals for each job. Goals are defined as being specific, measurable, attainable, rewarding, and timed statements of what is to be done en route to the accomplishment of an objective. It includes a specific action, monitoring system for control, and reward for its completion. Goals are stated in quantitative terms such as pages, miles or scores and provide motivation, organization and measures of progress. Frequently, the goal is of little value in itself, but it is important in supporting the accomplishments of objectives and providing incentives for activities that are themselves of great value. In sports, of what importance is it to get a ball in a basket or a hockey puck in a net? The answer, of course, is to get points in order to win the game! The goal makes the objective more meaningful and tangible. In the case farm, for example, reducing somatic cell count to 250,000 by December 31, 1989 has been set as a goal to help realize the objective of increasing milk produced to 18,000 lbs.

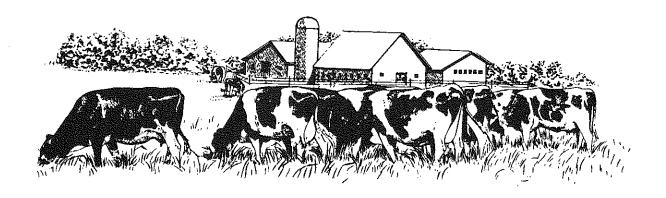
Looking at the definitions of objectives and goals you can see the purpose for setting such regiments. Planning activities rationally and systematically is easier if you know what you are trying to achieve. Not setting objectives and/or goals can continually result in a person responding to all the urgent tasks, leaving no additional time for those not urgent but important activities. Routinely responding to all urgent matters is effective in emergency situations but leaves no time for the accomplishments of planned activities in support of both objectives and goals. This might explain why not setting objectives/goals is preferred by people who do not feel in control of their surroundings.

The manager who has established objectives with his employees has freed himself from the urgent tasks and can concentrate upon those tasks which require organization and planning. This makes employees become objective oriented instead of task oriented and therefore they can make their own goals to support the company's objectives. The employee becomes responsible for the accomplishment of his goals, which may include setting up emergency plans to become responsible for unplanned situations.

Having goals can also add to job motivation by providing standards by which progress can be measured. Working on a concrete intermediate project will relieve the frustration that can arise from the magnitude and challenge of an objective. Goal setting has been reported to increase the probability of achieving an objective from 5-70%. By breaking an objective into smaller, more attainable goals, the project is less vast. Completion of a project within a given time period contributes to job satisfaction and increased productivity because the goal's accomplishment before the required time limitations would suggest superior production by the employee. The results that have been planned for have occurred and efforts toward their accomplishment have not been in vain.

How we use objectives and goals adds to their success. Objectives are used to plan, coordinate, and motivate ourselves, as well as those who work for us, so that related activities can be synchronized. Objectives must define why activities are being done and they must be understood by everyone involved in attaining that objective. Goals must reflect upon the objective and they must be measurable, a control point for objectives. Evaluation becomes easier as you now have set standards by which to measure productivity. Therefore, combined, objectives and goals require and demand responsibility and accountability by both employee and employer.

By combining the requirements and actualization of both objectives and goals, your business should run more smoothly and everyone who is involved will understand the steps taken to achieve the business' success.



#### PROBLEM SOLVING

#### PROBLEM SOLVING (text)



Of the many planning activities performed by farm managers, problem-solving is potentially one of the most challenging and fun. It can also be one of the most threatening and feared. Regardless, problem-solving is important to the success of the farm manager and the organization. However, constant "fire fighting" (crisis management) is a strong indication that managerial functions (such as planning, organizing, controlling, etc.) are not being performed well (if at all) by management.

Solving problems is best done by anticipating them and then dealing with them in an orderly fashion. An orderly process to deal with problem solving is a priority in planning. Obviously, not all problems can be anticipated. As with other managerial skills, problem solving can get better with experience. However, this is not always the case, some of the problems managers face with problem solving are:

- Non-recognition of the problem (at least in the early stages)
- Poor use of available information
- Succumbing to time pressure; action before analysis
- Treating symptom, not causes
- Problem ill-defined
- Stating problems in ways that limit responses
- Desired outcomes not specified
- A limited number of alternatives surfaced/considered
- Only low quality alternatives considered due to our technical knowledge and skills
- Non-rational criteria used to make alternative selection
- Problem solving process is weak in some area

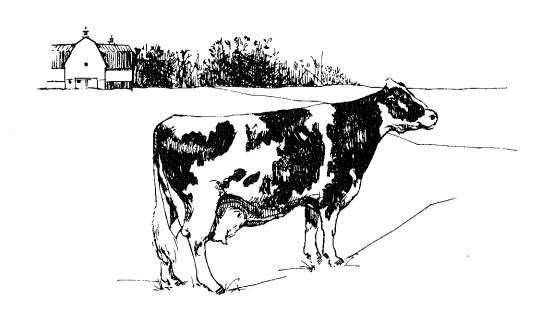
Most managers do not follow a systematic approach to problem solving; rather, each situation is handled differently. Little documentation occurs which makes identification of trends, patterns, and learning very difficult if not impossible. The ultimate goals of a manager should not be to become a problem solver but rather the facilitator of problem solving among all people who work with the farm. The earlier a problem is detected and solved the less it will effect the farm. That is why it important to have even the person feeding calves involved with problem solving.

This process of problem solving is similar to the scientific method. Creativity can play a part in each step. *REMEMBER*, creativity (divergent thinking) should always precede judgement (convergent thinking).

The following systematic approach to problem solving is easy to document, easy to use in time sensitive problems, easy to teach others, and helpful in determining long-range solutions. It can help you overcome some or all of the common mistakes listed earlier. First, ask the following questions and see if they can be answered.

- 1. What is the problem?
- 2. What are the causes of the problem?
- 3. What are the possible solutions to the problem?
- 4. What is the best solution to the problem?
- 5. What action is to be taken?

Secondly, follow through on the process to answer each question. What follows is a more in depth description of each of the five steps in problem solving. The five steps, which relate directly to the five questions listed above are (1) problem identification, (2) problem diagnosis, (3) generating alternatives, (4) decision making, and (5) tactical planning.



## PROBLEM IDENTIFICATION (text)



Answers the question, "What is the problem?"

Define the problem in terms of unmet unset or conflicting objectives, "A problem well-stated is half-solved!"

A definition provides clarity and understanding of the problem. How a problem is defined will either expand or limit the possible solutions, and it is desirable to define a problem in such a way as to maximize the possible solutions. PROBLEM IDENTIFICATION answers the question what is the problem?

Operations do not always run smoothly. Despite our carefully laid plans and our meaningful objectives and goals there are still times when we wish we could be more productive. Maybe something doesn't feel quite right, but we don't know what to do. This brings us to the discussion of **problem** identification.

First of all, problem identification is recognizing where the manager can influence and improve the operation from the status-quo. Where can changes or corrections be made that were not noticed before? More simply, what changes have occurred in the environment? Very few businesses maintain a stable environment for longer than 3-5 years without experiencing that occasional downfall. Think of all the changes in the environment that have occurred even more recently, such as last month or a week ago. How did the change occur and what was done to overcome the change? Responsible action toward anticipated change must be included in business objectives.

The manager of any business must continually monitor and analyze the environment and its possible future in terms of its impact on the organization and applicability to set objectives and goals. This causes the manager to responsibly act to change. For example, when man first navigated to the moon, he didn't point himself in the direction of the moon today, but where it was to be space so that he could land on it in the future. Thus, good managers force themselves to become responsible for any situation and not reactionary to the forces of today.

There are three guidelines for determining opportunity areas (future or present problem areas):

- 1. Define the internal and external environment
- 2. Evaluate current situation compared to objectives and goals
- 3. Determine "What is wrong!"

By defining environment a manager evaluates the current state of his surroundings. He studies the surroundings to detect important trends and changes. He looks at the state of the environment for the future and the actions needed to bring about innovation. This is done through the analysis of data and records which show what is happening today. Look at and analyze output (milk weights, forage yields, growth, reproduction efficiency), product quality (SCC, forage quality, feed quality), labor attitudes, favorable conditions, and unfavorable conditions.

Once the environment has been defined, evaluate the current situation in comparison to the farm's objectives and goals.

- -Are goals being met?
- -Do objectives conflict between themselves?
- -Is there an area where no objective currently exists?

In comparing objectives and goals to the current situation, three types of opportunity areas can be evidenced. Those opportunity areas arise from three types of unsatisfied objective and goal situations:

Unmet:

Plan in place which is not achieving the goals and

objectives it was meant to accomplish

Conflicting:

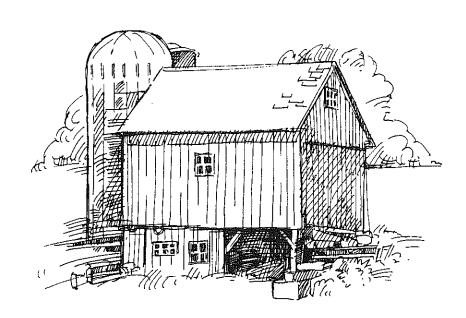
Plan in place in which the objectives or goals are clashing

Unset:

An area where no objective or goals currently

exists

Finally, a declarative statement is made answering "what is wrong" in terms of unmet, conflicting, or unset objectives/goals. For example, the cows in the barn are skinny. The current situation is analyzed by gathering data of body scores. It is found that the cows average 2+ at 150 days in milk and the goal is for these cows to be averaging 3. Therefore the statement would read: "I have an unmet goal because my goal is to have the cows at a body score of 3 at 150 days in milk and they are currently averaging 2+." The problem has been identified by defining the current situation (skinny cows), analysis of data (body scores), evaluate objectives/goals (2+ average), and determine what is wrong (unmet goal of 3 because it is 2+).



## PROBLEM DIAGNOSIS (text)



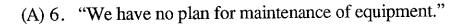
Answers the question, "What are the causes of the problem?"

After having identified a problem, one frequently jumps to generating alternative solutions to solve the problem. This tendency skips the essential step of problem diagnosis. Problem diagnosis helps to determine the cause or causes of a problem. If the step of problem diagnosis is skipped, one is much more likely to solve a "symptom" of a deeper problem rather than the "real" problem.

If problem diagnosis were to be summed up in one word, the word would be "why." Why has the problem occurred? In answering that question, one will be finding causes for the occurrence of the problem. Often it is necessary to ask "why?" repeatedly in order to get an answer which is causal rather than symptomatic. An example of this type of diagnosis would be as follows:

A farm manager's problem is that he/she has not met a goal for forage quality. (The goal was 20% protein haylage; the haylage produced tested 16%.) He asks himself why this has occurred and is able to give the following series of questions (Q) and answers (A):

- (A) 1. "The hay crop silage was badly rain damaged."
- (Q) "Why was the hay crop silage rain damaged?"
- (A) 2. "We were unable to harvest the hay quickly."
- (Q) "Why were we not able to harvest more quickly?"
- (A) 3. "Our chopper broke down on a number of occasions."
- (Q) "Why did the chopper break down?"
- (A) 4. "It is old and is in need of repairs."
- (Q) "Why is it in need of repairs?"
- (A) 5. "It has not been well maintained over the years."
- (Q) "Why has it not been maintained?"





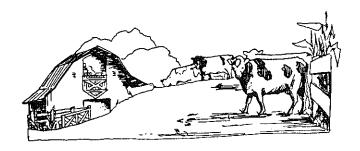
- (Q) "Why is there no plan for equipment maintenance?"
- (A) 7. "No one has been given specific responsibility for the equipment end of the business."

From the list of questions and answers above, one can begin to get a feel for problem diagnosis. In answers 1 through 5, the reason given for the problem relate to technical activities (e.g. speed of harvest, chopper breakdowns, needed repairs). Beginning with number 6, the answers become related to management activities. Answer 6 presents an operations management problem: lack of a plan for equipment maintenance. Answer 7 presents a general management problem: lack of a clear organizational structure which assigns responsibility for the equipment.

Going beyond the technical causes for a problem is necessary in order to identify causes which the manager can deal with. Identifying management causes is referred to as "asking the management why."

It is easy to see how this process could result in identifying multiple causes for a single problem. At any point in the above example, there could have been more than one answer to the preceding "why" question. For example, the answer to the question "Why were we not able to harvest more quickly?" could have been related to inadequate manpower, failure of custom operator to show up on time, undersized equipment, clogged blower pipe, or many other reasons. Each of these could lead off in its own direction as the manager continues to ask "Why?".

Often multiple technical causes will converge on one management problem. Equipment breakdowns, undersized equipment, and clogging blower pipe might all converge on the management problem of no one having specifically assigned responsibility for the equipment.





## The Kepner-Tregoe Diagnosis Process

Another process which can be utilized in concert with that discussed above, was developed by Kepner and Tregoe. This process is designed to clarify and accurately specify the problem by **polarizing** the situation. Polarizing is done by answering the following four questions:

- 1. What is the problem versus what it is not?
- 2. Where is the problem occurring versus where it is not?
- 3. When is the problem occurring versus when it is not?
- 4. To what extent is the problem occurring versus to what extent it is not occurring?

The answers to these questions can be put in the format of a diagnostic worksheet like the one on the following page. The example entered in the worksheet applies to the forage quality problem diagnosed above. Once the worksheet has been completed, the manager must first ask what distinguishes a statement in the IS column from its counter-statement in the IS NOT column. Secondly, if there is a distinction, the manager must ask what has changed that could explain the difference? At this point, the manager is back to asking the "why" question - but with more information on which to base the answers.

<sup>&</sup>lt;sup>1</sup> Charles H. Kepner and Benjamin B. Tregoe, <u>The Rational Manager</u> (New York, McGraw-Hill, 1965), pp. 73-87.



## DIAGNOSTIC WORKSHEET

IS

IS NOT

WHAT

Low protein

Low yield

Low fiber

WHERE

In haylage

In dry hay (2nd cutting)

In 3rd cutting haylage

WHEN

Every year

Just during wet years

1st cutting made

after 6/15

2nd or 3rd cutting

TO WHAT Top 1/2 of silo **EXTENT** averages 14% protein Bottom 1/2 of silo averages 18% protein



To review, the key points of problem diagnosis are the following:

- 1. Problem diagnosis answers the question "What are the causes of the problem (what happened, when, how, why, and where)?".
- 2. Problem diagnosis attempts to get to the root cause or causes of a problem. Of particular interest is the root **management** cause of the problem.
- 3. It is important to search for problem causes not blame or "symptoms." Once a technical reason for a problem has been determined, one should ask "Why?" (repeatedly if necessary) until a cause is stated in terms of a management function.
- 4. Anticipate multiple causes.

## OWN FARM DIAGNOSTIC WORKSHEET

IS

IS NOT

**WHAT** 

**WHERE** 

**WHEN** 

TO WHAT EXTENT

## **GENERATING ALTERNATIVE SOLUTIONS (text)**

Answers the question, "What are the possible solutions to the problem?"

The method known as brainstorming is frequently used for this step. In brainstorming, everyone who might be helpful is encouraged to suggest possible solutions, and no ideas are rejected or evaluated until all ideas have been noted. Even seemingly ridiculous alternatives should be shared and listed; they maybe the spark needed to produce a really creative solution. The most important aspect of this step is to generate many possible solutions before selection one.

The rules for brainstorming:

- 1. No evaluation of ideas; defer judgement
- 2. Goal is quantity of ideas, not quality Piggy-backing is, good
- 3. Be free-wheeling -- don't feel inhibited

# MOVING FROM DIVERGENCE TO CONVERGENCE (TEXT)

Some individuals are "divergent" in their thinking. That is, they tend to move in the direction of additional ideas, more alternatives, different ways of looking at things. Others are "convergent"; they seek to narrow the possibilities, pull things together, arrive at closure. Groups also may be divergent or convergent in their discussions. In the earlier stages of problem solving, divergence is usually appropriate. It is important to generate as much information as much information as possible, to keep the discussion open to more possibilities, to avoid jumping to conclusions. As the discussion progresses, however, after all the information and ideas are on the table, the time comes to move to convergence, pull things together, an arrive at decisions. The alert leader senses when it is time to move to convergence. "We seem to have covered all the information relevant to the problem, now we need to begin arriving at a decisions," is one way to steer the discussion.

It should be noted that some groups stay in a divergence mode in order to avoid (consciously or unconsciously) having to make a decision. Especially if the decision is difficult to live with, creates more work, causes some members to lose, there is a tendency to delay it with talk. There is always one more bit of pertinent information, another slightly different way of looking at things, someone who needs to be heard. If the group cannot seem to give up its divergent behavior, the leader may assist by asking the group to take a look at the way it is functioning.

## DECISION MAKING OR SELECTING A COURSE OF ACTION (text)

Answers the question, "What is the best solution to the problem?"



Now is the time to evaluate! Evaluate alternatives, score them on the basis of some rational criteria and select the alternative to implement through the creation of a tactical plan detailing action.

Some problems require multiple solutions. The process does not always result in the choice of a single alternative. But caution should be taken not to choose more solutions than the available resources can implement.

When analyzing alternatives for implementation during problem solving, several options may be of equal value and choosing the best one may be difficult. Reviewing the decision making matrix may be of help in narrowing down the best possible choice.

## Steps in Decision Making

- 1. Develop criteria for evaluating alternatives
- 2. Rate each alternative on each of the criteria
- 3. Compare the alternatives based on the ratings each received
- 4. Rank the alternatives
- 5. Choose the best alternative (or a combination of those that are highly ranked)

Listed below are a few examples of rating criteria. Criteria are defined as "Established rules or principles for judging anything."

Likely to be accepted by family/employees

Minimize cost to implement

Quick results likely

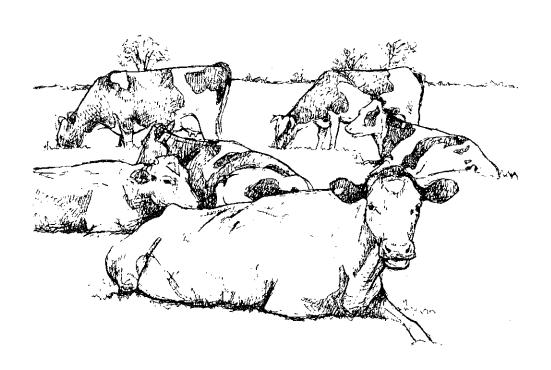
Likely to increase profits

Positive effect on employee attitudes/motivation

Positive impact toward goal

Minimize labor required

Maximize return on investment



# **DECISION MAKING GRID**







Ratings: 3 — Good rating for criterion (1)



2 - Fair rating for criterion



1 — Poor rating for criterion

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Problem:	·

#### Alternatives

Rating Criteria					
(Totals)	 	ن النام الله الله الله الله الله الله الله ال	 	-	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Ranking (order 1- to 6)				•	



## TACTICAL PLANNING (text)

Answers the question, "What action is to be taken?"

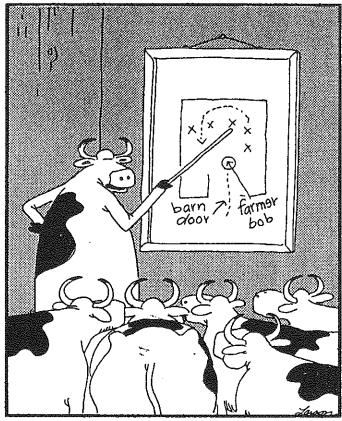


The final step in the problem solving process is to revise and or make a new tactical plan to exploit the opportunity area that has been identified. Tactical plans are used to translate decisions made into actions to be taken. They provide a road map of activities to be accomplished in meeting goals.

Tactical plans are composed of answers to the following questions: What task is to be done, who is responsible, where will the task be done, how will it be done, and when will it be accomplished.

Writing down tactical plans helps the manager to clearly define the tasks to be done in order to accomplish goals. The process of writing down the plan may cause the manager to address areas that may have been neglected without going through the process.

Tactical plans should also be used to monitor progress toward goals, that is, as a controlling device.



"So when Farmer Bob comes through the door, three of us circle around and ... Muriel! ... Are you chewing your cud while I'm talking?"

## OWN FARM WORKSHEET - TACTICAL PLAN :



# **TACTICS**

are precise, individually itemized plans for action. Tactics describe exactly who, what, when, where and how activities will take place in order to accomplish a goal.

<del></del>

#### Planning



## PROBLEM SOLVING SUMMARY (text)

Although the steps in a logical problem solving proces are presented here in connection with major programs such as the acquisition of a new milking system or a feed storage facility, essentially the same steps must be followed through any problem solving process. As minor plans are usually simpler, certain of the steps are more easily accomplished, but the following practical steps are of general application. Obviously, the discriminating manager would not use 100 dollars worth of time to make a decision worth 50 cents, but what is shocking is to see 50 cents worth of time used to make a planning decision worth hundreds of dollars.

# Being Aware of Opportunity Areas - Problem Identification

Awareness of an opportunity area is the real starting point for planning. It includes a knowledge of where we stand and our strengths and weaknesses. In order to analyze these strengths and weaknesses and come to a diagnostic conclusion as to the areas where opportunity exists there are some steps to follow. It is further important to be aware of any recent weaknesses that led to that opportunity existing in the first place.

The first step in opportunity area identification is to define the environment. Then one must evaluate the current situation in relation to his or her objectives and goals. This includes looking for areas where you have unmet objectives. That is, an area which has a plan in place which is not achieving the objectives and goals it was meant to accomplish. For example, a feeding program that was undertaken to increase dry matter intake by 5 lbs/head/day and has only improved intake by 1 lb/head/day.

Secondly, it includes find areas where objectives are conflicting. For example, the timely harvest of hay may be in conflict with the timely planting of corn. Heat detection may be in conflict with an employees objective to keep warm. Giving cows exercise and getting them off concrete may be in conflict with keeping them clean and out of the mud. Good ventilation may be in conflict with human winter barn comfort.

Finally, evaluating the current situation involves looking for areas where no objective presently exists at all. Perhaps no objectives and goals may exist for the quality, breeding conception, etc. Where no objectives have been set there can be no plan.



## Problem Diagnosis

Each of the types of opportunities, unmet, conflicting or unset objectives, can be analyzed for management's short comings in that area. Was there a poor or nonexisting plan? Was there a strong supportive <u>organization</u>, was there sufficient well trained <u>staff</u>, did the employees have adequate <u>direction</u>? Were there good <u>controls</u> on the program? In other words, problem diagnosis helps to determine the cause or causes of a problem.

## Generating Alternative Solutions

The third step in problem solving is to search for and create alternatives and then without judgement examine these alternatives courses of action. There is seldom a goal for which reasonable alternatives do not exist, and quite often, an alternative that is not obvious proves to be the best.

After reducing the number of possible alternatives to those promising the most fruitful action, or the best possibilities, the planner must next examine them. For a major plan, this examination may be very complicated; leading to the preparation of detailed forecasts of costs and revenues, cash position, and to many other considerations of both a tangible and intangible nature.

## **Evaluating Alternative Courses - Decision Making**

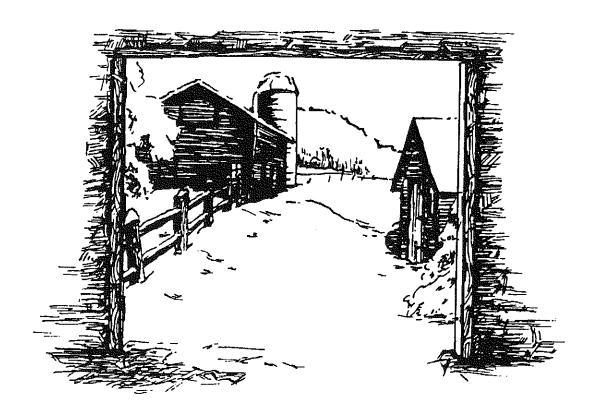
Having sought out alternative courses, and examining their strong and weak points, the fourth step is to evaluate them by weighing the various criteria. One course may appear to be the most profitable, but may require a large cash outlay and a slow payback. Another may be less profitable but involves less risk. Still another may better suit the farm's mission. Yet, another may be technically possible but would have difficulty meeting with employee acceptance.

Selecting the course of action, is the point at which the alternative is adopted - the real point of decision making. Occasionally an analysis and evaluation of alternative courses will disclose that two or more are advisable, and the manager may decide to follow several courses or a combined solution rather than one best course.

## Formulating Tactical Plans

At the point where a decision is made, planning is not complete. There are almost invariably supportive tactical plans to be constructed to support the basic plan. In the case of a new feeding strategy, this decision is the signal for the development of a host of derivative goals and tactics dealing with the training of employees, storage of feeds, etc.

Managers of each enterprise on the farm make and execute tactical plans necessary for making the overall farm plan a reality. This chain reaction must continue until there is a specific tactical plan for each goal from a main plan.



# PROBLEM-SOLVING (exercise)



1.	List and briefly describe one or two problem situations or opportunity areas on the farm which you would like to learn to solve, exploit or manage better. These may be specific instances or types of situations that may relate to you.			
	Situation			
2.	For one of the situations described above, define what you think is the main problem (what is the cause of the problem). Write a problem definition statement in terms of unmet, conflicting or unset objectives. This statement answers the question why.			
3.	When you have found the technical why ask the management why.			
<u></u>				



4.	Using the above information as a start, generate and number below possible solutions to your problem using brainstorming.
	What are the criteria on which you want to base your choice of a
	problem solution?
5.	Choose one of the solutions generated above that meets your criteria using the decision matrix.
 6.	With what you have learned, now try to create a tactical action plan for how you can implement the solution you have chosen above to help solve your problem.

# CASE STUDY PROCEDURE AND EXAMPLES



# CASE ANALYSIS Family Home Construction (facilitator exercise)

With this case example we are utilizing two teaching techniques that are fairly new to us. The first is the use of a case study; this technique has been and continues to be utilized extensively to teach management in non-agricultural businesses. The second is the professionally prepared videotape. The use of both is designed to:

- 1. Involve the participant in the learning process through the workshop format.
- 2. Teach management principles using examples rather than direct lecture or discussion on principles in order to make the management principles to make the management principles more relevant to the participant.

Before utilizing the videotape first become familiar with the information of the section in the USE OF CASE STUDIES AND VIDEOS. This will provide both conceptual and technical information on the use of case studies and videotapes.

The following steps are used to analyze the case examples to assist the participant learning about management and understanding the process of identifying opportunity areas? Even though the first case is a family contracting business, these steps include farm examples to assist you in understanding the process.

As you study these case materials, remember you are teaching your audience how to think as a manager:

- I. Describe the overall mission, objectives, and goals. How are managers trying to accomplish their goals? How successful are they?
- II. Look at the environment of the business. For a farm business, the technology, applicable government programs, the quality of input suppliers for feed, seed and fertilizer, equipment, finances, the availability of labor etc. Examine the markets for milk, calves, excess forage or grain. Describe this external environment: Is it changing? If so how? What threats or opportunities exist in the environment?

- III. Look at the internal environment and resources: soil, crops, records, forages, feed, cows, dairy records, milking, facilities, people, management, financial records, technology. What changes are taking place? Identify internal strengths and weaknesses how they affect what the farm can do.
- IV. 1. Unmet Objectives(e.g. increase dry matter intake by 2 lbs./head/day)
  - 2. Conflicting Objectives
    (e.g. Objective #1: Conserve one third of the forage stored in order to last the winter. Objective #2: Increase milk production by 1000 lbs per cow.)
  - 3. Unset Objectives
    (e.g. crop yields, quality and quantity are not known, but the producer feels they are ok)
- V. Come to a diagnostic conclusion about the farm's highest order area of opportunity and analyze the planning, controlling, organizing, staffing and directing activities.
- V. Propose alternative strategic and tactical courses of action.
- VI. Choose among the alternatives using pre-determined criteria for cost, time, and commitment.
- VII. Develop a specific measurable tactical plan of action to support the overall plan.

The understanding of this process and its relationship to the management functions is essential.

Before showing the videotape, introduce this procedure using the handout titled "CASE ANALYSIS PROCEDURE." At this point you should show the video.

# CASE ANALYSIS PROCEDURE--FAMILY CONTRACTOR CASE (exercise)

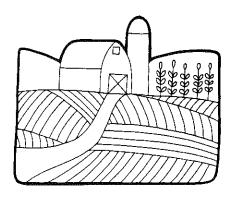


- I. Describe the overall mission, objectives, and goals. How are managers trying to accomplish their goals? How successful are they?
- II. Look at the external environment the business is in. This includes the technology, applicable government programs, the quality of input suppliers, finances, and the availability of labor. Examine the markets. Describe this external environment: Is it changing? If so how? What threats or opportunities exist in the external environment?
- III. Look at the internal environment and internal resources of the business: facilities, people, management, financial records, tech nology. What changes are taking place? Identify internal strengths and weaknesses. How do they affect what the business can do.
- IV. List areas of opportunity for improvement in terms of:
  - 1. Unmet Objectives
  - 2. Conflicting Objectives
  - 3. Area where no objective currently exists
- V. Come to a diagnostic conclusion about the highest order area of opportunity.
- VI. Propose alternative strategic and tactical courses of action
- VII. Choose among the alternatives using pre determined criteria for cost, time, and commitment.
- VIII. Develop a specific measurable tactical plan of action to support the overall direction or strategy.

# Case I Video (exercise con't)



- 1) What is this manager trying to accomplish with his business?
- 2) What is the external business environment that they are operating in? (suppliers, markets)
- 3) Identify the internal environment and resources of the business (i.e. labor, equipment, etc.).
- 4) List areas of opportunity for improvement.
  - -unmet objectives
  - -conflicting objectives
  - -areas where no objectives exist (unset objectives)
- 5) Which one area is seen by Dick Platt, the owner, as the greatest opportunity for improvement and increased profit?
- 6) What management plans have been made to take advantage of this opportunity?





# INTRODUCTION TO FAMILY FARM CASE (facilitator exercise)

The intention of this video is to introduce the case that will be worked on in session two and to introduce some management terms with respect to planning and decision making.

The introduction to Case II is seen in two parts. The first part is an overview of the Thompson's farm. Participants should be looking for the Thompson's overall management goals and priorities as well as getting an overview of the farm operation. This first part of the introduction will be repeated in Managing for Success II. The second part of this video is meant to introduce some terminology that will be used in the rest of the curriculum. Watch the case and then lead a discussion about the vocabulary and functions of management using the handout and illustrations provided and the folio.

## Video Case Study--Farm

Analysis of the case farm using the procedure (steps) introduced in the contractor case and then application of the procedure to the participants own farm are the principle emphasis of this session. The discussion of the video case is separated into 1) opportunity area identification and 2) management plans and practices.

# Case Analysis Procedure--Farm Case

- I. Describe the overall mission, objectives and goals. How are managers trying to accomplish their goals? How successful are they?
- II. Look at the external environment of the business. For a farm business, the technology, applicable government programs, the quality of input suppliers for feed, seed and fertilizer, equipment, finances, the availability of labor etc. Examine the markets for milk, calves, excess forage or grain. Describe this external environment: Is it changing? If so how? What threats or opportunities exist in the environment?

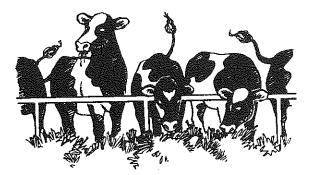


- III. Look at the internal environment and resources: soil, crops, records, forages, feed, cows, dairy records, milking, facilities, people, management, financial records, technology. What changes are taking place? Identify internal strengths and weaknesses how do they affect what the farm can do (from among the things the farm might do)
- IV. List areas of opportunity for improvement in terms of:
  - Unmet Objectives
     (e.g. increase dry matter intake by 2 lbs./head/day)
  - 2. Conflicting Objectives (e.g. Objective #1: Conserve one third of the forage stored in order to last the winter. Objective #2: Increase milk production by 1000 lbs per cow.)
  - 3. Unset Objectives (e.g. crop yields, quality and quantity are not known, but the producer feels they are ok)
- V. Come to a diagnostic conclusion about the farms highest order area of opportunity.
- VI. Propose alternative tactical courses of action
- VII. Choose among the alternatives using predetermined evaluative criteria for cost, time, and commitment.
- VIII. Develop a specific measurable tactical plan of action to support the overall direction or strategy. Please include plans for organizing, staffing, directing, and controlling, as well as production, activities by management.

### FAMILY FARM CASE VIDEO QUESTIONS (exercise)



- 1) What is this management team trying to accomplish with their farm?
- 2) What is the external farm business environment they are operating in? (suppliers, market, regulations, etc).
- 3) Identify the internal business environment and resources of the dairy (land, livestock, labor, equipment, etc.)
- 4) List areas of opportunity for improvement:
  - unmet objectives
  - conflicting objectives
  - areas where no objectives exist (unset objectives)
- 5) Which one area presents the greatest opportunity to the farm for improvement and increased profit?
- 6) Propose alternatives tactical management plans to take advantage of the opportunities sighted.
- 7) Choose the plan of action you determine to be best after evaluating each alternative according to a predesigned list of evaluative criteria.
- 8) Describe the plan in detail including organization, control, staffing and management directives.





# CASE FARM OPPORTUNITY AREA IDENTIFICATION (facilitator exercise)

This Farm Case is presented in two parts:

The first part consists of

- 1. General overview and management processes
- 2. Internal and external resources

The second part includes the Thompson's opportunity areas and their plans to exploit those areas.

First review use of Video Case and Leading a Group Discussion. When presenting this case, hand the participants the case analysis procedure and the questions for the second case.

Introduce the case to these participants and hand out the video text and support materials. Then view the video to the point where it indicates to stop and discuss. At this time lead a discussion.

### MANAGEMENT PLANS AND PRACTICES (facilitator exercise)

Review - use of Video Case and Leading Group Discussions,



After discussing the first part of the case, direct participants' attention to questions 4-8 and view the second part of the video.

After showing the video, utilize the questions and case analysis procedure to lead a discussion on the case.

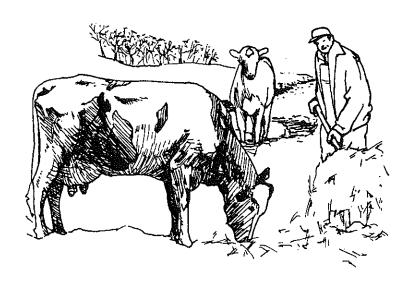


# CASE ANALYSIS OF PARTICIPANT'S FARM (facilitator exercise)

It is now time to lead participants through the case procedure using their own farm business. Remember that you are a coach and not a consultant. Your role is to guide and coach the participants as they analyze their business to select opportunity areas to bring under management. This 30 minutes is the beginning of the analysis that will be continued in the Management Clinic: Explain this process to the participants.

## Step I:Overall Mission, Objectives and Goals.

Have the participants complete the first page of the handout CASE 3: OWN FARM BUSINESS. Ask each person to write a sentence describing their view of their farm situation. Encourage them to focus on their farm mission as opposed to the industry situation. Potential for the future is a crucial component of the mission. Then have each individual complete the objectives section. He can either write out his objectives or rank those specified. Encourage the participants to discuss and further consider their answers in preparation for the Management Clinic.



# CASE 3: OWN FARM ANALYSIS (exercise)



Step	I.	Overall	Mission	and	Objectives	
A.	Му	Farm Mis	ssion:			
		····				
	<u> </u>					
B.	Мy	Objective	<u>9s</u> :			
				•		
						<u> </u>
				· ————————————————————————————————————		 

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# Planning

### OR



- Check those in the following list that are important to you.
- 2. Rank those that you checked.

Primary Objectives	<u>Important</u>	<u>Rank</u>
Expand Operation		
Increase leisure time		
Reduce Borrowing		
Increase Profits		
Increase Net Worth		
Improve Family Living		
Stav in Business		



## Step II: The Environment of the Business.

Remind the participants that the environment is the noncontrollable factor that affects their businesses but that they cannot affect. Ask the participants to list the three most important factors from the environment that have impacted their business in the last two to three years. Discuss briefly. They will mention government dairy program, weather, etc. If they include items that are completely or particularly controllable, make certain that is pointed out. If they mention milk price instead of the government dairy program, point out that their milk price is partially controllable through fat content, quality incentives, and choice of milk handler. Be certain not to get into a dairy policy discussion.

Now ask producers to indicate the three environmental factors that will have the greatest impact on their businesses in the next two to three years. Discuss differences in the two lists briefly.





# **CASE 3: OWN FARM BUSINESS**

# Step II: The Environment of the Farm Business

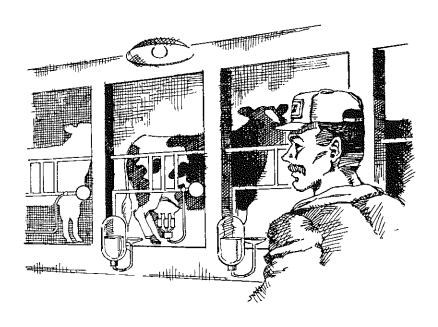
A.	Three	Most	Important	Factors	in Last	2-3 Year	S	
 	·	· <b>—</b> ·····				7		
В.	Three	Most	Important	Factors	in Next	2-3 Year	S	
								<del></del>

### Step III: Internal Environment and Resources.



At this point, individuals from the same business should begin working as a team. Point out that all of the farm resources are available to them to be "put under management." Begin by having the participants consider business strengths. Start with a traditional analysis of strengths based on productivity, efficiencies, etc., utilizing the farm management profile and other completed information. Then have them consider and list the management strength of the business. Participants should utilize what they have learned to date, the concept map results, and the other completed data. Be certain to emphasize that these are relative, not absolute strengths.

You should now ask them to consider business weaknesses. Again remind them that the comparison is relative and, therefore, strictly within their own business. Again, start a traditional analysis of weaknesses based on resources, productivities, efficiencies, finances, etc. Finally, list management weaknesses.



## CASE 3: OWN FARM BUSINESS



## Step III. Internal Environment and Resources

Resources, Productivity, Finances, etc.	Management
THE CONTRACTOR OF THE CONTRACT	
Relative Weaknesses of My Fa	rm Business
Relative Weaknesses of My Fa Resources, Productivity, Finances, etc.	rm Business Management
Resources, Productivity,	

## Step IV: Areas of Opportunity



Specify areas of opportunity and define in terms of:

- a) unmet objectives
- b) conflicting objectives
- c) areas with no objectives (unset objectives).

It is now time to identify a small number of the opportunity areas from which one will be chosen in the Management Clinic. You should first discuss the criteria for selecting a PRO-DAIRY opportunity area.

- a. It is usually, but not always, an area of relative weakness.
- b. Especially for this initial development of a management plan, there should be opportunities for quick results.
- c. It must be an area that management is confident that progress can be attained and excited about making changes.
- d. When several opportunity areas exist, priority should be given to the one where external resources are currently or easily available. The PRO-DAIRY production management courses fit in this category, so other things being equal, forages, feeding, or milking would generally be chosen over other opportunity areas.

In this discussion, and independently, point out that at this point we are looking for general areas like forages, milking, herd health, organizational structure, and staff training programs. Specific areas liked hiring seasonal help for crops, changing order of feeds fed, or monitoring individual cow somatic cell count will be specified later, particularly in the production management courses.

For each participating farm, have the participants select two or three potential opportunity areas if they have already chosen an opportunity area.

Now ask them to choose one of the opportunity areas for further analysis; the one selected today will not necessarily be the final selection which will be made in the Management Clinic. For the selected area, have them make a list of variables, controls, standards, etc. that they can utilize to establish objectives. At this point, specific values need not be attached.

## **CASE 3: OWN FARM BUSINESS**



# Step IV. Specific Opportunity Areas.

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	ct one of	the opp		areas	and			objectives;
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					,			

#### Steps V. - VIII.

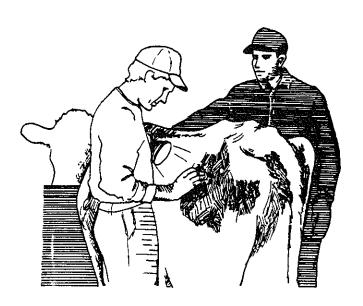


Indicate that the remaining steps must be addressed in:

- 1) their management time,
- 2) the Management Clinic,
- 3) the Management Focus Workshops and the Management Workshop,
- 4) other educational programs, and
- 5) a relationship with a consultant.

The Management Clinic is designed to review the concepts learned in Managing for Success and provide instruction and coaching in the concepts of management control.

You should conclude the discussion by having the participants define a tactical plan for a component of the opportunity area that they just worked on. It should be a tactical change that can be initiated before the Management Clinic. Define the plan, using the worksheet, in terms of WHAT, WHO, HOW, WHERE, and WHEN.



#### TIME RESOURCE MANAGEMENT



### TIME (text)

Time. It is nothing! Or is it everything? It is space; you cannot see it, touch it, or watch it fly away. Yet, when it is gone, it is gone forever. You can never get it back.

As a farm manager, you probably never have enough time to get all your work completed, but you have all that there is--24 hours a day and 168 hours each week-- no more and no less, and every other farmer has the same amount of time. Why is that some are able to get more done than others?

First of all, it is a matter of knowing the difference between effectiveness and efficiency. Effectiveness is doing the right things, and efficiency is doing things right. Why do something right if it does not need to be done in the first place? As a farm manager, your primary concern is to make sure you spend your time doing the right things, while assuring that your family and hired labor are doing things right. However, for your more experienced employees who work more independently and to whom you delegate, you may leave it up to them to determine what the right things are.

In presenting the area of Time Management, the issue is not really your ability to manage time, so much as it is your ability to manage yourself, your work, and the people around you. Time Management is more self-management than anything else. It is related directly to what you see as the most important responsibilities you have as a farm manager. It focuses solely on helping you achieve the most important goals of your farming operation, and your personal life.

You may have heard the saying, "If you don't know where you're going, any road will get you there." How can you decide what to do each day unless you know what you want to accomplish? What is important? Within your farming operation you have certain results that are expected of you and your laborers. The results may have been communicated to you by your boss; you may have helped to develop them; or you just may know them.

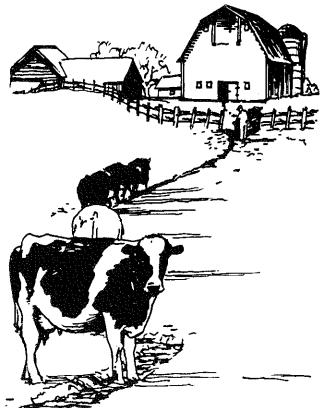
If you are not really sure, or if you do not have any specific "road" to travel, then ask yourself: What would happen if I did not do this today, this week, this

month? What am I evaluated on when it gets to be performance appraisal time?

It is important that you identify the critical factors and the important results expected from your performance, because if you do not, how can you decide what not to do?

Maybe the "80/20" rule would be of some help too. The 80/20 rule is this: 20% of the effort you put into your job accounts for 80% of the results you get. And 80% of your effort accounts for only 20% of what you achieve. Think of it this way, 80% of your problems are caused by 20% of your employees. 80% of your productivity comes from 20% of your activities. 80% of your time is invested in relatively insignificant events.

Once you know what is important to you, where you want to go, what results are expected; you can then plan your work and work your plan. Anything that gets in the way is not important; it can be sacrificed. Or if it cannot be sacrificed, then try to cut down on the amount of time that it takes, or delegate it to someone else. Such activities are referred to as low priorities, time robbers, and time wasters. A caution: if a task has to be done, do not eliminate it, but either delegate it or find a way to do it faster. Also, what is boring or easy for you may be challenging and seen as important by someone else--boss, peers, and employees. So, consider every low priority activity in terms of its potential for developing the skills of your employees while reducing the demands on your time.



### **KEY CONCEPTS IN TIME MANAGEMENT (text)**

**Awareness** 

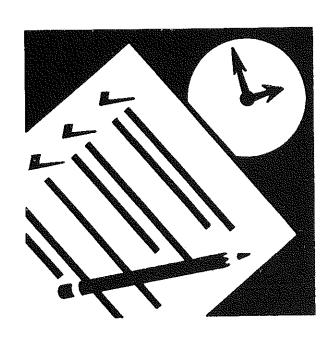
Balance

Focus

Discipline

# SEVEN PRIMARY GUIDELINES FOR PERSONAL EFFECTIVENESS (text)

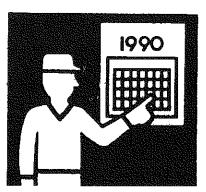
Set goals
Establish priorities
Make a daily "to do" list
Establish priorities
Do first things first
Finish one task before you start another
Don't procrastinate



# SUGGESTIONS FOR GAINING CONTROL OF YOUR TIME (text)

The suggestions on the following pages have proven effective for many farm managers in helping them gain control of their time and responsibilities.

- 1. Take inventory of your time. Find out how you currently use it each day. Use a time log, or make up your own. Until you take an inventory of your time, you are likely to be unaware of how much time you spend each day on each activity. Be very specific when you fill out the time log. Do it each time the activity changes. Write down the time of the occurrence, the activity, and with whom it occurred. At the end of the day go back over it and evaluate each event in terms of how important it was to you in achieving your goals. If this seems like a waste of time, try it for a few days. When you identify low priorities, determine the cause, how you can change it, delegate it, or eliminate it.
- 2. Put everything you do "on trial." Find as many activities as possible "guilty of wasting your time." In most cases you will find that the analysis of your time use pattern--your time log--leads you to the conclusion that: "We have met the enemy and they is us." (Thank you, POGO.)
- 3. Do not fall into the trap of blaming others every time you identify a time problem. It is not always "them." Look at the cause of the problem, not just the symptom. A problem well defined is a problem half solved. Many times we let workers give a problem to us, rather than asking them for their recommendations. Do not let them put the monkey on your back! If you do it often, you may find yourself in the "monkey business."
- 4. <u>Consider a "time team" approach</u>. Get together with your employees for the specific purpose of improving time management. Develop a time conscious climate. Everyone has more to do than time in which to do it. Do not waste time, treasure it.
- 5. <u>Make consistent and disciplined use of planning tools and techniques</u>.



### MANAGEMENT ACTIVITIES (exercise)

### **Daily**

- -- Finalize activities that will be accomplished and decisions to be analyzed and/or made
- -- Set priorities and schedule employees to activities and decisions
- Calculate milk produced per cow in last day, add to graph, and evaluate trends
- Collect heat detection information from all personnel, select cows to breed, and call inseminator
- -- Monitor feed bunk, observe cows, check for feed quality changes; if necessary adjust ration composition, quantity fed, and feeding strategy
- -- Analyze new cases of mastitis and other herd health problems, take corrective action, if needed
- -- Check operation of all water cups

## Weekly

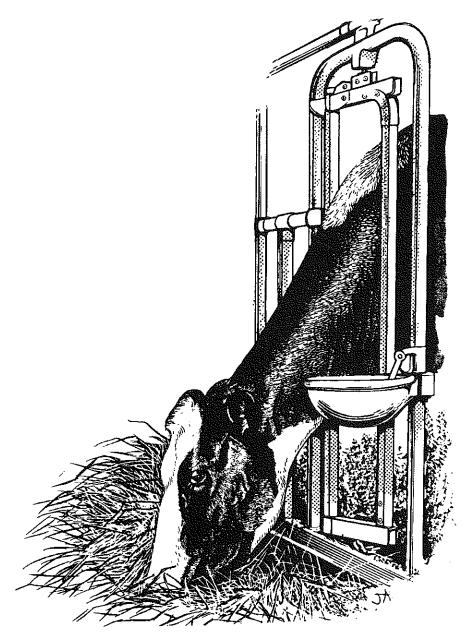
- -- Review potential cull list
- -- Evaluate progress on monthly and annual management activities
- -- Establish an preliminary activity and decision list for tomorrow and future days
- -- Finalize labor force for tomorrow

## Monthly

- -- Income and Expense Accounting
- -- Pay bills, evaluate whether you have extra cash

- -- Evaluate family withdrawal needs and adjust cash flow to meet needs
- -- Evaluate current cash flow compared to expectations; modify future months if necessary
- -- Analyze accounts payable, if any, and consider short-term borrowing to reduce interest charges; search for prepayment and cash discounts
- -- Evaluate list of sires
- -- Evaluate last month's goals for this month
- -- Establish goals for next month
- -- Search for less expensive sources (feedstuffs and outlets) of purchased feeds
- -- Evaluate feeding management program send in forage samples as changes are expected or occur
- -- Inspect all machinery and equipment (belts, lubrication, operating efficiency)
- -- Evaluate labor force relative to needs
- -- Check vacuum pump oil level and belt tension
- Check vacuum regulator and vacuum level
- Disassemble pulsators and check for wear
- -- Change inflations if needed (# of milkings)
- -- Check CIP system for proper cleaning (water temperature after circulating, should be 110 degrees F)
- Consider culturing high SCC and clinical mastitis cases
- -- Evaluate reproductive performance monitoring program re-evaluate goals

- -- Body tape sampling of heifers and cows
- -- Check to be sure calves have vaccinations/dehorning/extra teats removed on schedule
- -- Inspect and clean fans
- -- Plan dry-off decisions based upon expected calving and animal numbers
- -- Evaluate production persistency (see: Sample Day Milk Weights Report)
- -- Consider DHI-AIM reports to analyze weak links



# GUIDELINES TO IMPROVE THE EFFECTIVE USE OF YOUR TIME (text)

- 1. Find out where your time goes
  - keep a time log
- 2. Analyze how you use your time
  - identify time wasters
- 3. Decide where your time should go
  - set goals
- 4. Make a daily "TO DO" list
  - assign priorities and rank
- 5. Get rid of or reduce work
  - delegate, stop doing
- 6. Eliminate time wasters
  - use most appropriate system, technique or method



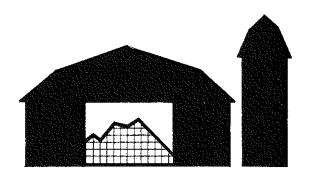
### TIME ANALYSIS WORKSHEET (exercise)

Making use of time begins by realizing how you have used it in the past. In the next 5 minutes, list as many of the things you do each work day as you can. Nothing is too casual or too big. How long can you make your list?

#### TIME WASTERS (text)

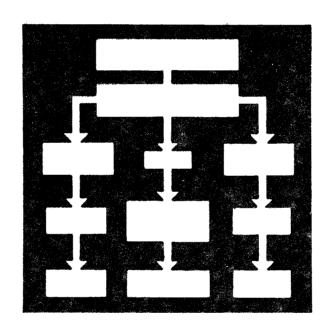


- 1. Drop-in visitors
- 2. Lack objectives, priorities, planning
- 3. Crisis management/shifting priorities
- 4. Ineffective delegation
- 5. Telephone interruptions
- 6. Attempting too much at once
- 7. Meetings
- 8. Personal disorganization
- 9. Untrained, inadequate staff
- 10. Inability to say no
- 11. Incomplete or delayed information
- 12. Lack self-discipline
- 13. Excessive paperwork, red tape
- 14. Procrastination/indecision
- 15. Understaffed
- 16. Leaving tasks unfinished
- 17. Routine tasks
- 18. Confused responsibility and authority
- 19. Not keeping up to date with current technology



Make consistent and disciplined use of planning tools and techniques

# VI. Organizing



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# VI. ORGANIZING

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DECENTRALIZATION (text)	
PRINCIPLES OF ORGANIZATIONAL STRUCTURE (text)	
Managerial Activities Applied to Organizing	

# Key Points for Organizing<sup>1</sup>

Organizing is establishing an internal framework for the farm business. This structure clearly defines the roles and activities required of people in order to meet the objectives of the farm business. The manager must decide the positions to be filled and the duties, responsibilities, and authority attached to each one. Organizing also includes the coordination of efforts among people and enterprises.

<u>Decentralization</u>. The degree to which decision making is dispersed throughout the organization.

<u>Principle of Objectives</u>. Prerequisite to starting any enterprise or carrying on any activity is a clear statement or objectives.

<u>Principle of Nonconflicting Objectives</u>. The objectives of each enterprise must complement, supplement, support, and otherwise blend with one another.

<u>Principle of Coordination</u>. The organizational framework must provide for the integration of both human and technical resources.

<u>Parity of Authority and Responsibility</u>. Authority and responsibility must be equal if people are to be held accountable for results.

<u>Unity of Command</u>. Each worker should be accountable to only one superior.

<u>Principle of Delegation</u>. Delegation is the process by which a manager assigns responsibility, grants authority, and creates accountability.

<sup>&</sup>lt;sup>1</sup>Materials in this section are adapted from "Management 18: A Short Course for Managers", Burt K. Scanlan, 1974

### Learning Objectives

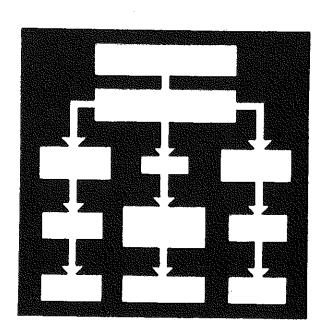
- Explain what can and cannot be depicted in a typical organization chart.
- Understand the basic differences between centralization and decentralization and the advantages and disadvantages of each.
- List and define the fundamental principles of good organizational structure.

### THE ORGANIZATION CHART (text)

"Organization charts come in various sizes, colors and even textures. Most are black and white and printed on paper. Some are affixed to barn walls and made of materials that are easily changed. Some charts are highly detailed; some are very sketchy. Some are in the desks and others are broadly distributed and easily available."

Despite these and other variations that might be noted, all organization charts have at least one thing in common they don't always show how the organization works. Or, as some people say, they don't show the real organization.

Even the most current chart is somewhat inadequate as a diagram of an organization and as an explanation of how an organization works.



#### What the Chart Shows

The organization chart of most farm businesses shows:



- 1. Separation of work into components. These components may be enterprises or individuals. Boxes on the conventional chart represent these work components.
- 2. Who is (supposed to be) whose superior. The solid lines on the chart represent this employer-employee or family business relationship with its implied flow of delegated responsibility, authority, and attendant accountability.

Implicit in these two points are several other things.

- The chart is designed to show the nature of the work performed by each person. Depending on the descriptive title placed in the box, what this shows may be specific and technical (forage crops), or management (planning), or special projects (barn building).
- Grouping of components on a functional, or enterprise basis. This is also conveyed to some extent by the labels in the boxes.
- Levels of management in terms of successive layers of supervisors and workers. All persons or units that report to the same supervisor are on one level. The fact that they may be charted on different horizontal planes does not, of course, change the level.

Beyond these, it becomes difficult to pinpoint anything specific about the organization. Therefore, what the chart does not show is very often more interesting than what it does show

#### What the Chart Does Not Show

The First item the chart does not show is the degree of authority and responsibility of the various people. As noted previously, the chart does depict supervisor-employee and family business relationships and the attendant process of delegation of authority, but it does not give any indication of differences in authority and influence between two people who appear on the same plane of the chart. For example, a chart may show the Crops manager and the Dairy manager both reporting to the Owner and general manager; this might seem to imply that both (with respect to their

functional areas) have equal authority and influence within the organization. In actual practice, however, the crops manager may have only very minimal influence. He may only rarely be consulted for decision-making purposes, may not be given much insight concerning day-to-day operations, and his responsibilities may pretty much be limited to the operational and technical aspects of crop production. Taken a step further, it may be that there are people a production phase of the operation who have more influence and authority than someone in a "management" position. These phenomena are of course not apparent from viewing the chart.

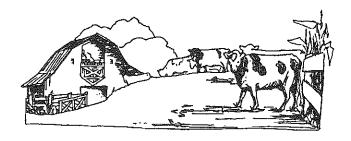
The organization chart does not show the degree of authority, responsibility, and influence of people within the organization.

Second, the chart does not show all the lines of communication. It does indicate a few of the major channels of contact, but if the organization sticks to only these, nothing will get done. It is a truism of organization that no one enterprise or individual operates in isolation from all the others. All are linked by an intricate network of communication. Proper organization performance relies on this network and on each enterprise unit and individual becoming a party to it. To chart the total communications network is practically impossible. To attempt to chart it and thus introduce certain rigidities into it might easily frustrate its workings.

The final item that the chart does not show is the informal organization. This encompasses all the informal relationships, communication channels, and influences or power centers that develop over time as people interact with one another. The informal organization is an extension of the formal and arises to facilitate the accomplishment of tasks. According to some, the informal organization gets work done "in spite of" the formal structure. The manager who knows the informal structure and how to use it has a distinct advantage in that he can may times cut through the "red tape" and thereby get much faster results.

## The organization chart does not show:

- 1.Degrees of authority
- 2.All the lines of communication
- 3.Informal organization





### THE INFORMAL ORGANIZATION (text)

Organizations do not always operate exactly as they are theoretically supposed to. There are areas where we very often find a difference between what appears to be a rather clear-cut situation as far as the organization chart is concerned but in practice causes considerable

problems. One example is may be two brothers responsable for different operational areas of the business crops and cows.

The story of crops and cows is similar to the feud between the Hatfields and McCoys. It often seems senseless, but it originally began and continues to exist because:

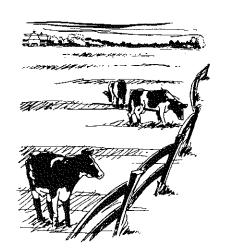
- 1. Frequently neither side understands or appreciates the reason for, role, and function of the other.
- 2. They by nature oppose each other anyway.

Dairy managers often claim that the Crop support people on the farm lack responsibility because they are not on the "firing line." In addition, they often claim that crop people try to overstep the authority given them, that their advice, assistance, and ideas do not help the Dairy production manager overcome problems and achieve output goals, and that the crops people try to take advantage of the dairy people because of there closer ties with general management. The complaints about crop people can perhaps best be summed up by saying that dairy production managers feel that "We are the ones who make the organization go and keep it going". We cannot do this with a lot of outside interference from crop people who do not appreciate our problems and who furthermore do not give the quality of assistance and support they are supposed to."

On the other hand, crop people also have some complaints. They often claim that the dairy production people resist crop people assistance, that they should be given more authority in their various areas of expertise, and that the real problem lies in how the dairy production managers implement and follow through with the various crops and feeds which the crops people provided.

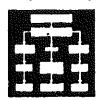
The above discussion is not meant to imply or remotely suggest that dairy and crops people are always at odds with one another or that there is never any cooperation and integration of effort between them. Rather, the point is that since it is people who fill the various positions on the farm, there is always the possibility that a certain degree of conflict may at times arise. Not only is this true of crop-cow relationships, but it is possible in any situation where two or more people must interact to accomplish results. The same type of interpersonal problems cited above could be encountered between any two production managers who were to a degree dependent on each other to accomplish results in their individual enterprises. Whenever the organization is not functioning as smoothly as it might, the key factor in triggering improvement is communication between the areas and people involved. Farm operations run most efficiently and people integrate their efforts best when the following conditions are present.

- When each person is aware of the overall objectives and specific goals.
- When each person has played an active role in determining what the objectives are, or at a minimum, in planning how they can best be achieved. When each person is thoroughly briefed on the role and function of other members of the team and has a clear understanding of the purpose or rationale behind the various functions.
- When the method is built into the organization structure for people to come, together and interact in a climate conducive to open communication and problem solving as opposed to defensive behavior.
- When lines of responsibility, accountability, and authority have been clearly established and are understood by all the people.
- When an atmosphere of "team effort" prevails and each member of the team is committed to the task at hand, as well as to understanding and appreciating others.



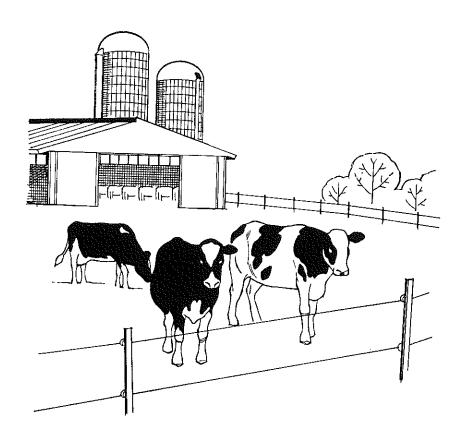


### ORGANIZATIONAL CHART (Exercise)



Indicate true (T) or false (F) in the blank.

- 1. The organization chart does not show the degree of authority, responsibility, and influence of people within the organization.
- 2. Crop and cow conflicts arise because frequently neither side understands or appreciates the function of the other.
- 3. The organization chart is used to reveal the true distinction between production areas.
- · Quick Quiz Answers 1. T 2. F 3. F



### **DECENTRALIZATION** (text)



As farm operations have become more complex, there has been a continuing search for approaches to management which would increase the flexibility of the farm organization and at the same time maximize the contributions of individuals at all levels of the structure. One of the approaches that has been developed is decentralization.

The term decentralization has been used in many ways. When we refer to decentralization here, however, we will be referring to the degree to which the decision-making function is decentralized or dispersed throughout the farm.

Decentralization implies both selective spreading and concentration of authority at the same time. As farm businesses become more decentralized, certain decisions must by necessity remain at the top. Because of the difficulty in deciding which decisions to delegate, decentralization is far from being an exact science.

## Factors Which Encourage Decentralization

Four factors have encouraged the growth of decentralization:

- (1) growth
- (2) diverse activities
- (3) training grounds for younger upper managers
- (4) effects on employee motivation.

Whether authority will be decentralized frequently depends on the way the farm business has grown. Those farms which expand from within over the generations show a marked tendency to keep authority centralized, as do those that expand under the direction of the owner-founder.

Diverse activity is another factor which encourages decentralization. The larger the farm becomes, the more likely it is that more diverse activities may be undertaken. As the farm begins to handle widely different products and undertakes different production technologies associated with these different productions, more autonomy will probably be granted. The sheer lack of overall knowledge and know-how throughout the farm organization means that decentralization results.

The desire and need to provide a **training ground** for younger managers is also a factor which encourages decentralization. Broadening and perfecting the younger managers's decision-making ability can come only through the opportunity to exercise this skill. Many larger farms whose size makes decentralization a necessity continue to push decision making down into the organization for the purpose of developing managerial manpower. Following this philosophy, many farms have adopted this means for building a sufficient quantity of managers capable of filling higher posts. This reasoning for decentralization is as valad for the small father son operation as for the larger farm.

A forth factor which encourages decentralization is the beneficial effect which it has on **employee motivation**. "They will accept organizational goals more readily and in doing so will exercise self-direction and self-control in seeking such goals. Employee creativity, ingenuity, and energy will be released to the advantage of the farm rather than being stifled under a heavy cloud of harsh authority exercised from above." I

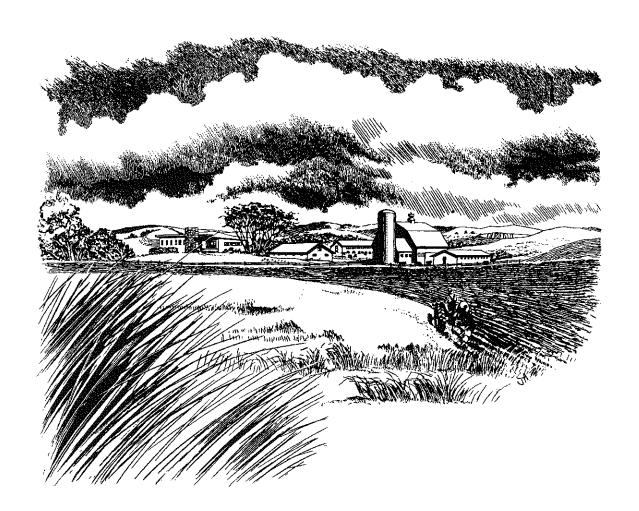
### Advantages and Disadvantages of Decentralization

Decentralization has many advantages: It can

- 1. Free top management from day-to-day supervisory responsibilities, allowing managers to concentrate attention on overall objectives, strategy, and planning.
- 2. Bring decision making closer to the problems, thus encouraging quicker and more effective decisions.
- 3. Help fix individual and area accountability and encourage healthy competition.
- 4. Stimulate favorable economic factors. The resources of a large farm can be combined with the quick response and flexibility of a small farm.
- 5. Stimulate motivation by providing a framework with greater possibilities for initiative and responsibility.
- 6. Provide a favorable setting to gain the advantages of profit centers.

There are also a number of <u>disadvantages</u> which may result from decentralization. It can

- 1. Engender too much independence and competition in enterprises and thus provoke conflicts of interest within the organization.
- 2. Discourage the adoption of innovations since major decision-making power is diffused and often remote.
- 3. Promote unusual expenses since people activities may be duplicated in separate enterprises.
- 4. Affect individual morale negatively (if personnel are not interested in increased decision-making responsibility).



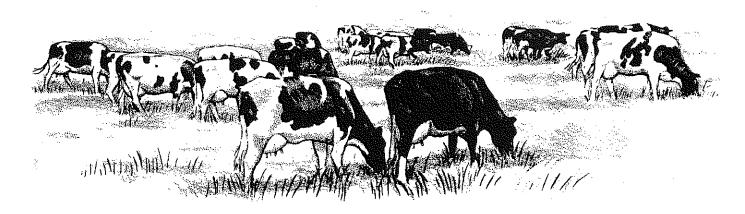


## PRINCIPLES OF ORGANIZATIONAL STRUCTURE (text)

While no two farm organizations are exactly alike, there are certain fundamental characteristics common to all and therefore some basic guide productions which, when adhered to, can help insure total organizational effectiveness. The following list of principles is not complete, but it does represent some of the more important factors which must be given consideration when structuring the farm organization.

### Principle of Objectives

Prerequisite to the starting of any organization or to carrying on any activity is a clear and complete statement of the objectives in view. Only after this can the operation be built and molded to foster the attainment of those objectives with the least amount of effort and cost. Objectives also serve to give the farm a sense of direction and purpose on a continuing basis. Conversely, without objectives there is a greater possibility that the farm will drift and not respond adequately to its environment.



### Principle of Nonconflicting Objectives

An farm is a complex of crews and teams. If the overall objectives are to be achieved, then not only must each crew have its own set of objectives, but they must complement, supplement, support, and otherwise blend with one another. Also, team objectives should be derived from the overall farm objectives. In this sense the process of objective setting is analogous to a pyramid. It starts at the top and moves down through the entire structure.

### Principle of Coordination

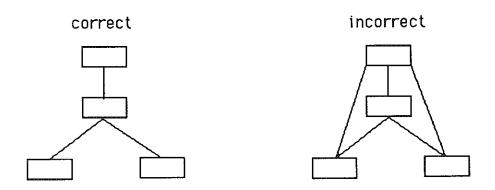
The organization framework on the farm must provide for the integration and blending of both human and technical resources. Coordination results when the systems and procedures which are established facilitate the accomplishment of results and when each unit in the organization thoroughly understands the role and function of every other unit. Another aspect of coordination concerns the establishment of effective productions of communication as well as the creation of a total team climate.

## Principle of Parity of Authority, Responsibility, and Accountability

When an individual is held responsible for task, he must also be given the authority necessary to perform it. If the assigned responsibility is greater than the authority which is granted, then responsibility will tend to shrink within the limits of the authority. If the opposite is true, that is, more authority is granted than is needed to meet a given responsibility, then there will be a tendency for responsibility to expand. In any case, accountability can only be expected within the limits of the authority extended.

### Principle of Unity of Command

Each employee should be accountable and answerable to only one supervisor. If an employee is receiving directions from more than one supervisor, there is a strong possibility that confusion will arise. This is particularly true when what he is being told is not the same. He will find himself stuck in the middle. The result is usually either halfway action or no action at all.



#### Principle of Delegation

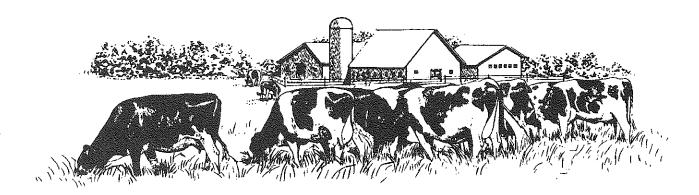
The need for organization arises when one man cannot do a job alone. Thus, other people are employed and some type of organizational structure appears. If, however, the people who are brought in are to make a meaningful contribution and be productive, then true managerial

delegation must take place. Delegation is the process by which a manager assigns responsibility, grants authority, and creates accountability. Without delegation, the manager will defeat his purpose of bringing others into the operation. He will end up doing everything himself.

These principles are not presented as hard and fast rules which always reflect the reality of organizational life. They do, however, present the manager with some fundamental guidelines which are of value when analyzing how effectively the organization is functioning on a day-to-day basis.

#### Briefly state each principle.(exercise)

- 1. Principle of Objectives
- 2. Principle of Nonconflicting Objectives
- 3. Principle of Coordination
- 4. Principle of Parity of Authority, Responsibility, and Accountability
- 5. Principle of Unity of Command
- 6. Principle of Delegation





#### Managerial Activities Applied to Organizing

When groups are involved, the absence of any kind of organized group structure is a barrier to effective decision making. The absence of an organized structure implies that the group has failed to manage itself in such a way that all the necessary functions for an effective solution are performed. For instance, there may be no one in charge of evaluating alternatives; no one responsible for checking for errors; no one in charge of establishing procedures and ascertaining that they are followed. If a problem arises, the failure to have divided the work and to have made assignments can lead to omissions of tasks, duplication of effort, and inadequate resource utilization. Furthermore, the absence of organization may lead to restrictive communications. A few members may dominate the group, and consequently the full human resources that are available may not be utilized. Thus a failure to manage and to design a structure to deal with problems is a barrier that frequently impedes effective decision making and problem solving.

#### Management Structure

Where a farm group is working on a problem, the manner in which it manages its activities will have a marked impact on the success of its efforts. We define management structure as the establishment by the group of a planned and organized method of group operation. The intent is to fully utilize the resources of the group through the following types of management activities:

- 1. <u>Planning</u>. Are goals established and procedures set for the group's operation? Are they agreed on? Is there a division of labor to ensure that essential tasks are performed?
- 2. <u>Organizing</u>. Are task assignments made to group members? Are responsibilities assigned? What communication procedures and channels are established? How is coordination handled?
- 3. <u>Directing</u>. Is a coordinator or leader appointed? What duties and authority does he have?

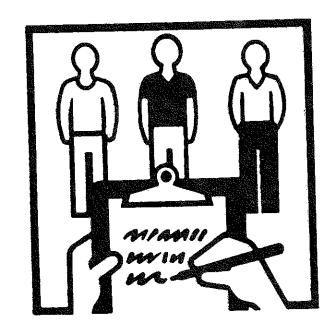
4. <u>Control</u>. What methods for obtaining feedback are established? Is anyone responsible for auditing performance? What information is needed? How is corrective action initiated? How is change initiated? How are improvements in performance initiated?

The advantages to be obtained from such management activities applied in our are a more directed performance by the group whereby essential functions are performed. This creates stability in performance and makes a more controlled evaluation of performance possible. The division of labor, assignment of responsibilities, and attempts to involve all members should lead to increased commitment to the attainment of group goals.

The described methods provide means by which we can organize more effectively our efforts and our resources in a problem solving situation. These are not panaceas for effective decision making, but their use should help to eliminate many of the barriers to our efforts.



# VII. STAFFING



VII. STAFFIR

# Staffing Selections from: Human Resource Management on the Farm: A Management Letter Series





# human resource management

**Department of Agricultural Economics** 

# HUMAN RESOURCE MANAGEMENT ON THE FARM:

# A MANAGEMENT LETTER SERIES

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# BUMAN RESOURCE MANAGEMENT

Department of Agricultural Economics

# Human Resource Management On The Farm THE FAMILY FARM AND PERSONNEL MANAGEMENT

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Department of Agricultural Economics
Cornell University

#### Introduction

A farmer recently said "I do not attend your labor management meetings since we operate a family farm." This sparked some lively discussion about what labor management is.

Labor management is often perceived to mean the handling of hired employees. This is a restricted view. In farming, labor is provided by hired and family workers and managing the labor on a farm involves both.

Family farms are often assumed to use no hired labor or services, but this bears examination. It is worthwhile to look closely at the sources of labor inputs used on family farms. Family farm operators use the services of others to a much greater degree than first assumed.

The members of a farm family are human beings and there must be management of their labor inputs. Even the operator provides labor and how it is managed affects the members of the family.

Personnel management and labor management are often used interchangeably and in both cases are assumed to deal with employers and employees. Human resource management is a broader term which includes all persons who contribute in any way to the operation of the unit.

#### **Work Force**

In our farm business management studies, the work force is usually reported by the source or "who" provides the labor inputs. The inputs are measured in terms of "time spent" and may be reported in terms of hours, days, or months.

Studies often report the sources of labor as operator or manager, unpaid family, and hired. The unpaid family must be estimated on a basis comparable to that of other workers. Modern family farms use a sizable amount of hired labor in addition to the work done by the family members. Both family and hired labor must be managed.

#### Management on a Family Farm

The simple definition of managment as "using what you've got to get what you want" has special significance in the human resource management on a family farm. Since a considerable part of the labor is provided by family members, the "use of what you've got" takes on special importance. Similarly the goal or "what you want" may be affected more by the likes and dislikes of the family workers than in other kinds of business situations.

A family farm operator is responsible for managing the labor force so he/she must analyze carefully the capabilities of the family members. Their skills and capacities should be a major consideration in the labor management process. This also affects the kinds of "hired workers" that are sought.

In summary, an examination of the management on family farms reveals that there is a human resource or personnel management sector. Managerial skills in this area are probably just as important on a family farm as in a corporation.

#### Family Farm Partnerships

Partnerships are common among family farms. It is a way to pass the business from one generation to the next. This type of business arrangement has been used for a long time but, as the size and nature of farming has changed, the need for "good" partnerships has increased.

Successful partnership operations do not just happen. Many attempted arrangements fail. Studies show a major cause is in the human relations realm. Poor personnel management has surfaced as the cause of many family partnership breakups.

At a human resource management workshop in eastern New York, two young farmers who were in family partnerships were emphatic about the great need for good labor management practices in a family partnership. Based on 40 years of working with farm partnerships, I had to agree wholeheartedly. The "new kid" in the farm management family may be a kingpin in developing successful partnerships. The people part of partnerships is particularly pertinent!

#### Spousal Relations and Labor Practices

Stress among farm family members has come to be a topic of concern. Studies have been made of farm wives and the nature of the stresses they experience. Difficulties between the spouses is a common source of stress.

The labor management practices followed on the farm may well be the cause of spousal stress. There is much talk about the importance of regular hours, time off, and vacations in attracting and keeping good farm employees. Perhaps we need to apply the same reasonings as we struggle with stress among farm couples.

#### Service Providers and Labor Management

Modern day farmers use many service providers. Studies show they regularly use more than 30 on-farm services including electric service, fuel deliveries, fertilizer spreading, machinery repairs, veterinary services, and more. Do the human relation practices used with these individuals affect the kind of service received? Will human resource management skills work equally well with service providers? My answer would be YES!!

#### More Hired Workers

Scientific and technological advances have brought many changes to New York family farms. These advances have changed the nature of the inputs used and the kinds of output both in terms of quantity and quality. Much of the physical drudgery has been reduced or eliminated and the same quantity of product can be produced in considerably less time. Another development has been the demand for workers with more technical skills and judgement.

A look at the labor force on dairy farms 20 years ago and now shows some interesting changes (table below).

Total months of labor on these "typical" dairy farms increased from an average of 21.9 months in 1966 to 37.1 months in 1986 or an increase of 70 percent in the 20 years. In 1966, operator's labor accounted for 60 percent of the total and hired workers 21 percent, but by 1986

these were 42 percent and 37 percent respectively. A larger percentage of the work is being done by hired employees on these dairy farms. Another interesting change has been the increase in the amount of paid family work.

#### The "Real" Boss

On a family farm there often comes the question of "who is the boss?" Any well run operation needs a manager or boss. This becomes increasingly important as the number of workers increases.

Studies made of career farm workers show that employees want to know who is in charge. On some family farms it seems that everyone assumes that they are in charge. Labor management principles tell us this will not work well. It is important that the "real" boss be identified and that he or she be responsible.

#### Benefits of Good Labor Management

Good labor practices certainly benefit the hired employees. Career farm workers repeatedly have indicated that labor practices, such as hours worked, clear instructions, definite understanding about sick leave, holidays, vacation, etc., all are important to them and affect their staying with the job. They indicate that the work environment is more important than rate of pay.

There is a spin-off to good labor practices. If the practices provide for reasonable starting and quitting times, the operator and family members usually benefit too.

One Central New York dairy farmer reported on a labor management practice that they used for weekends off. He said they went to a system of being off from the Friday night milking until Monday morning milking every third weekend. The practice was developed to accommodate a good hired worker whose in-laws lived in Pennsylvania and visits required more than one day off. The farmer said it was not long until the farm family too found that they enjoyed this new schedule.

In like manner, a farm operator who develops new communication and listening skills, and a system for bringing out suggestions from employees, will also use these in dealing with family members. Family members as well as employees benefit from the new human resource management skills learned by the "real" boss.

Next Letter: Delegation: The Key to Effective Management

#### Sources of Labor Inputs, 1966 and 1986 New York Dairy Business Summary Farms

Source of Labor inputs	Mor	Percent		
	1966	1986	1966	1986
Operators	13.1	15.6	60%	42%
Unpaid Family	2.6	3.2	12	8
Paid Family	1.5	4.7	. 7	13
Hired	4.7	13.6	21	37
TOTAL	21.9	37.1	100	100



# EUMAN RESOURCE MANAGEMENT

**Department of Agricultural Economics** 

7

# **Human Resource Management On The Farm**

THE CRITICAL MATCH: LABOR NEEDS AND RESOURCES

Joan Sinclair Petzen Cooperative Extension Farm Management Agent Cornell Cooperative Extension Cattaraugus County

#### Introduction

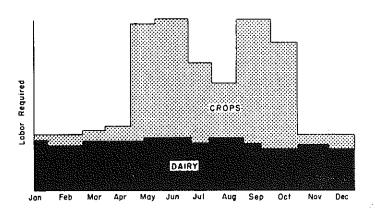
The human resource, labor, is essential to any farm operation. Matching the needs of the farm to the labor available has become an increasingly important role of the farm manager. Farmers are competitors in the labor market, although each region differs in the level of competition for various types of workers. It is up to farmers to plan how their labor force will be used. Likewise, they need to recognize the kinds and amount of labor their operations require in different seasons. Few farmers would plant a crop in the spring without planning how they would best utilize their fields and finance the cost of seed, fertilizer, and spray. If you are to get the most from all your resources, personnel deserves an equal place in the management of your farm operation.

#### **Labor Needs**

A labor-needs assessment on a farm means developing a "job design" by looking at the number of workers needed and establishing the desired requirements of each job. The process of thinking through the amount of work that needs to be done and what type of employee will best accomplish that work will lead to more efficient use of time and minimize any unnecessary labor costs on farms. This allows top managers to pay more competitive wages and to maximize farm profits.

The following graph illustrates the labor requirements of the dairy and crop enterprises of a typical New York State dairy farm.

In a job design it is important to identify each specific enterprise on your farm and estimate how much labor will be required month by month for each. With a completed job design in hand, you can begin to assess just how you might staff your farm to accomplish each month's tasks most efficiently. CONTRASTING LABOR REQUIREMENTS FOR DAIRY AND CROP ENTERPRISES



#### Leveling the Workload

Different jobs on farms occur at various intervals. "Chores", jobs that occur on a daily basis, are best accomplished by regular full- or part-time employees. Regular equipment maintenance is more likely to be a weekly job. Harvest and planting operations are examples of seasonal types of jobs. Special projects like erecting a new building or logging the farm woodlot occur on a more sporadic basis. It is important to consider the regularity of different jobs when you assess what kind of labor might be best suited to accomplish the task at hand. Seasonal labor is particularly useful in enterprises where jobs are very labor intensive, occur at specific times during the year, or are completed over a relatively short span of time.

Many farm managers have found ways to distribute workloads so that peak labor periods can be reduced. Some grape growers have expanded their pruning period from two months to four months and also trained these few employees (pruners) to complete testing procedures in their wineries. This benefits employees by giving them longer, steadier employment. Employers gain because recruitment and training take less time. Peak demands in the crop enterprise for labor can also be reduced by making certain that all equipment is in top condition prior to planting and harvesting seasons to prevent downtime. Downtime is costly both from the perspective of timeliness of operations and having workers waiting around for equipment to be fixed.

#### Part-Time Labor or Custom Hire

Cornell University researcher Dale Johnson, in a 1986 study, found that a typical New York State dairy farmer could afford to pay \$100 to \$150 per hour for labor that would allow cropping operations to be done on a more timely basis. Part-time labor should also be considered during peak periods. Your neighbor, who works in town, may find it a relaxing change of pace to turn a furrow or harvest corn. This part-time help can extend the total hours that can be expended on seasonal tasks each day. Chores often put limitations on the amount of time your regular work force can spend on seasonal tasks.

Special projects may require specific skills or put undo stress on the regular labor force. Perhaps it would be best to custom hire or contract these jobs to be done by specialists. Contracting allows you access to specialized equipment too. It is important to define clearly the job that you need to have done (probably with a written contract) and the time frame in which you expect it to be completed.

#### **Current Labor Force**

Now, what kind of a labor force does your farm currently employ? Assess each worker on your farm, from yourself and your family to the young neighbor who helps with hay. Remember your first and foremost job is management. You must allow time for that when you are most alert each day. As the manager you are the hub of the farm, and you need to allow time to manage. List each person by name with the hours he or she can work. Include a description of the jobs each does best and the tasks that each worker is unable to do or does not perform well. Now develop a job description that suits each person's strengths and weaknesses and accomplishes the work outlined in your job design. You may find changes need to be made in your current labor force.

#### Local Job Market

A strategy needs to be developed for attracting qualified individuals to work for you. Consider the other employers in your area and what a competitive work schedule and wage might be. One Western New York farmer recently told me that in his area the principal competitor for skilled labor was the local salt mine. The mine pays nearly ten dollars per hour with full benefits including health and life insurance to its regular full-time employees. By using part-time labor for milking, the

farmer does not have to compete with the salt mine for regular full-time workers. Be in tune with what is happening in the labor market in your area as you plan a strategy for staffing your farm.

#### **Flexibility**

It is important to build flexibility into your staffing plan. This allows you to make adjustments as your operation changes and grows. You need to develop pieces of job descriptions that can be regrouped as new employees are hired. Perhaps the person who is responsible for spraying in your orchard is also in charge of harvest operations. That individual requires two very specific and different skills: one of supervision and one of technical knowledge of pesticide materials. If this individual were to leave your operation, you may wish to promote a current employee to take over supervisory responsibilities. Then, some of that promoted person's responsibilities might be grouped with those of spraying, and an individual with very different skills from the person who left your employ may be hired to complete your labor force.

#### Planning

The critical match of labor needs with resources can be accomplished effectively with a little planning. Develop a job design for your farm. Assess the capabilities of your current employees. Make certain that each is working in a capacity that is most advantageous to your business. Be informed about the competition for the available labor force in your community. Develop a flexible plan to attract employees to your operation that will allow you to minimize your labor costs while efficiently accomplishing the work that needs to be done.

#### References

Farm Labor Management Home Study Course— Instructor's Manual, by C.A. Bratton, R.E. Eschler, G.C. Field, R.B. How, T.R. Maloney, W.M. Quinn; December 1982.

Dairy Farm Audit Manual, by Robert A. Milligan, Terry R. Smith, W. Shaw Reid, Thomas R. Maloney; August 1987.

An Analysis of the Effects of Field Operations Management on New York Dairy Farms, by Dale Johnson; May 1986.

Next Letter: The Job Description: A Personnel Management Tool



# HUMAN RESOURCE MANAGEMENT

## **Department of Agricultural Economics**

# 8

# **Human Resource Management On The Farm**

THE JOB DESCRIPTION: A PERSONNEL MANAGEMENT TOOL

R. Brian How Professor Emeritus Department of Agricultural Economics Cornell University Thomas R. Maloney
Extension Associate
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It has been said that an employee needs to know the answer to two questions: "What is my job?" and "How am I doing?". It is the manager's job to see that those questions are answered. An excellent way to answer the first question is by providing the employee with a written job description. The second question will be addressed in a future letter on performance appraisal.

The written job description is a personnel management tool used to aid in management organization, recruitment, selection, and performance appraisal. Once a job design has been developed for the business, the next step is the formulation of job descriptions for individual positions. Once a position has been filled, it can form the basis for an employee work agreement.

Managers are the primary users of job descriptions. Their employee selection duties can be aided by a clear statement of the job to be filled.

#### **Job Specifics**

The job description is designed to get down to specifics. What are the duties to be performed, the working conditions, the management expectations, and the wages and benefits? What are the job requirements in terms of education, experience, special skills, and physical ability? These at first are management goals which may have to be modified, but at least they provide an initial understanding of management expectations.

Putting this on paper may seem unnecessary. We often assume that everyone knows what a herdsperson, a field worker, or a mechanic is supposed to do. However, the exercise of filling out a job description can be very helpful in clarifying our own ideas. We can use it in discussion with other members of management to make sure we are on the same track. And it can be very useful when the time comes to search for someone to fill the position.

The job description can be the basis for a formal help wanted advertisement, as well as a word-of-mouth search. Thinking through the various aspects of the job ahead of time can lend much more substance to the recruitment process.

#### **Working Statement**

A job description used correctly should be a working statement of what an individual does. Since businesses are dynamic, so too are the individual jobs within a business. Change the job description as often as needed to keep it up-to-date and working effectively. Sometimes when a position is open, a good person may come along whose experience, interests, or abilities do not quite fit the job description. Should you reject the applicant and wait for another? This may be a good time to change responsibilities of the job or to upgrade or downgrade the position as appropriate. Be mindful that job descriptions of other workers may need to be changed as well.

#### **Getting Started**

If there are no job descriptions for any of the positions on your farm, start by writing your own. List your duties, qualifications, supervisory roles, etc. Don't be too critical of your first attempt; improvement comes with practice.

The next step is to develop job descriptions for the other workers in the business. Work with employees to develop job descriptions to reflect the work they actually do. Use the process to clarify any responsibilities or lines of authority that may not have been clear. This process is excellent for keeping lines of communication open with both family and non-family members.

The following is an example of a job description written for the position of herd manager on a dairy farm.

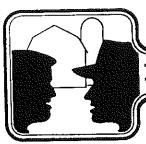
#### **JOB DESCRIPTION**

Job Title: Dairy Herd Manager
Summary Description: Responsible for overall management of the dairy herd including milking, herd health, breeding, and
supervision of employees. Plan feeding program in cooperation with farm owner.
Salary Range: Minimum \$350.00/wk Maximum \$400.00/wk
Work Hours: 5:00 a.m. to 6:00 p.m. Average Hours/Week: 60 hours
Days Off Per Week: 1½
Overtime: Never SeldomX Often
Other Benefits: House in very good condition. Health insurance, two weeks paid vacation after one year.
<u>Duties</u>
Overall dairy herd management including milking, herd health, breeding, and raising of replacements.
Plan and implement feeding program in consultation with farm owner.
Supervise other dairy employees responsible for milking and feeding.
Minor Functions:
Assist with field work and/or machinery maintenance as time permits.
Supervised by: Farm owner
Supervise: 3 or 4 other employees who milk and otherwise care for dairy herd.
Report to: Farm owner
Assist with other jobs: Field work—as time permits during peak periods of planting and harvesting.
Qualifications
Formal Education: At least two-year degree from Ag and Technical School with major in animal science or a related field.
Experience: At least three years experience managing a dairy herd.
Skill Requirements: Able to work with modern milking equipment, and automated feeding system. Keep herd health and
breeding records up-to-date. Ability to train milking staff. Good interpersonal skills.
Physical Requirements:
Quantity and Quality Requirements:
Work Environment: Modern 200-cow freestall operation, with 500 acres of field crops.

#### References:

Bratton, C.A., G.C. Field, R.B. How, T.R. Maloney, W.M. Quinn (1982) Farm Labor Management Home Study Course-Instructors Manual (A.E. Ext. 82-36). Ithaca: Cornell University, Department of Agricultural Economics. Rosenburg, H.R., (1986, March 1). "Learn How to Use Job Descriptions". Amercian Nurseryman, pp. 73-76.

Next Letter: Hiring from Within



# buman resource management

Department of Agricultural Economics

# 10

# **Human Resource Management On The Farm**

### RECRUITING QUALIFIED JOB APPLICANTS

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Bill Jones has been a dairy/cash crop farmer in Western New York for over 20 years, and for the first time he has found it difficult to hire a good farm employee. The key employee in his field crop operation submitted his resignation two weeks ago and Bill doesn't have even one lead on a qualified replacement. In years past recruiting was relatively easy for Bill. He would put the word out to some of his agribusiness contacts and close neighbors, and within a week or two he generated three or four leads on good, qualified candidates.

Now, however, the local labor situation appears to be quite different. As Bill talks to other farmers and small business owners, he finds that he is not alone. Several factors seem to be contributing to this problem of finding good help. First, Bill lives within 20 miles of a large population center with several thriving industries offering good jobs. Second, local construction is booming and attracting some employees formerly available to do farm work. Third, Bill has read that there just aren't as many 16-20 year olds entering the labor force these days, and this has further reduced the labor supply.

While word of mouth has worked for Bill in the past, he concludes that he will have to become a better, more aggressive labor recruiter if he is to attract the type of farm worker he wants.

#### The Recruiting Process

The process of recruiting farm labor is taking on greater importance as time goes on. Many farmers like Bill are finding that recruiting now requires more time and effort.

Recruitment, simply stated, is the process of searching for qualified candidates for your job and getting them interested enough to apply. The primary objective of the recruiting process should be to generate a sufficient pool of qualified candidates from which to choose the best one to fill your job. The key here is getting enough applicants of the type you are looking for. There is a difference between generating a pool of "warm bodies" looking for jobs and attracting the quality of applicant you want. It is in your best interest to be clear about what you want and reflect it in your recruiting efforts. A major assumption made here is that you know exactly what you are looking for in an employee. If you don't, it may be appropriate to review the principles of job design and writing a job description described previously in this letter series.

There are numerous methods for recruiting of job applicants. Let's take a look at some of the more common methods for attracting good farm help and discuss the value of each in your recruiting program.

Suggestions from Current Employees-Current employees can be an excellent source of contacts for new employees in your business. They know people in the community where your farm is located, and they have at least some idea of what your labor needs are. They also have a stake in the process since they are likely to be working with the person they have suggested if the person is hired. This approach, while effective, should be used with care. The same criteria for hiring another applicant should be used when hiring friends or relatives of a current employee. If the new person does not work out, there could be friction between you and the employee who suggested the applicant. This points out the need for dealing with all employees in a businesslike fashion as well as the need for continual monitoring and appraising of employee performance.

- Word of Mouth—This technique has been successful for many farmers and is commonly used. Friends and neighbors can send potential applicants your way if they know you are looking. Also, there are networks of agribusiness professionals (such as seed salespeople, veterinarians, etc.) who get around to many farms and may be in a position to inform you of prospective applicants.
- Want Ads—A frequently used recruitment method is the want ad placed in newspapers or agricultural magazines. This approach has several advantages. It is quick, it is relatively inexpensive, and it provides a way to reach a potentially large audience. But, newspapers may also have some drawbacks. Many farmers complain that these ads bring them many applicants but none they would want to hire. Perhaps the answer to this problem is how the ad is written. All too often we pick up the newpaper and read an ad like the following:

Wanted: Worker for dairy farm. Call 555-1111.

If the goal of the ad is to attract good applicants, perhaps the following ad would meet that objective better:

Farm Employee — 100-cow dairy farm. Responsibilities include milking, feeding, and some machinery operation during peak crop periods. Competitive wages, health insurance, one week paid vacation, and one day off each week. Write Box 343, Hometown, NY.

- Government Job Services—New York State Job Service offices located in each county of the state provide valuable services to employers who request them. Farmers and other business people can call job service when they are seeking applicants for a vacant position. A job counsellor will then help the caller define the job to be advertised and write up a job announcement. The announcement will be posted in the job service office (without the name of the employer). Interested applicants go to job service personnel, to request more information on the job. Applicants interested in the job are screened by job service personnel, and only qualified applicants are referred to the prospective employer. In many cases, the services provided by the New York State Job Service are underutilized by the agricultural community.
- College Placement Offices—College placement offices (both four year and two year) can be a source of good farm employees. In fact, graduates of these colleges seeking farm work are very much in demand. Unfortunately, there are often more farm positions available than individuals to fill them.
- Posting Job Announcements on Bulletin Boards—While farmers typically have not written and posted formal job announcements, this is another approach that can help get the word out regarding your job. In Letter 8 job descriptions were discussed. If you have a written job description, writing a job announcement is fairly easy. Take the key responsibilities from the description and write an announcement which can be posted on bulletin boards in the

community. (If you don't feel entirely comfortable with this process, New York State Job Service counsellors can help you.)

A job announcement should contain the following information:

- Title of job
- Description of responsibilities
- Description of skills required
- Description of working conditions, if appropriate
- Key components of the wage/benefit package, if appropriate
- How to apply

After a suitable position announcement is prepared and duplicated, post it in areas where farmers and potential farm workers will see it. Such places might include bulletin boards at agricultural college career offices, Farm Credit offices, Grange buildings, farm supply stores, etc. It might also pay to distribute the announcement to key agribusiness contacts. They will then have the details if they know of a potential applicant.

• Executive Search Firms—A number of private firms make a business out of finding prospective employees for employers with vacant positions. In agriculture, most such firms are located in the Midwest and their ads can usually be found in popular farm magazines. Some Northeast farmers are just beginning to use these services to fill key farm positions and have found that they represent another legitimate avenue in the recruitment effort. A major consideration in deciding whether or not to use this alternative is cost. Most search firms work on a commission basis and may charge the employer from 10 to 30 percent of the new employee's annual salary.

In today's job environment, aggressive marketing of your job is important and will likely pay off if done carefully. One thing is certain: in a competitive job market effective recruiting requires time, effort, and patience.

Next Letter: The Employment Application



# BUMAN RESOURCE MANAGEMENT

Department of Agricultural Economics

## **Human Resource Management On The Farm**

#### THE EMPLOYMENT APPLICATION

Joan Sinclair Petzen Cooperative Extension Farm Management Agent Cornell Cooperative Extension Cattaraugus County

Most managers find it very difficult to fire an unproductive employee. Probably the easiest way to avoid this unpleasant task is to hire top-quality employees in the first place. A thorough application and screening process lays the foundation for a productive employer-employee relationship. Good employees do not just happen. You must solicit and culture them through application, screening, and continued on-the-job training.

Have you ever advertised to hire a new employee only to find yourself spending the next several days conducting endless mini telephone and walk-in interviews? Trying to keep what each has said straight in your mind so that you can decide who gets an interview or a job offer can be very confusing. There is a more efficient way. Have job applicants complete an application form that you have prepared for your farm.

#### **Application Process**

Many small employers view the application procedure as an unnecessary element of their labor-management process. On the contrary, this process is the first line in developing a businesslike relationship with a potential employee. The application can help you to compare valuable information about a large number of potential employees with minimal investment of your valuable time. In addition, it lets you organize the applicant's information into the format that is most useful to you. A farm manager in western New York recently told a group of neighbors that nearly a third of the inquiries he had from a local pennysaver ad for a part-time milker position did not result in applications. In his opinion this was the first step in his selection process. "If people can't be bothered filling out an application, I don't need them as employees", he said. A job description and application tell the person who comes looking for work at your farm a lot about the job you have to offer. They help a prospective employee begin to evaluate his or her interest in working for you.

Kinds of information that are legally off limits for employers to ask potential employees include: age, color, marital status, national origin, race, religion, and sex.

There is a sample application on the back of this letter. It is intended as a guide only. For your application, you may wish to use parts of it and to add additional questions pertinent to the needs of your farm. With a two-sided (front and back) form you can use a larger (easier to read) typeface and provide more space for the applicant to supply information.

For highly skilled management or supervisory positions you may find it useful to request a resume from applicants. A resume allows applicants to give you a brief description of their education, experience, and expertise.

#### **Screening Applications**

Screening is often one of the hardest tasks in the hiring process. It is a true test of your application design. Sort through the completed applications. Assess each one keeping in mind your list of desirable and undesirable traits. Select no more than five applicants to interview initially. Interviewing more will probably lead to confusion when you are working toward a decision. If, after the interviews, you have not found a qualified person you can invite other applicants for an interview or readvertise.

The application process is the foundation for successful employer/employee relationships. Farmers are encouraged to develop an application for their farm operation. Require potential employees to complete the form to save time when making hiring decisions. Develop a list of traits/skills that are desirable for an employee to have. Analyze the applicants based on these traits. Offer an interview to a small select group of applicants. Following these steps will allow you to do a better job hiring employees that will complement your business.

# FRESH AIR FARM APPLICATION FOR EMPLOYMENT

NAME:		<del>-</del>		DATE:	
ADDRESS:					AT ADDRESS
HOME TELEPHONE NO.: ( ) PREVIOUS ADDRESS:		WORK TE	ELEPHONE NO.: ( )		
POSITION APPLYING FOR: STARTING WAGES REQUESTED: Sal			WHEN	V CAN YOU ST	TART:
DO YOU HAVE OR HAVE YOU HAD	ANY PHYSICAL DISAB	ILITIES THAT V	VOULD IMPEDE YOU	FROM PERFO	RMING THE IOR
Yes No IF YES, EXPLAI WHAT ARE YOUR MAIN FARM INT Machine Repair Forestry	ERESTS? Animals Other	Crops	Machine Operatio	n M	ilking
	I	EDUCATION			
	Dates Atte	·	W: O		
Name & Address		to Mo./Yr.	Major Course of Study		Degree
High School					
College					
Other Training				**	
WERE YOU IN THE MILITARY SERV HELP YOU IN THE JOB YOU ARE SI	ICE? Yes No	IF YES, WHA	T RESPONSIBILITIES	DID YOU HAY	E THAT MIGHT
	OUS EMPLOYMENT HIST				
From To	mployer Address & Phone			s Performed	
REFERENCES: Give the names of three Do not give names of previous employer	persons not related to yo	u whom we may o	contact as to your charac	ter, integrity, a	nd ability.
Name		Telephone No.	Occupati	on	Years Known
EXPLAIN BRIEFLY WHY YOU FEEL Y	OU ARE QUALIFIED F	OR THE POSITI	ON YOU ARE APPLYIN	NG FOR:	
TRAINING AND/OR EMPLOYMENT-		******************			·
	Amount of		ve with each of the iono	wing.	Amount of
Milking Yes/No Stall barn Free Stall	Experience (yrs)		ndling nloader _ rs & conveyors	Yes/No	Experience (yrs)
Animal Care Calves	VIII	Weigl	ht cell wagons inloading wagons		
Heifers Bulls Dairy cows		Machin	e Operation ors—size		
Manure Handling  Manure spreader  Manure pump  Manure scrapers  Front end loader		Forag Plowi	ing equipment e harvesters ng & fitting spraying		
Mechanic		•	_		
Other Experiences:		····			
Truck Operators License: Class I  I hereby certify that the above information	Class III Additiona	al Information:	W. W. Comment		
Signature	on is correct.			•	
0				Date _	

Next Letter: Conducting A Successful Job Interview



# buman resource management

### **Department of Agricultural Economics**

# 12 Human Resource Management On The Farm

#### CONDUCTING A SUCCESSFUL JOB INTERVIEW

Thomas R. Maloney Extension Associate Department of Agricultural Economics Cornell University

The employment interview is the most commonly used source of information in employee selection. The interview is another selection tool which an employer uses to predict the performance of a potential employee. While it is obviously difficult to make such predictions with absolute certainty, a systematic approach to the interview process can make a big difference in the hiring decisions you make.

Many people find conducting an interview to be the most difficult step in hiring a new employee. Therefore, some advance preparation for an interview is well worth the effort. An interview can help you "tune in" on the personal traits of the prospective employee and confirm or challenge any information the person has previously provided you.

After all the interviews have been completed, you will have to compare all the candidates. At that point you will be faced with the task of organizing a great deal of information before arriving at the final decision. The more systematic you can be in your interview procedures, the easier you will find the task of selecting the most suitable candidate for the job.

#### Interview Questions

The first step in the interview process is to make a list of the behaviors you are looking for in a new employee. For example, some of the behaviors we are looking for in a middle manager might include ability to make decisions, ability to work with people, technical skills, ambition, ability to be trained, and leadership.

The second step is to formulate a list of questions which will allow you to get some insight into those behaviors. Try to make the questions as open ended as possible, encouraging the applicant to describe his/her feelings and to react to the question.

A third step is to use a rating scale from I-5 (1 being least desirable and 5 being most desirable). In this way you can attempt to quantify each applicant's answers as a basis for comparison.

Table 1 shows how an interview checklist can be prepared and used to score the answers provided by individual applicants.

#### **Conducting The Interview**

Conducting job interviews is like doing some other farm tasks. You may not be an expert at them and you may not enjoy them very much, but they are necessary and you do them. You may feel just as uncomfortable as the applicant you are interviewing. Remember, too, that you are in control of the interview and, with the proper preparation, you can make it a positive experience for both the applicant and yourself.

As you conduct the interview, whether you realize it or not, the applicant is also interviewing you! Part of your task in the interview may be to sell the job so that the applicant you want will also want to come to work for you.

Here is a set of suggestions which, if followed, will help you conduct successful job interviews:

- 1. Put the applicant at ease. The more you can do to reduce any tension, the more meaningful will be the communication between the two of you. A handshake and friendly smile are a good start. Find a quiet, comfortable place for the interview and make arrangements to avoid unnecessary interruptions.
- 2. Stick to your plan. Follow the checklist discussed previously and allow yourself a reasonable amount of time to conduct the interview. You do yourself and the applicants an injustice if you do not get the same information from each person.

- 3. Listen. If you dominate the conversation you will learn very little about the applicant. Encourage him or her to do most of the talking. One of the best techniques is to ask questions that require an explanation rather than yes or no responses. When you use this technique, the candidate is likely to open up more and provide you with deeper insights.
- 4. Be mindful of your own personal biases. Do not overlook highly qualified applicants just because their religion, ethnic background, or some other trait is different from what you had in mind.
- 5. Fulfill your responsibilities to the applicant. Based on the information you provide, he or she must decide whether or not to accept the job if it is offered. Provide a written list of the benefits that come along with the job. Leave adequate time to take the applicant on a tour of the farm and, when possible, introduce the individual to others with whom he or she would work. State exactly when a final decision will be made. As soon as an applicant has been eliminated, let him or her know. It's not fair to keep candidates waiting if they are no longer in consideration.

Table 1.

	SAMPLE INTERVIEW CHECKLIST						
MIDDLE MANAGER POSITION							
Behaviors	Questions designed to predict behaviors			<b>Answer Rating</b>			
Job Stability	How long have you been in the last two jobs What are your career goals?	1 1	2 2	3 3	4 4	5 5	
Ability to Make Decisions	Describe a situation in a previous job where you had to make an important decision. What did you decide? How did you feel about being in that situation?	1	2	3	4	5	
	Assume your boss was not around and the following situation arose (describe a decision making situation). What would you do and why?						
	How do you feel about making decisions which impact on the success of the business you work for?	1	2	3	4	5	
Ability to Work With People	Given a choice, do you prefer to work alone or in cooperation with others?	1	2	3	4	5	
Technical Skills	Describe your experience with developing pesticide spray schedules.	1	2	3	4	5	
	What farm equipment have you operated?	1	2	3	4	5	
	Describe your knowledge of animal nutrition programs.	1	2	3	4	5	
Ambition/	Describe a particularly productive day in a previous job.	1	2	3	4	5	
Industriousness	Describe a major job related task you have performed that you are quite proud of.	1	2	3	4	5	
Ability to be	Describe your formal educational background.	1	2	3	4	5	
Trained	Have you voluntarily taken any adult educational courses?	1	2	3	4	5	
	Describe an instance where you had to learn a new skill for a former job.	1	2	3	4	5	
Leadership	Have you ever been an officer in a club or community organization? Describe.	1	2	3	4	5	
	What supervisory roles have you played in previous jobs?	1	2	3	4	5	
	How do you feel about supervising the work of other people?	1	2	3	4	5	
Good Attendance	In the past year, how many days off work have you taken for sickness or personal reasons?	1	2	3	4	5	

Next Letter: The Hiring Process



## HUMAN RESOURCE MANAGEMENT

Department of Agricultural Economics

# Human Resource Management On The Farm THE HIRING PROCESS

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The act of hiring a new employee or employees is very significant to both you and your new help. The process you go through in signing on new people can have a very important influence on their future performance on the job. It is the first and critical step in the orientation and training process. You want to get the best workers, and they need to understand what is expected of them.

The selection process includes two more information gathering steps which many employers use in addition to the application and interview steps. Reference checks and skill tests will supply you with information of a different type for making a choice.

#### **Checking References**

Business people responsible for hiring hundreds of employees each year put high priority on reference checks used after the interview process. Consistently checking employee references is a good hiring practice.

While references can be checked any time, it is usually more practical to narrow down the top candidates for the job before starting to check references. Otherwise, it may be too time consuming. Also, ask the applicants to provide several references. The more information you have, the better the decision you can make.

When checking references, you may want to ask previous employers the following questions:

- 1. How long did you employ the individual?
- 2. What was the individual's quality of work?
- 3. How much responsibility was the worker given?
- 4. How did the individual get along with fellow workers, agribusiness reps, etc.
- 5. Was it necessary to provide very close supervision?
- 6. Why did this worker leave your farm?

You may want to add some of your own questions to this list.

While reference checking is important, it should be done with the knowledge that the reference provided may not always be entirely accurate. Unfortunately, some previous employers have furnished an inferior employee with a good reference to get him or her to leave.

#### Testing for Skills

Most secretaries are given a typing test and/or short-hand test before they are hired. While skills tests are not used on most farms, perhaps they should be employed more often as a measure of the applicant's ability. Take the forklift operator in an apple packing facility as an example. It is well documented that improper handling of fresh apples in and out of storage can result in excessive bruising leading to lower quality and lower product price. Given this fact, it is perfectly reasonable to ask the employee to use a forklift to demonstrate his or her skill level and potential trainability.

Such a test is called a work sample and can be applied to any of a number of tasks found in a farm business. When using this approach, you will want to test each applicant in the same manner and to find a way to measure critical behaviors and skills. Let's go back to the forklift example and assume we set up a test where the applicant was instructed to move six crates from one location and stack them in another. Two measures which can be used to evaluate performance are length of time the process takes and the number of mistakes made. This gives you a common basis for comparison of applicants.

<sup>\*</sup>Other contributors include:

Kay Embrey, Cornell Migrant Program, Cornell University Thomas Maloney, Extension Associate, Cornell University Joan Petzen, Farm Management Agent, Cattaraugus County

#### Offering the Job

After interviewing applicants for key positions and checking their references, you should decide as promptly as possible whether or not you wish to hire any of them. If you decide to hire one of the applicants, you should arrange a meeting as soon as possible to make an offer and reach an agreement on the details. Before making the offer it is well to review the specifics of the job—what you expect to be achieved, how you intend to judge performance, quality and quantity of work expected, how and when the evaluation will be done, your work schedules, and what kind of wage and benefit package you are willing to provide. The process of attracting good employees takes a great deal of skill and diplomacy. You need to make the offer attractive but do not offer more than you are willing and able to provide.

#### **Notifying Unsuccessful Candidates**

Once you have filled the key position, you should let the unsuccessful applicants know right away that you appreciate their interest in the job but will not be able to use them at this time. This is not only common courtesy but may also stand you in good stead if you need more help soon.

#### **Work Agreements**

New York State requires that all agricultural employees be notified in writing of the terms and conditions of employment. Although many farmers view this as unnecessarily cumbersome, this requirement can benefit the employer as well as the employee. This process provides an opportunity for the farmer and the new employee to sit down and carefully go through the expectations that each has of their new relationship. Even family members often find it helpful to have their duties and benefits written out.

The law lists specific information which must be included in a work agreement including any non-economic terms and conditions of employment. Under this last category you may want to explain work rules or production quantity or quality standards which you have. Both the employer and employee must sign the agreement, and each one receives a copy. Management employees who make independent discretionary decisions are exempted from this legal requirement; however, these employees may need an even more detailed contract since their jobs entail so much responsibility.

#### Legal Requirements with New Employees

Certain payroll information is required to be recorded when you hire a new employee. This information includes the name, address, and social security number of the employee. The Social Security Act covers farm employees who were paid \$150 or more in cash wages. Agricultural employers who have a payroll of more than \$2,500 in a

calendar year are now required to deduct social security tax from each employee's wages starting with the first dollar earned and match that deduction with an employer contribution.

New York State through the Farm Minimum Wage Law requires detailed payroll records and employee earnings statements. You can obtain information regarding this from your local State Department of Labor office.

Deduction of income taxes is not required of employers of farm workers. An employee must submit a written request to the employer to have income tax withheld. The process of withholding taxes is explained in the Farm Labor Regulations Bulletin 204 by Grossman and Henderson available through your Cooperative Extension office.

An agricultural employer is only required to pay Federal Unemployment Insurance Tax if during the past two years:

- cash wages of \$20,000 or more were paid in any calendar quarter or
- 10 or more farm workers were employed during some portion of the same day during any 20 different weeks.

The rules and regulations that apply to taxation of agricultural employers are clearly outlined in Internal Revenue Service Publication 51, "Agricultural Employer's Tax Guide". This publication is also available through your local Cooperative Extension office.

New regulations now require that additional information must be secured regarding citizenship or work authorization to satisfy the Immigration and Naturalization Service. The I-9 form requiring all employers to examine documents which prove a potential employee's identity and authorization to work in the United States must be completed by the employer. The employer and the employee must both sign the I-9 form.

The Right-to-Know Law requires that new employees be given information at the time of hire and then annually regarding any toxic chemcial to which they may be exposed and provided with training on the proper use of handling of such materials.

#### **High Expectations**

Try to keep all your discussions with the new employee upbeat, communicating your expectation that the employee will do a good job and enjoy working for your farm. Take pride in your farm and your other employees. Let new people know that you are looking forward to working with them and that you know they can make a valuable contribution to your operation. Plan an orientation day for their first day on the job. Reassure them that you know things can be confusing for a new employee during the first few weeks but that you will be there to help and answer any questions. Then make sure you are there and that you do encourage and answer questions.

Next Letter: Wages: Some Issues and Concerns



# HUMAN RESOURCE MANAGEMENT

Department of Agricultural Economics

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## **Human Resource Management On The Farm**

WAGES: SOME ISSUES AND CONCERNS

C. Arthur Bratton
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#### Introduction

Two questions farmers often ask are: "How much do you pay your workers?" and "What is the going wage for a good farm employee?" Both are asked with the expectation of getting a simple direct "dollar" answer.

Wages are a key part of labor management but more is involved than most people think. A simple dollar answer tells only part of the story.

#### Wages vs. Compensation

The dictionary defines wages as the money paid to an employee for work done and compensation as what one receives for his or her labor. There is a subtle but important difference in these two terms.

Wages are only part of the cost of labor on a farm. The fringes or indirect costs are sizable and significant and concern both employer and employee. What you "pay" a hired worker is much more than just the cash weekly wage.

Labor misunderstandings between farm workers and managers often result from "loose" use of "wage" terms. One step toward improved labor management is clarification of the terms of employment as related to wages and compensation. Be specific. Define your terms!!

#### Perquisites and Fringe Benefits

A perquisite is something a person is customarily entitled to because of the job. A tip for a waiter is an example. In times past, farm workers received certain perquisites such as room and board, and today income taxes are not required to be withheld from farm worker wages. These privileges are a part of farm labor management.

Fringe benefits are a newer part of the labor scene. This applies to both farm and nonfarm workers. Certain benefits such as Social Security are mandated by law.

Others have come to be part of attractive compensation packages. Studies show fringe benefits are a "hazy" area in farm labor management.

The value of fringes is usually surprising to both employers and employees. Fringes commonly range from 15 to 35 percent of the value of the cash wages. Because of the importance of fringe benefits we will devote a separate letter to them.

#### A Salesman's Job

Any successful salesman knows his territory. The farm manager is the salesman for work on his farm. Therefore, it is essential that the wage and compensation issues are clear. Take time to think through the compensation issues and to put the points on paper.

Inventory what is in your compensation package. What are the wages, what is the value of the fringes, and are there perquisites that add to the package? Once these are clear in your mind, it will be easier to sell them "convincingly" to your employee. Part of a salesman's job is to help the customer know what he or she is getting.

Adapting the product to the customer's need is another point in sales. Remember, employee needs vary. Try to adjust, where possible, the wage-fringe benefit package to meet the specific needs of your employee. In brief, tailor make your compensation package!

#### Worker Views on Wages

Wages are important to farm workers, but studies indicate that working conditions and benefits also rank high among their concerns. A worker must earn enough to maintain a reasonable standard of living. There is also the need to develop and advance in one's vocation.

A farm worker's family has the same social and economic needs as nonfarm workers. This brings into the picture the provision of such things as health and life insurance, home ownership, and retirement benefits. Career farm workers are concerned about the fringe benefits provided.

#### Wage Concerns

Are farm wages and benefits competitive with nonfarm worker earnings? Unless they are reasonably comparable, sooner or later good employees will move to better paying jobs. It is not easy to make direct wage comparisons between farm and nonfarm jobs. As a farm labor manager, be prepared to discuss with employees the comparative earnings in various kinds of jobs.

Working conditions are another concern. This includes such things as hours worked, days off, sick-leave privileges, vacations, and time to attend to personal affairs. Remember your employees have contact with nonfarm friends and relatives and learn about prevailing conditions in other fields. To be competitive, farm working conditions need to be comparable.

Opportunities for growth and development are a basic human need. These are not easy to provide in family farm situations. However, innovative farm managers are seeking ways to do this. Ways can be found!

Compensation rates can be used as an <u>incentive for workers</u>. This may involve increases in pay as the worker assumes greater responsibilities. Incentive plans where pay is directly related to worker accomplishments are used by some farmers. These must be well designed to be successful and probably work best for key employees.<sup>1</sup>

Farmers often say they cannot afford to pay higher wages. Observations, however, do not support this. Operators who pay higher wages tend to have better productivity and higher incomes. The relationships of wages to income and productivity on New York dairy farms for 1984 are shown in the table below.

On New York dairy farms in 1984 it appears that farmers who paid higher wages had greater labor efficiency and higher operator incomes. David Kohl, in his research in 1975, posed a "chicken and egg" question. He asked which came first, higher wages or higher incomes? It is likely that they go together and it is difficult to separate cause and effect.

#### Some Wage Management Decisions

Basis for wage payments—Will the pay be as a yearly salary, monthly or weekly wage, hourly rate, or an incentive plan? There are merits to each method. A personnel manager must decide which is best for his operation.

With or without housing makes a basic difference in wages. House rents range from \$50 to \$100 per week depending on location and condition of the housing. Again the employer must decide which course to pursue.

Work time—When work starts and ends needs to be defined. This is not easy to do, but expected work time per week needs to be understood by both employer and employee. Is it 40 hours or 80 hours?

Overtime or extra time worked provisions are a point of concern. Will an informal method of compensating for extra time be used or will there be provisions for extra pay?

<u>Time clocks</u> were once thought of only as industrial devices, but no longer. Some innovative farm human resource managers are using time clocks and report they help solve some key management problems.

Wage and benefit statements are issued to most nonfarm workers with each paycheck. Farmers concerned with minimum wage requirements use forms that are available. These statements can be an effective management tool for keeping the worker informed on his/her total compensation.

A system for wage raises is a tool which can be used to promote better labor management on a farm. This may consist of an automatic raise at the end of a trial period as well as regular annual reviews and adjustments in pay. Cost of living increases are needed as much by farm workers as by others. Will you include this in your management system?

Bonuses or year-end gifts are commonly used. The bonus may be based on the profitableness of the year; if so, it can serve as an incentive for the worker to help make the business pay.

Next Letter: Fringe Benefits for Farm Workers.

Wages Paid, Labor Efficiency, and Operator Incomes 308 New York Dairy Farms, 1984

Labor Expense Per Month Hired	Cows Per Farm	Milk Sold Per Worker	Operator's Labor, Mgr & Ownership Income			
Less than \$700	65	380,000	\$13,993			
700 to 900	74	391,000	15,141			
900 to 1,100	95	442,000	21,376			
1,100 to 1,300	89	452,000	21,849			
1,300 to 1,500	134	556,000	28,679			
Over \$1,500	183	633,000	39,937			

<sup>&</sup>lt;sup>1</sup>Cornell University, A.E. Staff Paper 82-2, Incentive Plans For Use On Dairy Farms.



# BUMAN RESOURCE MANAGEMENT

Department of Agricultural Economics

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FRINGE BENEFITS FOR FARM WORKERS

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#### Introduction

Fringe benefits have come to be a part of most compensation packages. Developments of this kind have traditionally been late arrivals in the farm sector, but the time has come and fringe benefits for farm workers are a current concern.

This new phase of human resource management on farms is in the "fuzzy" stage. There is much to be learned. Good farm managers are coming to grips with the benefit issues. We all need to learn more about fringe benefits for farm employees.

#### Definition

Fringe benefits are forms of compensation beyond the wages paid. These benefits are often subtle in nature and overlooked. Their value to the worker is usually underestimated. Yet the fringes often are the reason why good farm workers move into other kinds of work.

Farm worker fringe benefits include many things. The milk, meat, fruits, and vegetables are only a start. Housing, heat, and electricity also are fringes. Insurance, pension plans, hours of work, sick leave, holidays, and vacation time all are elements in the fringe picture.

#### **Economic Importance of Fringes**

Do you as a farm labor manager know the cost of the fringes you are providing? If asked, would key employees know the value of the benefits received? In most cases the honest answer to these questions would be "NO."

Nonfarm businesses have found the value of fringes range from 20 to 40 percent of the amount of the wages paid. David Kohl, in a study of New York farms in 1975, found the value of fringes to be 40 percent of the wages paid.

In the Cornell Cooperative Extension Farm Labor Management Home Study Course<sup>1</sup>, an assignment is provided for computing the value of fringes. In an example of an unusually good fringe benefit package, the value ranged from 50 to 80 percent of the wages, depending on the price used for each benefit. This would be a worthwhile "pencil pushing" exercise for many farm labor managers.

#### Analyzing the Value of Fringes

Estimating the value of fringes is not simple. For example, will milk provided be figured at the farm price or at what the employee would pay at a store? With a \$12 farm price, the value per quart is about 25¢ while the retail price in stores is about 50¢. The difference is considerable!

Health insurance is another item with a range. If the employer can get health insurance at a group rate, it will be much less than the employee would have to pay as an individual family. These illustrate how it takes time and thought to analyze the economic value of fringes.

#### **Employee Needs For Fringes**

Providing a "fixed" package of fringes for all employees is simple but probably not equitable. Needs vary with employees. A single worker has different needs from a married worker with a family. With two-worker families, there may be duplicate benefits provided. If the spouse's employer provides family health insurance, there is no need for it in the farm worker's fringe package.

Young workers often do not appreciate the need for such benefits as insurance. The effective human resource manager may help the worker to understand some of the subtle types of needs. In the long run, it may help hold desirable employees.

#### With or Without Housing

In times past, "the Hired Man" was expected to live with the family and get his room and board. Likewise, the farm wife took it for granted she would provide the noontime meal for extra help. These perquisites have been disappearing rapidly.

A "tenant house" for a married hired man was an assumed perquisite. This has continued especially where additional houses have been acquired as the farm has expanded. This practice is being challenged by innovative managers.

Home ownership is an accepted American goal. Why should career farm workers be an exception? There are merits to home ownership such as acquiring equity in property, pride in home ownership, and likely better care. Housing is a major fringe benefit cost. Deciding whether or not to provide housing needs careful thought.

#### **Mandated Farm Fringes**

Federal and State laws mandate certain fringe benefits. These include Social Security, Workers Compensation, and Unemployment Insurance. Since these are required by law some do not consider them as fringes. But they have all the characteristics of fringes and need to be considered in that classification.

Farm workers were excluded in the original Social Security legislation. Later they were included to help put them on a par with other employees. Social Security provides two basic kinds of benefits: survivors insurance and retirement income. The cost would be considerable to purchase comparable benefits from insurance companies. Workers need to provide for their dependents in case of premature death. The "Social Security" checks and medicare benefits are a help to retired farm workers.

New York has compulsory workers' compensation for farm workers. This is a benefit to farm workers in case of an accident. It is one more way of making benefits for farm workers comparable to those of nonfarm workers. Unemployment insurance for farm workers only applies to those working on larger farms. This mandated fringe can be a help to certain farm workers.

Both farmers and farm workers need to understand the nature of these mandated fringes. Social Security taxes alone amount to more than 14 percent of the worker's wages. They are significant.

#### **Optional Farm Fringes**

Health insurance is a much discussed fringe. Medical and hospital care are used by everyone these days and costs have risen sharply. Various kinds of health insurance plans are available. Systems have been developed whereby farmers and their workers can participate on a group rate basis. Health insurance is a high priority item for consideration.

<u>Life insurance</u> is another fringe offered by many employers. This is often a "basic" amount of insurance but it offers help in case of premature death. It may also be used to build a retirement income. Some farmers use this benefit to help attract and hold skilled workers.

<u>Paid vacations</u> are commonplace in our society. Is there any logical reason why key farm employees should not enjoy vacation benefits?

Sick leave time is a relatively new kind of fringe in farm compensation packages. Farmers often say they will "take care" of the worker if he or she becomes sick. In many cases they provide generously, but in studies of the concerns of career farm workers, the indefiniteness of sick leave policies ranked high.

Holidays and days off are features to be considered. Indefiniteness in these terms of employment items often is a source of dissatisfaction for employees. Spelling out these fringes in the "terms of employment agreement" helps.

<u>Fringes in kind</u> include such things as milk, meat, eggs, fruits, and vegetables, as well as heat, electricity, gas for car, etc. These are valuable items but often "loosely" handled. It is well to think through what is reasonable and intended. Then spell it out on paper and preferably in a written "terms of employment agreement."

Employee abuses of fringe benefits are a personnel management concern. People seem prone to abuse situations. This happens in the farm fringe benefit area in such things as "faked" sickness, carelessness in conserving heat and electricity, or the use of farm gas for personal purposes. It is better to prevent these abuses than to try to correct them once they occur.

#### A Fringe Benefit Checklist

- Have you analyzed your fringe benefit package?
- What is the total value of fringes you provide?
- Do you discuss fringe "needs" with each employee?
- Are employees given a wage statement showing the fringes provided?
- Have fringes been "tailor made" to meet individual needs?
- Do you use a written "terms of employment agreement"?
- Is the compensation package reviewed as part of an annual performance evaluation?
- Have you tried any "new kinds" of fringe benefits?

Next Letter: New Employee Orientation



## biuman resource management

Department of Agricultural Economics

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#### NEW EMPLOYEE ORIENTATION

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#### **Orientation Focus**

One of the essential ingredients for future job satisfaction, as well as job performance of new employees, is an understanding of the job in all its details. It can be extremely discouraging for a new employee to start work not knowing what to expect. The new employee orientation session gives an employer the opportunity to review the total job environment and to establish a basis for a positive working relationship.

Planning for this orientation session should be thorough. The farm operator and others who may participate in the orientation session need to decide what the new employee needs to know. In addition, it is a time for building confidence in the employee that he/she can do the job and is a valued member of a labor team. The orientation session sets the stage for future working relations with everyone on the farm and can help build strong employee commitment to business goals of the farm.

#### Topics

- Welcome and confidence building
- Review of work responsibilities
- Policies and procedures
- Introductions to the supervisor, other employees, and family members
- An overview of the farm

#### Welcome and Confidence Building

When a new employee arrives for work on the first day, time should be set aside to help him/her feel positive about the job and comfortable in relationships with the boss and other employees. With these feelings comes confidence that the job is one that the new worker can do well as well as confidence that the employer and others will be supportive. This orientation session should not

be threatening or intimidating since strong responses on the job are best achieved through confidence. The farm operator might use the orientation session to comment on the skills and positive experiences of the new employee. He may make a point of reviewing the ways the worker is especially suited for the job and the opportunities that will be provided for further training.

#### Review of Work Responsibilities

Early in the orientation the new employee should be introduced to the jobs that he/she will be expected to carry out. This work review should be thorough. It should include work procedures, equipment to be used, performance standards, and the interdependence of each employee's work. Any hazards that must be avoided should be explained. Unless the new employee has had adequate training or experience with some hazards on the farm, additional time besides the orientation session may be required for their explanation. The orientation, while an important first step in employee training, must be regarded as only a start in a continuous program of labor development. Getting off to a good start should be the emphasis. In other words, when an employee starts work there should be no big surprises. He/she should begin work with a confidence that the jobs assigned have been thoroughly planned and that they are important to the success of the business.

#### Policies and Procedures

Every farm business survives by its adherence to a set of policies and procedures. These may include policies on tardiness and absence from work, reporting of injuries, work hours and times for lunch and breaks, and those responsible for solving problems. Other policies may include special procedures to prevent accidents. For example, policies on the safe storage of pesticides are crucial and will require special emphasis. An employee's attitude toward farm policies and procedures is crucial to their adoption. Knowledge of policies and a willingness to follow those policies do not come automatically. Farm policies which involve employees need to be accepted as important. To achieve this transfer of purpose, an employer should explain why certain policies are used and the consequences of a failure to follow them.

#### Introductions

The orientation also provides the occasion for the new employee to meet other workers on the farm as well as members of the farm operator's family. It is particularly important for the employee to meet supervisors or those who have work responsibilities that depend on his or her work. Many problems can be avoided by providing a clear understanding of who the bosses are. As problems develop or changes in instruction need to be made, the new employee needs to know who is responsible for supervision and management. The farm operator, however, has the responsibility of supporting the supervisory roles that he establishes. He must not permit others to assume supervisory responsibilities that have been delegated. Further, the farm operator must not interfere in the supervision assigned to another worker.

#### Overview of the Farm

The orientation session is the opportunity for a farm operator to build the new employee's respect for the business. Respect is important to building work commitment and responsibility. Respect can be built by sharing with the new employee details about the operations of the farm, its history, and its production and marketing efforts. When employees adopt some of the production and business goals of the farm operator, performance will improve. Employees are an essential resource for building successful farm operations. They can have a great influence on production efficiency, product quality, and profits. Sharing this overview of the farm business has its value in building an environment of trust and acceptance and can have a powerful motivating influence.

An invitation to the spouse to attend the orientation session has been suggested as an effective method for building a strong commitment in a new employee. The reasoning is that a spouse's high opinion of the job, the employer, and the work environment will affect the employee's commitment to the job. However, some employees and their spouses consider this an unwarranted request and resent the inclusion of the spouse. It cannot be a requirement of employment, but you may want to consider involving the spouse when housing is provided. When the new employee and their family move to a new town and school, you can be of assistance. Offer your advice on places to shop or help them enroll children in school and answer questions which arise as they settle into their new community.

The preparation of a new employee for work on a farm should be treated with thoroughness and sensitivity. Many mistakes and misunderstandings can be avoided. In addition, greater motivation and commitment can be expected when the employee feels a part of his or her new surroundings.

Next Letter: Employee Training



## BUMAN RESOURCE MANAGEMENT

Department of Agricultural Economics

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# Human Resource Management On The Farm

TRAINING MAKES A LOT OF SENSE

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You have probably heard the expression, "you pay for training whether you have a formal program or not." Essentially, it means that without training people learn to do jobs their own way; in other words, they learn to survive. Most often though, they lack the required employee skills and knowledge that help prevent undesired behavior, costly errors, weak productivity, and the loss of sales.

Employees with potential will not remain on a farm that does not have a training atmosphere. They will look for one that offers ongoing training and timely follow-up and that encourages employees to perform at their very best.

It is a fact that employees who are challenged and supported in their development reach full potential early and are able to improve productivity and ultimately the farm's bottom line—profits.

It is crucial to determine the relevance of the training. Pinpoint the barriers that prevent newly acquired skills and knowledge from being fully utilized and deal with them. As a manager, you should improve your ability to help employees transfer training to their jobs. Employees must think it is a good place to work. They must have a positive attitude about your commitment to provide opportunities for them to grow. Your commitment to employee training should provide more than opportunities for employees to learn skills they can use on their jobs. It should also give them opportunities to plan and develop new responsibilities on the farm by offering appropriate training opportunities to perform within the framework of these responsibilities.

This kind of support and encouragement helps employees become more effective on the job and in all aspects of their lives.

#### **How to Train**

Once the need for training has been identified, you must then decide how the training will be done. Farm managers have two principal options for training employees. First, the training can be done off the farm. Many communities offer a variety of educational opportunities for adults. It would be appropriate, for example, for a farm worker to take a welding course at a local vocational center. In instances where the skills learned are directly transferable to the job, the employer will often pay for the cost of the training and even provide time off from the job. It should be remembered, however, the outside training is most effective when the principles learned in class are reinforced when the employee returns to the job.

The second approach to training and the one most commonly used on farms is for you or a key employee do the training on the job. Many farm employers report that they feel inadequate in the role of teacher or trainer. Yet they know very well how to do the task they are attempting to train. Perhaps the key to success in this situation is to follow a systematic approach to training.

The following steps should help you become a more effective trainer for even the most basic jobs:

- 1. Determine your training objectives. Exactly what tasks are you going to teach?
- 2. Prepare to instruct. Put the workers at ease and try to make them comfortable as they prepare to learn the new task. Make sure that all the materials necessary for doing the job are available and that the workplace is set up correctly.

- 3. Have the employee perform the job. Observe the worker while he/she is doing the job. Coach the employee through the correct steps in doing the job and correct errors as they arise. Be sure the worker has ample opportunity to ask questions and that he/she understands the job.
- 4. Follow up. Allow the employee to work independently and be sure he/she knows who to go to with questions or problems. Check in periodically to evaluate progress and provide encouragement.

Perhaps the greatest challenge facing you is to invest sufficient time to make the process work. Time invested in preparation for training, the training itself, and follow-up can have a big payoff.

#### **Evaluation**

Many farm managers expect their operations to yield a good return and will go to great lengths to determine if they have succeeded. When it comes to training, however, they expect the return, but rarely do they make a like effort to measure the actual results.

Evaluation of employee training and development programs may be lacking for several reasons. The farm manager may be willing to accept the program at face value or may be unaware of the importance and value of evaluation.

Because training and development are so costly and important, they should be done correctly. First, training needs must be defined and assessed. Employee training is an attempt to improve current and future performance by increasing an employee's ability to perform through learning. The need for training is determined by the employee's performance. Deficiency is computed as follows: Standard or desired performance (present or future) minus Actual (present or potential) performance equals Training need. If there are no performance deficiencies and none are expected, training is not needed. Training objectives must be determined, for example:

- Employees deserve a thorough orientation to the farm where they work and to their jobs.
- Employees deserve specific skills training that can be applied to their jobs.
- Employees deserve adequate counseling in planning their careers and the training necessary for that career development.

Training questions that must be answered include:

- What is best method of training employees?
- Should you even have a training program?
- How can it be made to work?
- Who should be training and what kind of training is needed?
- How can the effectiveness of training programs be evaluated to indicate to farm management their worth?
- What rewards will be attached to the training activity?

If employee training is to be effective, you must make every effort to enlist the participation and support of employees in the training development process. Meetings must be held with employees and through candid discussion determine the training needed, who will be trained and by whom, and how the training results will be measured. When employees participate to this degree, chances are they will assume "ownership" of the program and make it work. No one works harder than an owner to implement ideas. Training does make a lot of sense.

Next Letter: Evaluating For Growth



## BUMAN RESOURCE MANAGEMENT

**Department of Agricultural Economics** 

# 18

## **Human Resource Management On The Farm**

#### **EVALUATING FOR GROWTH**

Robert C. Nolan Assistant Director Home Study Program Department of Agricultural Economics Cornell University

Two questions every employee needs the answers to are "What is my job?" and "How am I doing?"

Performance evaluation is defined as a set of policies and procedures for determining employee progress on the basis of job standards (the function the employee is responsible for accomplishing).

Day-to-day monitoring of employee performance should be a primary and ongoing responsibility of all managers. In addition, every manager should have at least an annual evaluation of a subordinate's overall performance. The successful manager will always be concerned about people's performances and helping them reach their potential.

#### Manager's View

Despite its importance, the performance appraisal is viewed by most managers as an unpleasant task that they would prefer to avoid. Too often the evaluation situation is an uncomfortable if not an anxious one. The manager is asked to play the role of parent and make judgments he or she often feels uncertain about and feels incapable of really defending. On the other hand, subordinates are too frequently expected to act as obedient children while passively listening to criticisms and suggestions for improving their performance.

The evaluating process will improve in direct proportion to the confidence and competence of the manager and the time made available for this crucial managerial duty. Fortunately, performance appraisal "know how" and skills can be learned by any manager. Needed are a positive attitude, desire, and the discipline to develop these skills.

Currently, formal performance appraisals are not done on most farms. But a small number of farmers are leading the way toward making performance evaluations a reality in agriculture. Most of these farmers are achieving a good measure of success in their efforts. All it takes is the acceptance of the idea and the willingness to take the initial steps to get a program started. Farmers need input and direction from their employees. In the development stage the employee will be accepting ownership of the program in the form of participation which will pay off when the program is implemented.

#### **Keys to Success**

The following principles are key to an effective appraisal system.

- 1. All parties involved should show positive intent, good will, a spirit of cooperation, common goals, and desire to improve performance.
- 2. The entire appraisal process should emphasize integrity, fairness, reasonableness, honesty, and objectivity.
- 3. There are two parts to be considered:
  - Performance activities (the process)
  - Performance results (the achievement expected)
- 4. Effective goals, policies, procedures, etc., must be generally accepted by all personnel concerned (i.e., performance criteria and standards should be developed cooperatively by all parties affected).
- 5. Successful appraisals require strong commitment and a high priority on time. The time needs to be set aside for the evaluations and strictly adhered to by employers.
- 6. There should be an established procedure which is understood by every employee.
- 7. It is not fair to hold people accountable for those things they cannot change or influence.

- 8. Appraisals should focus on strengths as well as weaknesses, positives not negatives, future not past, and the performance not the individual as a person.
- 9. The role of the appraiser should be coach and helper, not judge and fault finder.
- 10. Appraisals should be based on reality and represent normal performance and functions of the employee. (There should be reasonable time between progress review sessions to permit the employee to seek assistance and improve performance.)
- 11. Self-appraisal is worthwhile and should emphasize improvement.

The appraisal interview is neither the beginning nor the end of anything. It is a middle step in a cycle that begins when an employee is hired to do a specific job and ends when he or she leaves it.

#### **Continuing Process**

The first step in the continuing process is to define the job, a principle that appears in most personnel manuals. The trouble is that job descriptions seldom go beyond formal job specifications. The very language of such documents all but obscures what is expected. For example: "Shall direct the activities of subordinate staff members." Confronted with the language of most job descriptions new employees can only throw up their hands and ask, "Yes, but what do you really want me to do?"

The second step is to communicate the job definition clearly to employees. It means leveling with them as to what you really expect. Most managers at this point labor under a severe handicap. Either they do not have enough insight to know what they really expect or they know but lack the courage to convey it.

It is at this point in the cycle that the appraisal meeting may be doomed. If managers are unable or unwilling to convey what they really want of employees, they leave to chance that employees will discover it. Over time, most employees will try to deliver what they perceive is expected.

Evaluation leads to discussion and discussion leads to understanding. The appraisal process is not unlike tuning up an engine at regular intervals. It is a review of effectiveness and efficiency, and its objective is to maintain or develop performance according to desired standards.

#### **Procedures and Pitfalls**

A comprehensive performance appraisal system contains the following steps:

- Developing appraisal philosophy and goals based on needs of the farm and its employees
- 2. Developing implementation procedures
- 3. Developing performance standards

- 4. Setting target dates for review sessions
- 5. Conducting performance appraisals
- 6. Reviewing the process for possible improvement

Part of learning to do a performance appraisal right is knowing some of the likely pitfalls. Some common ways the appraisal process can go off the track are:

#### Avoidance

The most obvious and possibly most common way to botch the appraisal of a subordinate is to avoid doing it at all.

#### • Argument

One of the risks in appraisal meetings is disagreement. If the manager sits in judgment, employees will feel obligated to rise to their defense. Part of their defense may consist of counterattack.

#### Unexpressed Hostility

Sometimes employees become hostile during an interview but do not express their negative feelings.

#### • Mistaken Impressions

Often subordinates receive the distinct impression that their work is highly satisfactory and that they may expect a raise or other benefit. Managers must level with subordinates to prevent disappointment.

During evaluating sessions attitude is much more important than technique. There is a clear need for honesty, sincerity, and leveling. Criticism is to be expected. When it is necessary to disagree, do it agreeably.

#### Feedback

Performance appraisal is basically an ongoing feedback process for both the employer and the employee. It helps to correct behavior and performance. Although feedback is necessary to achieve results it can also be very trouble-some. People frequently say they need feedback, but then they do nothing to encourage, recognize, or interpret it. We wonder if such people really want feedback and if they have the personal security to accept constructive suggestions. It works both ways for the farmer and subordinates.

A farm manager who is unaccustomed to seeking opinions from employees must rid himself of the notion that he alone is the reservoir of all the best answers. For example, a long history of excessive egg breakage during processing could possibly be turned around if egg room employees have a chance to provide input. You will never know how valuable employee feedback is until you ask for it.

Every employee needs the answers to "What is my job?" and "How am I doing?"

Next Letter: Discipline and Discharge of Employees



# HUMAN RESOURCE MANAGEMENT

Department of Agricultural Economics

# Human Resource Management On The Farm DISCIPLINE AND DISCHARGE OF EMPLOYEES

Kay Embrey
Extension Associate
Cornell Migrant Program
Cornell University

When farm managers are asked, "What is the hardest job for you as a labor manager?", the answer is often, "Disciplining and firing employees." Even the most experienced managers usually struggle with deciding the appropriate response to an employee who has broken a rule. Unfortunately, the punishment can often vary depending on your mood at the time of the occurrence. Occasionally a manager will act out of anger resulting in an arbitrary decision and unnecessarily harsh punishment.

Reacting from anger is certainly understandable; yet we all know that employers and supervisors who react this way cannot function successfully in today's businesses. Supervisors who yell at employees in anger make no contribution to their businesses or to the development of the employees. Yelling at employees, especially in front of others, affects their self-esteem and their ability to perform their jobs. People end up feeling bitter and resentful.

#### Individual Approach

The goal of any disciplinary procedure is to prevent problems, not to punish employees who have made mistakes. So how should you handle employees who are performing poorly or breaking work rules? There is no magic formula which is successful with each employee. You need to alter your approach for each employee based on several factors: work record, length of employment, training received, events preceding the incident, and many others. Is this violation of rules just a lapse in an otherwise spotless work record for a longtime employee? Is this a misunderstanding on the part of one employee beginning a new procedure? Has the new employee received adequate preparation for working on your farm? Consideration also has to be given to the personality of the employee. "Have a hard time getting out of bed this morning Will?" might be all the comment that is necessary for one tardy employee. Another who repeatedly comes in late may require a review of the rules and a discussion

to determine what is causing this behavior. Knowing the personality of each of your employees will allow you to tailor your approach to best suit a particular individual.

#### Informational Discussions

Often poor performance can be traced to personal problems at home, conflicts with another employee, actions which the employee perceives as unfair and feels bitter about, or simply that the employee did not understand the rule. Private discussions can often straighten out the problems and resolve misunderstandings, eliminating the need for any disciplinary action. In approaching employees remember to:

- Be calm.
- Get all the facts first.
- Make sure the reprimand is deserved. Is this the correct action?
- Talk to the person in private.
- Always begin with a question. There may be a simple explanation.
- Carefully consider the evidence including the employee's side.
- Correct constructively. Go over the behavior you want to achieve.
- Adapt your methods to fit the individual, but be straightforward.
- Close on a positive note and restore the person's self-confidence.
- e Follow-up.1

#### Discipline of Employees

Punishment of an employee often results from a breakdown in communications, poor planning, poor supervision, or a failure of the personnel practices; however, sometimes a difficult employee may leave you no other choice but to discipline. As with all personnel policies, a systematic approach can make the manager's job and the employee's life easier. An effective disciplinary policy eliminates the arbitrary decisions made out of frustration and assures employees that they will be treated fairly. For managers, second-guessing and time spent deciding what punishment to administer are greatly reduced. Rules are applied uniformly while discipline is applied evenhandledly and is related to the seriousness of the offense.

#### **Rules and Punishments**

Although the courts in other states in recent years have created some exceptions to the "employment at will" doctrine (such as wrongful discharge or breach of contract), in general employers or employees in New York are able to terminate the employment relationship at any time for whatever reason or for no reason. Most employers, however, recognize their workers' needs for employment security and their own needs for a stable work force by establishing a system which assures that people will not be fired arbitrarily. Many use some form of progressive discipline. However, you should be aware that once established and communicated to employees, a progressive discipline procedure may be legally binding.

The concept of progressive discipline is not a new one and can be effectively used on farms. Two key components are:

- A set of rules and standards which are related to the performance of employees and to the smooth functioning of your farm, and
- A set of escalating punishments which will be taken for a violation of these rules.

Both of these must be communicated to employees, either verbally or in writing. Many farms now use policy manuals and include this in the contents. However, don't get carried away with unnecessary rules. Remember the purpose is to encourage productive work and behavior.

Following is a sample chart of a progressive discipline system with a few examples of offenses. This is a model to start with; your organization should develop one which is appropriate to your organization and includes employee input. The chart begins with an informational discussion followed by a simple oral warning which is usually adequate for minor offenses at the top and moves to more severe punishments at the bottom. The severity of the punishment depends on the offense and the number of times the employee has repeated the offense. Before deciding on the punishment you must again consider the employee's past performance and employment record. A failure to report to work by a new employee must be treated differently from such a failure by a veteran employee with a good work record. Major offenses may warrant discharge with a single occurrence.

#### **Documentation**

A written record of all disciplinary action should be kept. It ensures an accurate recounting of incidents which memory often distorts, and it can be used to protect your business if the employee later takes legal action. Your records should include: name, date, time, names of witnesses, a description of the specific incident, the rule violated, the change in behavior expected, and what happens if the violations occurs again. The employee should sign this to acknowledge the discussion and that he or she is aware that this is being included in the employment record.

	Sample Schedule of Disciplinary Steps <sup>2</sup>				
St	eps	Examples of Offenses			
1.	Informational	Minor			
	Discussion	Unauthorized absence from job			
	(next occurrence)	Disputes with co-workers Foul or abusive language			
1	(	Inefficiency, incompetence, or			
2.	Verbal Warning	negligence			
	(next occurrence)	Moderate			
		Gambling			
3.	Written Warning	Careless or negligent use of property			
		Failure to report without notice			
		Failure to comply with			
	(next occurrence)	written rules			
4.	Suspension	Major			
		Intoxication or use of			
	(Dayt occurrence)	drugs on job			
	(next occurrence)	Fighting on job Theft or willful destruction			
5.	Dismissal	of property			
		Failure to report without notice for 3 days			
		Gross insubordination			

#### Appeals

Large farms using middle managers or crew foremen with authority to discipline employees should also establish an appeals procedure. Employees who believe they have been unjustly treated must have an opportunity to tell their side of the story. Don't make their only option the courts. A precautionary step which many businesses use is to suspend an employee and consult an attorney prior to a forced termination.

Threats, intimidation, and fear produce only bitter employees. Think of warnings as reminders of performance standards. Make sure your employees understand what is expected of them. Provide people an opportunity to talk about problems and make sure to listen to your employees, and you will go a long way toward resolving conflicts on your farm.

'Smith, Gerald D., <u>Citrus-Avocado Supervisor's Handbook</u>, Agricultural Producers, Los Angeles, 1979.

<sup>2</sup>Rosenberg, Howard, "Discipline Means Not Always Having to Say 'You're Fired'", University of California, February 1982.

Next Letter: Seasonal and Temporary Workers: Special Considerations

# Staffing Selections from: Farm Personnel Management

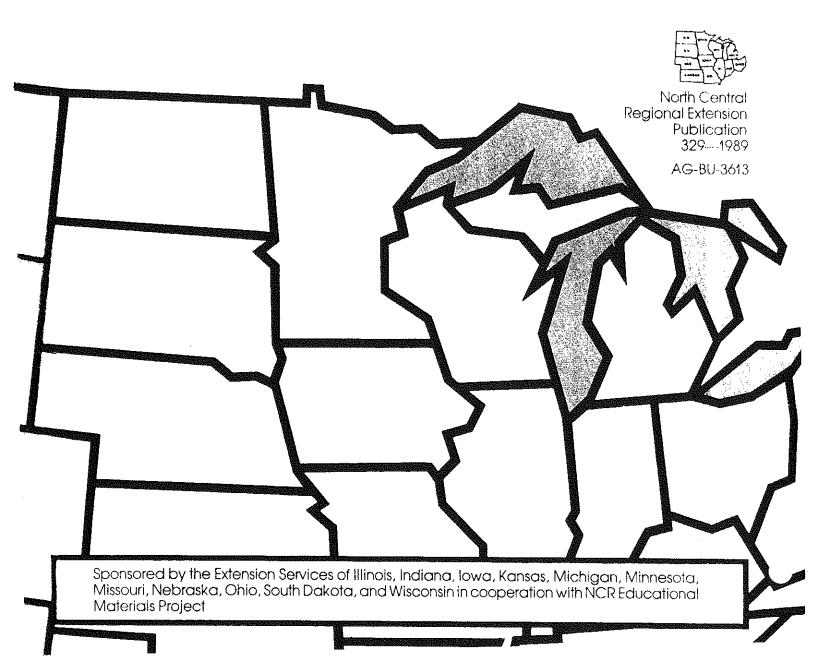


"ROUND 'EM UP!"

# Farm Personnel Management

- Personnel Planning and Hiring
- Managing Personnel Effectively
- Labor Records and Regulations

Kenneth H. Thomas and Bernard L. Erven



#### **CHAPTER III**

#### LABOR RECORDS AND REGULATIONS

# LABOR RECORDS FOR MANAGEMENT PURPOSES

An accurate record of where and how employees spend their time is essential to any systematic analysis of labor efficiency. These data can also be used to develop a calendar of operations for each enterprise. If expansion or contraction of enterprises is to take place, the information can be used to predict the time and place where labor bottlenecks are likely to occur.

In addition, detailed records are needed to meet the requirements of various federal and state laws and regulations. For each employee, at least the following should be on record: name, address, phone number, birth date, sex, social security number, date of hiring, date of dismissal, reason for dismissal, disci-

plinary actions, rate of pay, changes in rate of pay, amount paid each pay period, the hours worked each day and week, beginning and ending time each day, and non-work (break and meal) time within the work day.

#### LABOR LAWS AND REGULATIONS; RECORDS NEEDED TO COMPLY

Numerous federal and state laws and regulations affect the employment and working conditions of your employees. Since both federal and state laws and regulations are in a constant state of flux, and often vary among states, only the general characteristics of these farm labor laws and regulations will be reviewed here. Several states have developed publications which cover in some detail the federal and state laws and regulations relating to

farm labor. For example, Ohio publishes an "Ohio Farm Labor Handbook"; Michigan State has an Extension Bulletin entitled, "Labor Laws and Michigan Agriculture: 1988"; Minnesota has a mimeo (FM300) "Farm Labor Laws and Regulations—Minnesota, 1989" available from the Department of Agricultural and Applied Economics. Copies of the other publications can be secured by contacting the Extension Service in the respective states.

However, farm personnel managers should check the laws and regulations specific to their states as important differences occur among states. Regular monitoring of changes and proposed changes in laws and regulations is important. Employees may have incorrect information leading to unfounded expectations. Without current information, employers cannot be certain of compliance. However, ignorance of the law is not an excuse.

#### **Income Tax and Social Security**

Withholding of an employee's federal and state income taxes by the employer is voluntary. If both agree, the employer may withhold income taxes for the employee. An employee may request withholding by completing a federal form W-4 and the required state form. If the employer withholds for an employee, that employer will need to secure a federal and state identification number. It should be noted that both cash and noncash wages are subject to withholding. If taxes are not withheld, the employee may need to file an estimated tax return on a quarterly basis.

Social security taxes must be withheld and paid for agricultural employees if cash wages exceed a certain amount. Check with your accountant or social security office for the current regulations. Only cash wages are taxable; wages paid to children of the employer who are under age 18 are not subject to social security tax in a sole proprietorship.

If the amount of undeposited income and social security taxes at the end of the month exceeds a certain limit, a deposit must be made within 15 days. If taxes are below that limit, the amount is carried over to the next month.

Records needed for income tax and social security tax include the employee's name and social security number, the amount of wages paid in cash, the amount of tax withheld, the number of days worked, and the amount of non-cash wages paid. A W-2 form must be provided each employee by January 31 of the year following.

#### Minimum Wage and Child Labor Laws

Under federal laws, most farm workers are not covered by minimum wage laws. However, any employer who used more than a certain number of worker days of labor in any quarter is required to pay at least the minimum wage. State laws may be more stringent than federal law. The minimum wage rate is also subject to change; check the rate for your state if you are required to pay it.

Keep records needed for minimum wage purposes for three years and include the following: name, address, occupation, rate of pay, amount paid each pay period, and the hours worked each day and week, including beginning and ending hours each day.

Child labor regulations also relate to children employed on a farm. Age 16 is usually the minimum age for employment in agriculture during school hours. Outside of school hours, the minimum age for employment is 14 with two exceptions: chil-

dren 12 or 13 can be employed with parental written consent, and children under 12 can work on their parents' farm.

Additional regulations apply to jobs classified as "hazardous." Such jobs include working with agricultural chemicals; driving and operating farm machinery, such as tractors, combines, corn pickers, and mowers; and working with breeding stock such as bulls and boars. Children under age 14 cannot be employed in hazardous jobs. Employees 14 and 15 can be certified for certain hazardous jobs. State extension services and other agencies provide training for certification.

#### **Unemployment Insurance**

Unemployment insurance is concerned with loss of income from unwillful unemployment (job loss). State law may be more inclusive than federal laws, so check both sets of laws. Both cash and non-cash wages are taxable. The rate varies according to the balance in the state's unemployment fund and the employer's experience rating.

You will need to keep records of the number of employees you have on a weekly basis as well as the amount of their wages. Records concerning dates of termination of employment of previous employees and reasons for the termination are also important. Such records are essential in determining whether a previous employee's unemployment is rightfully charged to you or another's farm by the state agency administering the program.

#### Workers' Compensation

Workers' compensation insurance is concerned with job-related injuries or illness that result in permanent or temporary, partial or total disability or death. Benefits usually include income maintenance during treatment and recovery as well as medical care. Coverage and costs vary substantially among states.

#### **OSHA Regulations**

Occupational Safety and Health Act (OSHA) regulations affect many farms and farm employees. The purpose of OSHA regulations is to provide safe working conditions and to eliminate accidents on the job. Check with your state department of labor regarding OSHA regulations.

#### **Immigration Reform and Control Act**

The Immigration Reform and Control Act of 1986 requires that you as an employer do five things regarding your employees:

- 1. Have your employees fill out their part of the Form I-9 when they start to work. This requires that the employee be a U.S. citizen or naturalized in the U.S., a permanent alien, or an authorized alien. Persons hired before November 7, 1986 do not need to complete this form.
- 2. Check documents establishing employee's identity and eligibility to work.
- 3. Properly complete the employer's section of Form I-9.
- 4. Retain the Form I-9 for at least three years. If you employ the person for more than three years you must retain the form until one year after the person leaves your employ.
- 5. If requested, present the Form I-9 for inspection by the Immigration Service or the Department of Labor.

2

These forms are only examples as indicated at the top of each. These forms do not meet the requirements of the New York Department of labor Minimum Wage Order. Usable legale work agreement forms are available from the New York Department of Labor.

#### LABOR ESTIMATE WORKSHEET

(Example)

				Total		Distribution	n of hours	
				hours for year	Dec. thru March	April May June	July Aug.	Sept. Oct. Nov.
		(1)		(2)	(3)	(4)	(5)	(6)
1	Suggested hours for fi	ull-time worker		2400	600	675	450	675
2	My estimate for full-tin	ne worker						
3	LABOR HOURS AVA	ILABLE						
4	Operator (or Partner N	lo. 1)						
5	Partner No. 2							···
6	Family labor							<del></del>
7	Hired labor							
8	Custom machine oper	ators						
9	TOTAL LABOR HOUF	RS AVAILABLE						
10	DIRECT LABOR HOU AND ANIMAL ENTER	IRS NEEDED BY C PRISES	ROP					
11	Crop enterprises	Acres	Hr./Ac.					
12								
13				-				
14								
15								
16								
17								
18								
19								
20	TOTAL LABOR HOUR	S NEEDED FOR C	CROPS				-	<u> </u>
21	Animal enterprises	No. Units	Hr./Un.					
22								
23								
24								
25								
26	TOTAL LABOR HOUR	S NEEDED FOR A	NIMALS					
27	TOTAL HOURS NEEDED FOR CROPS AND ANIMALS							
28	Total Hours of Indirect Labor Needed							
29	TOTAL LABOR HOURS	S NEEDED (lines 2	27 & 28)					
30	TOTAL AVAILABLE (lir							
31	Additional Labor Hours	Required (L. 29 mi	nus L. 30)					
32	Excess Labor Hours Av			-				
201700	e: Missouri Farm Planning H							

Source: Missouri Farm Planning Handbook, Manual 75; Feb. 1986. Department of Agricultural Economics, University of Missouri, Columbia, MO.

## JOB DESCRIPTION

(Example)

1.	Job	ob Title	
11.	Wo	ork Duties, Authority, and Responsibilities:	
111.	Job	ob Qualifications:	
	Α.	. Formal Training:	
	В.	. Special Training:	
	C.	Experience:	
	D.	). Job Knowledge:	
	E.	. Personal Characteristics:	
	F.	. Physical Requirements:	
	G.	G. Flexibility (Time, Tasks, etc.):	
	Н.	f. Other:	
	_		
IV.		Supervision:	Class
		A. Amount: None Minimal Avera	
	В.	3. Supervisor:	
٧.	Jo	Job Advancement or Promotion Possibilities:	
		n n n l l h n n n l l h	
VI.	W	Wage Rate: Beginning \$ Per; Ran	ge
VII.	Во	Bonuses, Incentives, Benefits:	
VIII.	Pr	Provisions for Time Off And Vacation:	
			•

## Examples of Bonus/Incentive/Share Arrangements<sup>1</sup>

The following examples of incentive programs should be used only as guides and be adapted to your situation. They should be tied to work responsibilities carried out by the employee and over which he/she has some control.

Suggested		TYPE OF EMPLOYEE STATU	IS	
Incentives	Semi-Skilled	Skilled	Supervisory/Management	
Normal Incentive Should Equal To:	2-5% of cash wages	4-10% of cash wages	5-40% of cash wages	
General Farm	End of year bonus = \$100-\$400 per year plus \$50 for each year of service	End of year bonus = \$200-\$600 per year plus \$75 for each year of service	Put emphasis on incentive plans	
Small Farm	Pay 11/2 times cash wage rat over 60 hours per week	e for each hour worked	2% of net cash income	
Large Farm	Pay 11/2 times cash wage rat over 48 hours per week	Pay 11/2 times cash wage rate for each hour worked over 48 hours per week		
Crop Farm	\$1-\$2/hour tractor driven after 7:00 p.m. (paid weekly) \$2-\$3/hour tractor driven after 11:00 p.m. (paid weekly)	\$1-\$3/hour tractor and/or combine driven after 7:00 p.m. (paid weekly) \$2-\$5/hour tractor and/or combine driven after 11:00 p.m. (paid weekly)	2-6 cents per bushel of corn produced over county average  5-15 cents per bushel of soybeans produced over county average	
Dairy	\$1-\$3 for each cow detected in heat \$3-\$5 per calf weaned if deat \$5-\$10 per calf weaned if dea	Calving interval \$100 = 13.5 months \$200 = 13 months \$400 = 12.5 months th loss kept below 10% ath loss kept below 5%	Herd milk production avg. 14,000# = \$100/year 16,000# = \$400/year 18,000# = \$800/year 20,000# = \$1600/year	
Hogs	\$0.50-\$0.75 for each sow detected in heat	Pigs saved per litter 7.5 = \$ 50 8.0 = \$150 8.5 = \$300 9.0 = \$500 9.5 = \$900	Feed conversion farrow to finish  400# = \$100/year  375# = \$200/year  350# = \$400/year  325# = \$700/year  300# = \$1,100/year	
Beef	\$1-\$2 for each feeder detected sick, treated and recovered	Calf crop sold  85% = 100  90% = 200  95% = 400  100% = 700	Same as other two categories	

<sup>&</sup>lt;sup>1</sup>These examples reflect Minnesota conditions. Contact your state Extension Services for arrangements for your area.

<b>—</b>	4 _			
Da	10			

## APPLICATION FOR EMPLOYMENT (Example)

NAME OF FARM OR EMPLOYER

I. PERS	SONAL INFORMATION	WWW OF THE WAY	20.2	
	ess			()
*Spou	use's name (if any)	*Childr	ren/Ages (if any)	
Do yo	ou have any health problems of	r physical impairments which	would interfere with y	our doing strenuous physic
work?	? If yes, please explain			
Educa	ation			
•	ial training			
	K HISTORY (Beginning With M			
Emple	oyer #1			
Addre	988			
ســـــــــــــــــــــــــــــــــــــ	•			)
J00 a	uties			
Dates	s worked	,		
Reas	on for leaving			
Empl	oyer #2			
Addre	ess			
			Phone (	)
Job d	uties			
Dates	s worked	Wage or sal	ary received	
Reas	on for leaving			
3. LIST	OF REFERENCES			
Name	e	Address		Phone ()
Name	e			, ,
Name	e	Address		Phone ()

<sup>4.</sup> ON THE BACK OF THIS PAGE, PLEASE EXPLAIN YOUR EXPERIENCES, STRENGTHS, AND PERSONAL CHARACTERISTICS WHICH YOU WOULD LIKE CONSIDERED AS PART OF YOUR APPLICATION.

<sup>\*</sup>Optional—Applicant is not required to provide this information.

	Form E
Date	
Interviewer	

# **EMPLOYEE INTERVIEW FORM** (Example)

1.	Name of applicant					
	Address	Phor	ne No. (	)		
2.	Check of information on application form					
	If different from application form: (Continue response on back of form if necessary)					
	Exact nature of work experiences					
	Present skills relative to this job.					
	Reasons for leaving former jobs					
3.	Personal goals and aspirations relative to farming?					
4.	Why are you applying for this job?					
5.	Evaluation of candidate relative to job description (select items from follows)	owing lis	st that rela	te to job o	lescripti	on).
Ch	aracteristics	Low	(Rating)			High
	1. Leadership qualities	1	2	3	4	5
	2. Ability to work with others	1 1	2 2	3 3	4 4	5 5
	Receptiveness to receiving directions	1	2	3	4	5 5
	5. Willingness to work (physical labor)	1	2	3	4	5
	6. Training and background in:	•	_	•	•	J
	Animal nutrition	1	2	3	4	5
	Animal health	1	2	3	4	5
	Crop production	1	2	3	4	5
	Livestock production	1	2	3	4	5
	Mechanical skills	1	2	3	4	5
	Management concepts	1	2	3	4	5
	Finance	1	2	3	4	5
	Marketing procedures	1	2	3	4	5
	Machinery operation	1	2	3	4	5
	Vehicle operation	1	2	3	4	5

Ch	aracteristics (continued)	Low	(Rating)			High
	7. Ability to manage others	1	` 2 ~	3	4	5
)	8. Personal goals	1	2	3	4	5
	9. Initiative and imagination	1	2	3	4	5
	10. Motivation	1	2	3	4	5
	11. Determination	1	2	3	4	5
	12. Ability to compromise	1	2	3	4	5
	13. Ability to identify problems	1	2	3	4	5
	14. Ability to make a decision	i	2	3	4	5
	15. Ability to understand directions	1	2	3	4	5
	16. Willingness to ask questions	i	2	3	4	5
6.	Comments, if any, about applicant's spouse and family (optional)					
7.	Key comments from references					
8.	Evaluations by current employees					
				<del></del>		· · · · · · · · · · · · · · · · · · ·
		•				
9.	Overall rating					
r						
10.	Other comments					
11.	Agreed upon follow up					
		•				

#### **EMPLOYMENT AGREEMENT**

(Example)

## Farm Employer-Employee Agreement of Employment

l,	, agree to	employ			to work on
my f	farm located:	begin	ning (date)		and continuing until such
time	as either wishes to terminate this agreement by a	day notic	e		,the
emp	ployer, and				
1.	To pay	_\$	per	from which	the employee's Income
	Tax (Yes/No) and Social Security taxes will be with Bi-weekly/Monthly).	hheld. Wag	es will be pai	d-on	(day) of (Week/
2.	To provide a house with utilities including heat and ele-	ctricity. The	maintenance	is to be done b	y
	and paid for by Any other agriback of this page.	eements pe	ertaining to the	employee's h	ouse will be noted on the
3.	The normal working hours are from A.M. to lunch. Overtime will be paid for any work done after 7:0	P. 00 P.M. at th	M. with one ho e rate of 11/2 tir	our off for breal nes the norma	kfast and one hour off for wage rate. Overtime will
	be paid after hours are worked in any one w	veek, Sunda	y through Sat	urday.	
4.	Time off shall be every other Sunday and holidays. Day, Easter, Memorial Day, Labor Day, Thanksgivin	. The holida ng Day, and	ays for purpos I Christmas Da	es of this agr ay. On Sunda	eement are New Year's ys and holidays only the
	chore work will be done. The employer,			,sh	all notify the employee,
	, at lea	ıst 45 days l	pefore the holi	day of what th	e time-off arrangements
	will be.				
5.	. The employee is entitled to weeks vacation vacason and agreed upon with the employer 30 days p				uring the non-heavy work
6.	The employee is entitled to days sick leave	with pay an	nually for the t	ime off due to	actual illness.
7.	The employee is entitled to quarts of milk pe	er day.			
8.	. The employee is entitled to pounds of beef	and	_ pounds of p	ork per year.	
9.	. The employee is entitled to a 15-minute break in mid-	-morning an	d mid-afterno	on.	
10.	The following insurance plans will be carried on the e	employee:			
	A bonus or incentive plan (is, is not) included. If included			ted on Form G	, attached.
12.	Other provisions not included above are listed on the	reverse sid	e of this form.		
			_ Date		
	Employer Signature				
	Employee Signature		_ Social Sec	urity No	

(1)			Date	
	Wage, Incentive, Benefits Agreement	Agreement	Employee.	
	Exa	Example	Your	Your Plan
Employee's Responsibilities:	Son, John age 21, contributing only labor to the farm business. Provide	contributing only usiness. Provide		
	labor where needed.	.pe		
	Cash	Value Other	Cash	Value Other
	Received	Benefits	Received	Benefits
	Per Year	Per Year	Per Year	Per Year
Cash Wages	\$7,200			
Bonus/Incentive Payments				
Crop				
I is a marker and a				
LIVESTOCK				
Other/honie	200			
Elines Donatila				
Housing room and board		\$2 400		
riousing, roofil and board		44,400		
Utilities				
Meat, milk and other produce				
Other (car, gasoline, etc.)		240		
Insurance (health, accident and life)		200		
Social security paid by employer		200		
Workman's compensation paid by employer				
Total Cash/Benefits Received	\$7,400	\$3,840		:
Grand Total	\$11	\$11,240		

# VIII. Directing



## Table of Contents

## VIII. DIRECTING

## Leadership

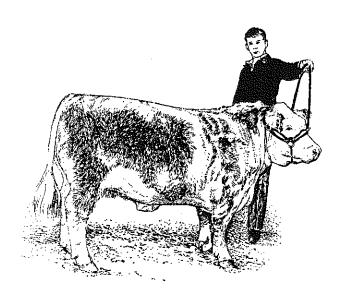
LEADERSHIP ON THE FARM	2
THE FUNCTIONS OF MANAGERIAL LEADERSHIP  The Transactional Leader  The Transformational Leader  LEADERSHIP (text)  SITUATIONAL LEADERSHIP (text)  PARTICIPATIVE LEADERSHIP (text)  Conflict	8 12 17 20
TYPES OF CONFLICT SITUATIONS	22 24
CAUSES OF INTERPERSONAL CONFLICT IN ORGANIZATIONS	25
CONFLICT-RESOLUTION STRATEGIES	29 30
COPING WITH CONFLICT	14 18
SOME COMMUNICATION/PROCESS REQUIREMENTS FOR SUCCESSFUL CONFLICT RESOLUTION	6 7 8
MOTIVATION (text) 55 THE NEED HIERARCHY (text) 55 MOTIVATION-HYGIENE CONCEPT (text) 55 NEED (summary) 62 SUMMARY (exercise)	5 9 2

#### LEADERSHIP ON THE FARM

## Guy K. Hutt

Along with motivation and communication, leadership is a means of directing which is one of the major functions of management we first discussed in Management for success I and II. In the dictionary, synonyms for the verb "to lead" are "to guide, conduct, direct, and precede." This choice identifies the leaders as part of the group and yet distinct from it. The leader acts to help a group attain objectives but never loses his own identity. The case of the orchestra leaders is pertinent: his function is to produce coordinated sound and correct tempo through the integrated effort of the instrumentalists. But more than this is needed. The orchestra can play well or poorly, depending upon its rapport with the conductor. This quality may be called interpersonal influence. On the farm this interpersonal influence or managerial leadership extends beyond the family and hired help to the lenders, feed company representatives, equipment service people, veterinarians, agents and all others who serve the farm.

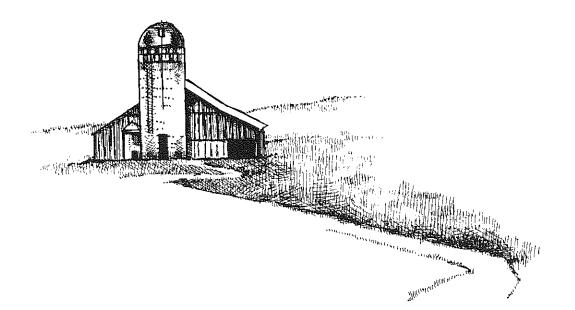
Managers should be leaders, but leaders need not be manager. In numerous studies during the past decade, it was assumed that leadership was merely a synonym for managership. While this is not true, it is apparent that the part of the manager's job which involves getting things done through people is undoubtedly made easier when the manager is a skillful leader. Although managers typically have the power to hire, fire, promote, and otherwise affect the ability of hired help to realize personal goals, for maximum results people need to be voluntarily led, not driven. But the farm manager who creates and maintains an environment conducive to the effective and efficient performance of those individuals whom he depends on will be doing much to assure his leadership position and success.



#### THE FUNCTIONS OF MANAGERIAL LEADERSHIP

Singling out just what is the function of leadership from among the skills of a farm manager can be highly controversial. Practically all writers avoid much of the problem by identifying leadership and managership as synonyms. This practice grossly obscures the leadership skill itself and makes it very difficult to understand. Leadership for our purposes on the farm is understood to be that skill of a manager which enables him to persuade family, hired help and service personal to apply themselves with zeal and confidence to the goals of the farm. Only at this level of activity will they realize their full capabilities and only at this level will the farm realize their full benefit.

Zeal reflects ardor, earnestness, and intensity in the execution of assignments; confidence reflects experience and technical ability. In many work situation, the manager exerts very little leadership. Help may be motivated by the need for a job and for income, as well as by social pressures to be productive or employed. People are generally guided by rules and requirements defined by the managers formal authority. They may work at anywhere for 10 to 80 per cent of capacity - just enough to satisfy the requirements for holding their jobs or family standing. It is literally true that when a new employee or service person reports for work, he is first concerned with determining how hard he must work to achieve minimum performance, that is, that level at which he will not jeopardize his employment and which is acceptable to his superior. In order to raise the productivity of the employed on the farm toward their total capability, the manager must induce a zealous response on the part of the family member hired or service worker. This he does through his leadership skill.



## **LEADERSHIP STYLES (exercise)**

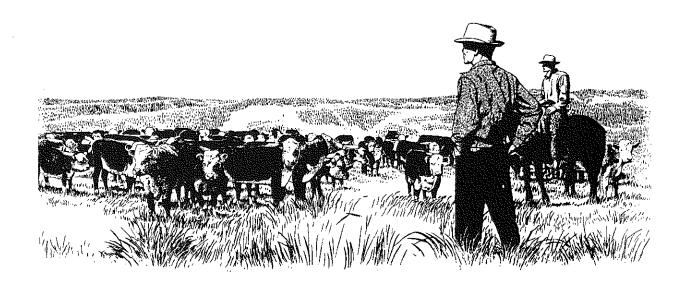
Your leadership style is the most important determinate of your effectiveness as a manager. The purpose of this section is to help you recognize what leadership styles will be most and least effective on the job. It is important to recognize the fact that no one style is best, rather a mix of styles usually provides the best results.

Your behavior (leadership style) is a function of your interpretation of the situation (work) and your experience and attitudes about the people (subordinates) involved.

Based upon the work of David McClelland and work by fellow researchers at McBer and Company, six leadership styles will be covered in this section. They are:

Coercive: Managers with this style tend to expect immediate compliance with their directions and solicit very little to no input. They manage by controlling subordinates tightly, requiring many reports, and tend to motivate by using discipline.

**Authoritative:** Managers who use this style are many times referred to by employees or family members as being "firm but fair." They tend to manage by providing clear instructions, soliciting some input (without leaving any doubt as to who the boss is), monitor behavior, motivate by both discipline and rewards, and see influence as a key part of the managers job.

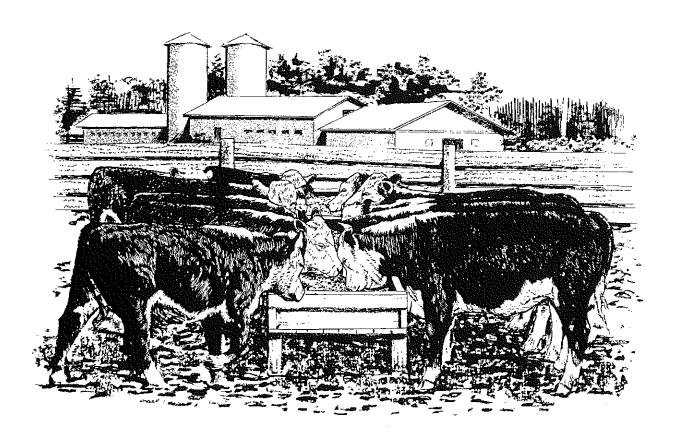


Affiliative: Managers who have this as their dominate leadership style tend to feel that people come first and tasks second. They see the managers job as one of maintaining a pleasant working environment, job security and other benefits and amenities as their key task. They tend to provide little direction, especially feedback about negative performance.

**Democratic:** Managers with this style dominate and are known for their participative style. They tend to believe that individuals and groups function best when allowed to work together and therefore tend to feel that close supervision or very detailed instructions are necessary. Democratic managers tend to hold a lot of meetings, reward adequate performance and dislike punishing employees.

**Pacesetting:** These managers like to do the job themselves. They have very high standards and expect them in others, low tolerance for poor performance, usually have trouble delegating work and when a subordinate is having trouble take the assignment back.

**Coaching:** Coaching managers see themselves as developing their subordinates and are concerned about high performance and standards. They allow subordinate flexibility in setting goals and determining how to address their tasks.



## TRANSACTIONAL AND TRANSFORMATIONAL LEADERSHIP (text)

The transactional leader is a wheeler-dealer. This type of leader is able to improvise and do and fix. A transactional leader rolls up his sleeves, gets involved and gets things done. Transactional leaders facilitate the putting together of solutions for problems. Transactional leaders lay out the tactics and are able to make changes in mid-stream in order to efficiently get things done. The tactical leader stands in the breach between a policy and the concrete reality. Tactical leaders are the one who actually make things happen and translate concepts into reality. A transactional leader is the master of tactics. He is a tactician rather than a strategist. The transactional leader can be seen as very instrumental. He is the fixer. Often a transactional leader can't tell you what they are going to do in a day. When the day is over they couldn't tell you what they had done. Only that they had been busy all day. They are also conscious that they have worked very hard and accomplished many things even though they can't articulate what they have done.

The transformational leader is a converter. The transformational leader gets people to lead themselves. The transformational leader is situational in their leadership style. In order to be transformational, one must see those that they lead as having the potential to be leaders themselves. Parents are often transformational leaders of their children. The goal is to see to it that the child learns to make good decisions on their own. Parents are often accused of thinking the best of their children. Parents often think that their children are better, brighter, faster, smarter than any other children in their class. This type of attitude is common in transformational leadership.

A mentor type of relationship is a transformational relationship. A relationship which exists in the masonry arts is transformational. In such a relationship a person enters as an apprentice, works through to being a journeymen. All of the assignments gives the follower are for the betterment and transformation of the follower. The leader continues to hold up the vision in front of the follower that they will succeed at becoming an independent leader. Independence infers ability to lead one's self. The transactional leader holds up honor and integrity and interrupts structure for the followers.

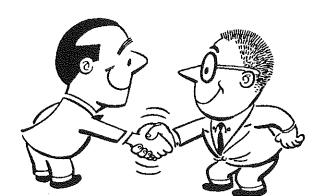
This transactional leader is not concerned with the final end values that are involved in a situation. This leader is more concerned with the short term outcome. These leaders are evaluated by their honesty and integrity in making deals. They are judged on their personal style of fairness, responsibility and commitment. They are also judged on their personal ability to fix and solve problems. The transformational type of leader must uplift people to high moral standards. The transformational leader is often times not found having much personal contact with the followers. In this way, a certain air of charisma and influence is maintained. This mystification helps in maintaining and idealized image for the followers. These leaders look larger than life to the followers. They are a bit untouchable yet still quite lovable. People often bring their psychologically

unfinished business with their parents to the transformational leaders door. The transformational leader must keep some distance. They are not very accessible to the followers. Transformational leaders hold up high more values such as liberty, justice, equality. The leaders bring to conscientiousness higher stages of moral development. These leaders become the ego ideal of the followers. The followers want to be like the transformational leader.

This leader stands in for the followers in terms of moral conduct. Witness the crash of one such moral transformational leader in the person of Jimmy Swaggert. He lost his ability to be a transformational leader when he became under too close scrutiny of the people who were following him. Many other leaders such as Hitler and Gandhi remained aloft from their followers.

There is a certain necessity for a transformational leader to have certain transactional characteristics and credentials in order to be viable and believable. If one is too transformational than they are identified as being too liberal and too feminine. It is necessary that a sustainable leader have both transformational and transactional qualities. It is often noted that transformational leaders originally come from environments than that of the followers.

Another characteristic of a transformational leader is their ability to take the role of the follower. That is, that the transformational leader is able to display empathy with the follower. The transformational leader shares the same goals as his followers. As we have discussed, this transformational leader, if he is to be taken seriously and not to be looked at as a dreamer, must be able to demonstrate transactional ability. A transformational leader who cannot perform the acts which the followers are being asked to perform looses his or her creditability. The transformational leader must be able to take the role of the follower if necessary. At times, if a leader has no higher level of moral concern or values and that leader is very transactional than they become very corruptible. Anything goes for people who are using the transactional style. They can be bought and sold just as they are willing to buy and sell to get things done. If a person becomes too transactional, they become a pragmatist and are willing to do anything for the accomplishment of the projects goals. This is opposed to a moralist. These corruptible leaders deal strictly with tactics and have no overlying strategy that would preclude their corruption.



### The Transactional Leader

wheeler-dealer improvise do The fixer rolls up his sleeves get involved get things done facilitates solutions makes changes in mid-stream efficiently gets things done stands between policy and reality actually makes things happen translate concepts into reality master of tactics tactician rather than a strategist very instrumental often can't tell you their plan in a day often couldn't tell you what they have done work very hard and accomplished many things not concerned with the end values concerned with the short term outcome evaluated by their honesty and integrity in making deals judged on fairness, responsibility and commitment judged on ability to fix and solve problems anything goes to get the job done

### The Transformational Leader

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#### **GENERAL MODELS OF LEADERSHIP (text)**

Heroic -- Two basic styles emerge:

<u>Manager-as-technician</u> -- they try to have all the answers, focus is on technical content, people problems are seen as a nuisance.

Manager-as-conductor -- they also feel over-responsible for their group and try to maneuver employees into arriving at answers the conductor has already worked out. Many talk participative but really carefully constrain discussion, allowing input but no responsibility.

Both styles require very hard work and many long hours to be effective. When things go awry, they must work even harder and longer. They are both pre-occupied with control and tend to have a demotivating impact on supervisors over the long haul, they also tend to reduce commitment on the employee's part.

<u>Manager-as developer</u> -- Concerned with seeing that problems are solved, decisions made, productivity is meeting organizational goals and objectives in a way that develops subordinates capacities for commitment to sharing responsibility for success of the group and organization.

## Other Leadership Roles Played in Organizations

<u>Implementer</u> -- ability to communicate, identify and motivate people to use their abilities and skills.

<u>Administrator</u> -- controlling, calls for understanding of organization, how to get things done.

<u>Extrapolative Planner</u> -- an organizer, inward oriented, skilled in creating structure of relationships to tasks, ability to develop guidelines, programs, budgets, etc.

<u>Entrepreneurial Planner</u> -- risk-taker, outward oriented towards changing or enlarging the organization, future oriented.

<u>System Architect</u> -- concerned with management of information to keep system running, disseminating, displaying information.

<u>Statesman</u> -- sees organization in broadest sense or perspective. Cognizant of importance of social factors in the organization, ability to compete or cooperate with other organizations, able to cope with complex decision making covering economic, social, political, cultural interaction of organization to total environment.

#### What Leader's Do !!!

### Leaders:

- 1. Create values and then communicate them clearly.
  - -- They are communicators.
  - -- They have a willingness to stand up for those values.
- 2. Develop committed followers.
  - -- They find meaningful ways to involve others.
  - -- They empower subordinates and peers. (Sable-Taurus Example of integration.)
- 3. Inspire lofty goal accomplishment.
  - -- They "raise the bar", inspiring others to "be better than the best".
  - -- Non-competitiveness is caused by "good" performance. (arrogance, complacency, regeneration).
- 4. Model the appropriate behavior.
  - -- Pace, dress, cues, etc.
- 5. Focus attention on "Important Issues".
  - -- What are the important issues?
- 6. Connect the group to the outside world.
  - -- They do not "fly-the-desk".
  - -- They have to be out listening, seeing, accessible.

## How can we develop leaders?

- -- Teach leadership behaviors and skills.
- -- Provide developmental activities (behavior modeling).



#### LEADERSHIP (text)

**Leadership**. It is as often misused as it is misunderstood.

First of all, you cannot be a leader in a vacuum. What would a coach be without a team or a band leader without musicians? The same is true in your role as a farm manager or supervisor. Without loyal family members, agribusiness support people and employees you cannot lead. The successful and effective leader is:

"successful" when the leader influences the behavior of his people in the way that the leader wants.

"effective" when the behavior of the people results from their doing what the leader wants because they want to.

There is an adage that suggests that you will know when you have done your leadership job well, if when the task is finally completed, your people can say that they have done it themselves.

Too often, leaders are unsuccessful because they want their "influence" to be obvious to those being influenced. The successful leaders know that their influence attempts need only be known to them. You are after results—the right results. And that is when leadership becomes management—influencing others to achieve organizational goals. In essence, management is a special kind of leadership in which your role is to get the job done according to your farm goals. That is all well and good, but can one develop leadership skills? Can you change the way you lead?

For years it had been thought that leaders were born, not made. If you were a certain height, age, and weight; you were a natural leader. That is not true. We have come a long way in understanding leadership and how to develop your skills as a successful and effective leader.

For starters, there is **no one best way** to influence the behavior of others. The **best approach depends on the situation**. In every situation you can **plan an approach** that has a high probability for success in getting others to do what you want them to do. The critical factors for you to consider in diagnosing a situation are:

The nature of the relationship you have with the people you're trying to influence--is it positive or negative?

**How much time** do you have? Are you trying to put out a fire, develop a new feed grouping plan, or implement a change in a new planting procedure for the coming year?

How much do your people know about their job tasks? How relevant is their experience and education? Have they done the task before or something like it?

What do you expect from yourself and your work group? How close are you located to your people?

What is the task you want to influence? Is it complex? Does it offer variety, or give your employees autonomy?

These are just a few of the things you want to consider when you are trying to influence others. But for you to "consider" them is one thing, to act on what you know is still another. Mentioned earlier was the situational factor of "time." What if there were dangerous gases escaping suddenly in your work area, followed quickly be a flash fire! That is not the time to engage in what you think of as participative leader behavior—a participative problem solving approach. That is the time for you to tell them exactly what you want them to do! "Exit the area as quickly as possible."

In other situations time may be on your side. The experience of your people on certain tasks may be extensive and they may work well together as a team. Let us say your boss has told you that it is necessary to boost production over the next two weeks without incurring overtime. Should you just "tell" your people? Or, is it the time to involve your people and see if they have any ideas as to how it can be done? You need to get their commitment to boost production by some means other than force, coercion, a big stick, or a whip.

As a leader you have a choice of many influence strategies. Given the complexity of human behavior and the management process, a conceptual framework for making behavioral choices in leadership situations may prove useful.

One of the best known and frequently taught models for thinking about leadership is "situational leadership." Popularized by Paul Hershey and Kenneth H. Blanchard in their book Management of Organizational Behavior: Utilizing Human Resources, (Prentice-Hall, 1977); situational leadership suggests that influence attempts can be characterized as communication on two basic dimensions. The first involves communication about the "task." The second dimension involves communication directed toward establishing and/or maintaining a positive relationship with the individual or group in question.

Task behavior refers to one's explanation of what is to be done, who will do it, when it needs to be done, where, and how. It involves providing direction, defining goals and roles, and instruction or guidance of some type. Task-oriented communication is often referred to as **directive** behavior.

Relationship-oriented behavior refers to communication and actions which might best be characterized as **ego-building** behaviors. Key elements include positively reinforcing comments and actions; demonstrations of trust and confidence; openness; seeking ideas; sharing; listening; and allowing participation in planning, decision-making, and problem-solving. For most people these are very positive, affirming behaviors.....well-designed to create or perpetuate a positive relationship. Such behaviors provide what researchers refer to as socio-emotional support, giving rise to the term "**supportive behavior**" often used as a synonym to relationship-oriented behaviors.

The recognition of these two factors as key elements in leadership did not originate with Hershey and Blanchard. For several decades they had been considered critical by researchers. However, for most of this time they were associated with "authoritarian" or production-oriented leadership. Supportive behaviors were associated with more "democratic" or employee-centered forms of leadership. The two were viewed as opposite ends of a continuum with a "laissez faire" or hands-off style somewhere in the middle.

#### **Autocratic**

(Task-centered)

Laissez Faire

#### **Democratic**

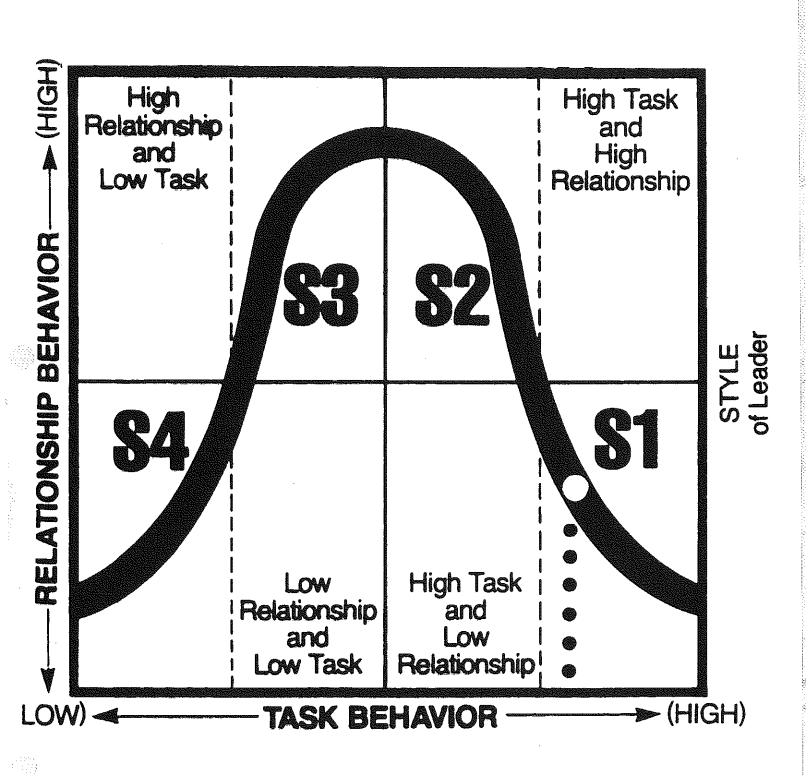
(Relationship-centered)

In more recent years research into leader behavior based on observation of real leaders in action, revealed that some do tend toward the autocratic end of scale and others more toward the democratic side. Still others clearly had styles characterized by both task and relationship behaviors. At times these leaders' behaviors showed much more of one that the other extreme. At times strong evidence of both types of behavior were present. At other times there was little evidence of either. No dominant style emerged. Interestingly, some of the most successful and effective leaders were those who seemed to be the most flexible in the behaviors they exhibited in contrast to those who exhibited a clearly dominant bias toward one type of behavior or another. The emergence of several "contingency theories" of motivation in recent years was a result of these findings. Situational leadership is one such model.

**Situational leadership** suggests that appropriate leader behavior consists of the right combination of task and relationship behaviors based on circumstances or the demands of the situation. The diagrams that follow will graphically represent this relationship. When these relationships are understood, the logic and intuitive appeal of the conceptual model is easily recognizable.

The first diagram show the relationship between the two basic dimensions. The four quadrants I, II, III, and IV show how the two behaviors combine at the "ends" of the continuum of each. This is reflective of four distinct "styles" of leadership which Hershey and Blanchard identify as S1, S2, S3, and S4. Obviously, all leader behavior cannot be so neatly slotted into only four categories, but for the purpose of illustration the four categories are quite enough.

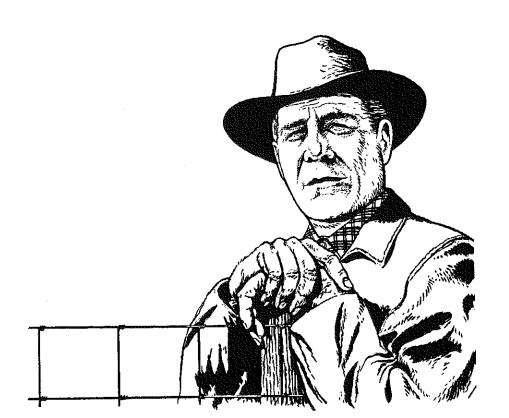
## Hershey and Blanchard



According to the tenets of situational leadership, the appropriate style depends greatly on characteristics of the follower(s) at that point in time. The key characteristics include the level of knowledge, skill, and experience possessed by the follower(s) as it relates to the specific task, responsibility, or objective in question. It includes also the follower's initiative, dependability, and willingness to accept or take responsibility. These are both attitudinal and skill-related dimensions. Hershey and Blanchard originally referred to the combination of these factors as the "maturity level" of the follower(s) and in later versions of their work the "developmental level" of the follower(s). One might think about maturity in terms of the likelihood of successful performance.

According to the model those with low levels of knowledge, skill, experience, or willingness to perform would require much higher levels of directive behavior. At the higher end of the "maturity" continuum less direction or "control" would be necessary. Diagram 2 illustrates this relationship.

To determine the appropriate leader behavior for a given situation one must first determine the maturity level of the follower in relationship to what needs to be accomplished. Then, draw a dotted line to the curve in the diagram above. The point at which the dotted line intersects the curve will fall in one of the four quadrants—thus suggesting the appropriate combination of task and relationship behaviors.



## SITUATIONAL LEADERSHIP (text)

The term "leadership" is an ambiguous one. Many jobs are so specific in content and procedure that, on a broad scale, individual differences among supervisors are inconsequential. However, there is a general assumption that for most organizations there are formally designated leaders in all phases of the operation.

We often define leadership in three different ways:

- 1. as it relates to a position
- 2. as it relates to a person
- 3. as it relates to specific behaviors, actions, or situations.

Supervisors, as well as managers, foremen, production supervisors and plant managers are all positions of leadership. Yet there may be occasions where a particular supervisor may provide considerable leadership and a particular foreman may provide little.

Leadership often is considered as a measure of the difference in ability among individuals to exert influence. This concept, however, should be modified so as to differentiate between symbolic and operational leadership.

Symbolic leadership is derived from the **authority and power** associated with a position in the organized structure. Because we have a certain position within an organization, we have rights and obligations and others we work with hold certain expectations about us. In these instances, influence is exerted, but the influence does not go beyond mere mechanical compliance to routine directives. Having the authority to sign a time sheet is one example. Although someone may work for you and you (as a supervisor) must sign the card, it really makes little difference who the person is who signs the card. In these instances it is primarily "the position" that is exerting the influence.

## **Examples:**

- The sergeant who merely passes along the order "attention" as part of an overall command.
  - The supervisory position that carries the right to assign people to particular job duties.

For our purposes, we are not interested in those influential acts associated with certain positions. We are concerned here with what is sometimes called **operational leadership**. This refers to how different people behave and the skill they have within a structured position to convince others to strive toward a goal. It should be easy to see that there are a number of different ways people in the same position or grade title act in carrying out this leadership/supervisory role.

Instead of just examining one type of leadership style, it may be valuable to look at factors which affect the choice concerning a particular approach:

#### 1. Factors in the Situation

General characteristics of the situation might influence, limit, constrain or demand a particular supervisory style. For example, there could be a time limitation which could limit the options available to anyone in supervisory role.

### Situational Influences

- Technology
- Necessity of task
- Time constraints
- Size of groups
- Geographical structure
- Communication channels available
- Rules and procedures
- Organization structure
- Complexity
- Routinization of tasks
- Importance to organizational goals
- Job characteristics

#### 2. Factors in Subordinates

Personality values, expectations, and abilities of those you manage. For example, the level of knowledge about the job or task is a factor which might affect supervisory style.

#### **Subordinate Influences**

- Knowledge
- Skills
- Expertise in a particular area/task/job
- Ability to understand (communication ability or aptitude)
- Experience in the task
- Match between organizational and individual goals
- Need for independence
- Security level (self esteem)
- Relevance
- Group support/cohesiveness
- Readiness to accept responsibility
- Ability to set high but realistic goals

## 3. Factors in the Supervisor

Previous experience. For example, the supervisor's own experience with one type of style -- or the lack of experience with a particular approach -- which might cause him or her to choose one style alternative over another.

## Supervisory Influences

- Experience in past with a particular method or style
- Value structure (Work centered orientation)
- Natural Style (At ease with a particular approach)
- Comfortable with a particular style
- Flexibility rigidity
- Personal needs power orientation
- Confidence in subordinates

When we start to examine different choices in leadership style, these factors which we have identified are important to consider. To be effective as a leader, the qualities of the leader must relate somehow to the situation that he or she is in and to the nature of the followers.

Key dimensions to situational leadership and how the function is carried out.

- 1. Retaining control versus sharing control.
- 2. High task-concern versus low task-concern.
- 3. High person-concern versus low person-concern.
- 4. Explicit versus implicit expectations.
- 5. Cautious versus venturous.

Contingencies that effect situational leadership:

- 1. Nature of task.
- 2. Expertise of leader.
- 3. Attitudes and needs of subordinates.
- 4. Leader's upward influence.

## PARTICIPATIVE LEADERSHIP (text)

Conditions where participative methods are appropriate:

- a. Decisions are non-routine.
- b. Nonstandard information is flowing in or must be gathered through employees.
- c. Actions are not taken under severe time pressure.
- d. Supervisors feel a need for independence, are intrinsically motivated, see participation as legitimate, are competent, will consider organization goals, can affect implementation.

#### GOOD AND BAD SIDE OF CONFLICT

- Properly managed, moderate doses of conflict can be beneficial
- Conflict is the root of change
- People learn and grow as a result of conflict
- Conflict stimulates curiosity and imagination
- Conflict helps to relieve monotony and boredom
- Conflict can provide diagnostic information about problem areas in a department
- After conflict, closer unity my be reestablished

- Prolonged conflict can be injurious to your physical and mental health
- Conflict diverts time, energy and money away from reaching important goals
- Conflict often results in self interest at the expense of the organization
- Intensive conflict may result in lies and distorted information



#### TYPES OF CONFLICT SITUATIONS

Handout

#### PHYSICAL RESOURCES

We never seem to have enough resources to meet the demands for them. As in the decision-making process, the manager must make choices between different alternatives. Conflict and competition occur for resources or a job, room or space allocations. In addition, money allocations falls in this area.

## WHAT SHOULD BE DONE

This isn't necessarily competitive conflict, but rather may be merely procedural. Readjustment concerning a plan might fall in this category. How should a culling policy be handled under an unusual set of circumstances could be a conflict situation between two individuals.

## **HOW TO DO SOMETHING**

This situation often occurs in the training area. Although there may be a fairly definite procedure regarding job performance, there still can be substantial disagreement on how to perform. In many operations, different demands might be placed on workers by managers as to how they do a certain task. In these cases the manager may have to make a determination in regard to it.

## PERSONALITY PROBLEMS

Conflict may occur simply because one person may not like the personal style, preferences or attitudes of another. This situation is certainly far removed from the competition question but is quite a frequent one in all organizations.

## SUPERIOR-SUBORDINATE

It might be more appropriate if this were referred to as positional conflict. For example, a manager may impose constraints on a subordinate which the subordinate feels are too restrictive. Disagreement and subsequent conflict may occur in regard to delegation issues, or how much a subordinate is allowed to make decisions.

#### DATA INTERPRETATION

How often in the day-to-day operation of a Dairy Farm can two people look at the same set of figures and reach quite different conclusions? You and a field rep looking at a poor crop may have differing views about cause. Is it because of added spraying efforts, or is it merely because of the weather. Bottles are either half-filled or half-empty depending on how one looks at them.

## ENTERPRISE CONFLICT

Different jobs and different responsibilities create different values. Often these differences create conflict situations. In some instances these conflicts might occur over allocation of resources.

It may also become an issue when allocation of expenses are made. Very often there may be substantial disagreement about whether or not certain expenses are allocated strictly on a % of total sales basis.

## **DISAGREEMENT OVER NECESSITY**

This might be put under the superior-subordinate category, however, it probably has its basis in a broader organizational structure.

Very often conflict develops over whether a certain task is needed, or whether another standard practice is no longer timely or appropriate.

Although there are countless other situations which could be indicated, the ones cited above seem to account for many of the **major types** of conflict situations which can an do occur.



#### Handout

#### **SUMMARY**

All conflict situations differ, therefore we can never assume that all of them can be resolved in a reasonably constructive manner nor should we always see conflict as a life and death - win - lose struggle. Each situation should be seen on its own terms. As we look at conflict from the point of view of resolution, we should consider the following:

- 1. Characteristics of the parties involved
  - values, motivations, aspirations, objectives
  - physical, intellectual, social resources available to them
  - their beliefs about conflict, conceptions of strategy and tactics
- 2. Prior relationships to one another
  - attitudes, beliefs, expectations about one another
  - beliefs about other's view of oneself
  - degree of polarization (How far apart are they?)
- 3. Nature of issue giving rise to conflict
  - scope, rigidity, significance frequency
- 4. Strategy and tactics employed by parties involved (extent of use)
  - promises and rewards
  - threats and punishments
  - freedom of choice/coercion
  - openness of communication and sharing of information
- 5. Social Environment (within which conflict occur)
- restraints, encouragements, deterrents and social norms concerning strategy and tactics
- 6. Interested audiences to conflict
  - relationships to the individuals involved
- 7. Consequences of conflict to each participant
  - gains and losses (wins and losses)
  - precedents set for the future
  - changes as a result of conflict

# Handout CAUSES OF INTERPERSONAL CONFLICT IN ORGANIZATIONS

Rank order those items which you feel cause the greatest amount of conflict in your organization. Use "1" and "2" for the items which you feel cause most conflict in your organization. Then rank the two categories which you feel are least responsible for conflict in your organization. Use "7" for the lowest category and "6" for the second lowest.

second lowest.	
	Divergent Goals: Conflict occurs when there are differences
	between the needs of an individual and his organization.
time	Role Conflicts: Some conflict is built into the very nature of certain kinds of work. This is especially true where part of the job requires "policing" or monitoring of other peoplei.e., Herdsman over a part milker.
	Value Differences: Conflict based on differences in lifestyle,
	beliefs, values among individuals.
	Personality Differences: Some individuals with similar
	backgrounds, values and complementary roles simply do not get along due to emotional or personality differences.
	<u>Perceptual Differences:</u> People may disagree because they perceive situations or phenomena differently.
	<u>Status Differences:</u> Conflict may occur if a lower status person attempts to originate activity for a higher status person for example, a subordinate tells his boss how a project should be handled.
	Scarcity of Resources: Not every enterprise can get all the money, material and human resources it wants. Most enterprise workers believe their part of the operation is most essential.

# ASPECTS OF **ROLE** THAT RELATE TO CONFLICT AND PERFORMANCE

**ROLE EXPECTATION:** 

What others think the person is

responsible for

**ROLE PERCEPTION:** 

What the person thinks she/he us

responsible for

**ROLE ACCEPTANCE:** 

What the person is willing to do

**ROLE BEHAVIOR:** 

What the person actually does

**ROLE AMBIGUITY:** 

Confusion over what the person is

to do, which role to take

**ROLE OVERLOAD:** 

Having too many tasks to do or more

than one role

ROLE CONFLICT:

Having two or more roles and they

are in conflict

# **CONFLICT TYPES/PERCEPTION OF CONFLICT**

Two basic types:

- 1. <u>Content</u> Related to matters of substance (Realistic; Coser 1956) Helps participants move toward instrumental goal of interaction.
- 2. <u>Interpersonal</u> Agree toward content but have negative or conflicting orientations toward one another. (Affective destructive)

No wonder there's often a breakdown in human **communication**. Even though there are only two people talking or writing to each other, There are actually eight personalities present:

There are you and I;

There is who you think I am, and who you think you are;

There is who you think I am, and who I think you are

and there is who I think you think you are, and who you think I think I am.



This is the story of four people Everybody, Somebody, Anybody, and Nobody

There was an important job to be done and everybody was sure that somebody would do it. Anybody could have done But nobidy did it.

Somebody got angry because it was everybody's job. Everybody thought that somebody would do it. But nobody asked anybody.

It ended up that the job wasn't done everybody blamed everybody when actually nobody asked anybody.



### **CONFLICT-RESOLUTION STRATEGIES**

Conflict is a daily reality for everyone. Whether at home or at work, an individual's needs and values constantly and invariable come into opposition with those of other people. Some conflicts are relatively minor, easy to handle, or capable of being overlooked. Others of greater magnitude, however, required a strategy for successful resolution if they are not to create constant tension or lasting enmity in home or business.

The ability to resolve conflict successfully is probably one of the most important social skills that an individual can possess. yet there are few **formal** opportunities in our society to learn it. Like any other human skill conflict resolution can be taught; like other skills, it consists of a number of important subskills, each separate and yet interdependent. These skills need to be assimilated at both the cognitive and the behavioral levels (i.e., Do I understand how conflict can be resolved? Can I resolve specific conflicts?).

### RESPONSES TO CONFLICT SITUATIONS

Children develop their own personal strategies for dealing with conflict. Even if these preferred approaches do not resolve conflicts successfully, they continue to be used because of a lack of awareness of alternative.

Conflict-resolution strategies may be classified into three categoriesavoidance, defusion, and confrontation. The accompanying figure illustrates that avoidance is at one extreme and confrontation is at the other.

# A Continuum of Responses to Conflict Situations

### Avoidance

Some people attempt to avoid conflict situations altogether or to avoid certain types of conflict. These people tend to repress emotional reactions, look the other way, or leave the situation entirely (for example, quit a job, leave school, get divorces). Either they cannot face up to such situation effectively, or they do not have the skills to negotiate them effectively.

Although avoidance strategies do have survival value in those instance where escape is possible, they usually do not provide the individual with a high level of satisfaction. They tend to leave doubts and fears about meeting the same type of situation in the future, and about such valued traits as courage or persistence.

### **Defusion**

This tactic is essentially a delaying action. Defusion strategies try to cool off the situation, at least temporarily, or to keep the issues so unclear that attempts at confrontation are improbable. Resolving minor points while avoiding or delaying discussions of the major problem. postponing a confrontation until a more auspicious time, and avoiding clarification of the salient issues underlying the conflict are examples of defusion. Again, as with avoidance strategies, such tactics work when delay is possible, but they typically result in feelings of dissatisfaction, anxiety about the future, and concerns about oneself.

### Confrontation

The third major strategy involves as actual confrontation of conflicting issues or persons, Confrontation can further be subdivided into **power** strategies and **negotiation** strategies. Power strategies include the use of physical force (a punch in the nose, war); bribery (money, favors); and punishment (withholding love, money). Such tactics are often very effective from the point of view of the "successful" party in the conflict: He wins, the other person loses. Unfortunately, however, for the loser the real conflict may have only just begun. Hostility, anxiety, and actual physical damage are usual byproducts of these win-lose power tactics.

With negotiation strategies, unlike power confrontations, both sides can win. the aim of negotiation is to resolve the conflict with a compromise or a solution which is mutually satisfying to all parties involved in the conflict. Negotiation, then, seems to provide the most positive and the least negative byproducts of all conflict-resolution strategies.

### **NEGOTIATION SKILLS**

Successful negotiation, however, requires a set of skills which much be learned and practiced. These skills include (1) the ability to determine the nature of the conflict, (2) effectiveness in initiating confrontations, (3) the ability to heart the other's point of view, and (4) the utilization of problem-solving processes to bring about a consensus decision.

# Diagnosis

Diagnosing the nature of a conflict is the starting point in any attempt at resolution through negotiation. The most important issue which must be decided in whether the conflict is an ideological (value) conflict or a "real" (tangible) conflict-or a combination of both. Value conflicts are exceedingly difficult to negotiate.

The Israeli-Arab conflict provides a good example of this point. In order to settle the tangible element in the conflict-who gets how much land-ideological differences do not need to be resolved. It is land usage that is the area of the conflict amenable to a negotiated settlement.

It is important to determine whether conflict is a real or a value conflict. if it is a conflict in value resulting in nontangible effects on either party, then it is best tolerated. If, however, a tangible effect exists, that element of the conflict should be resolved.

### Initiation

A second skill necessary to conflict resolution is **effectiveness** in **initiating a confrontation**. It is important not to begin by attacking or demeaning the opposite party. A defensive reaction in one or bother parties usually blocks a quick resolution of differences. The most effective way to confront the other party is for the individual to state the tangible effects the conflict has on him or her. For example: "I have a problem. Due to your stand on hiring women as executives, I am unable to apply for the supervisory position that I feel I am qualified to handle." This approach is more effective than saying, "You male chauvinist pigyou're discriminating against me!" In other words, confrontation is not synonymous with verbal attack.



# Listening

After the confrontation has been initiated, the confronter must be capable of hearing the other's point of view. If the initial statement made by the other person is not what the confronter was hoping to hear, defensive rebuttals, a "hardline" approach, or explanations often follow. Argument-provoking replies should be avoided. The confronter should not attempt to defend himself, explain his position, or make demands or threats. Instead, he must be able to engage in the skill termed reflective or active listening. He should listen and reflect and paraphrase or clarify the other person's stand. When the confronter has interpreted his opposition's position to the satisfaction of the other person, he should again present his won point of view, being careful to avoid value statements and to concentrate on tangible outcomes. Usually, when the confronter listens to the other person, that person lowers his defenses and is, in turn, more ready to hear another point of view. Of course, if both persons are skilled in active listening, the chances of successful negotiation are much enhanced.

# **Problem-Solving**

The final skill necessary to successful negotiation is the use of the problem-solving process to negotiate a consensus decision. The steps in this process are simply stated and easy to apply. (1) Clarifying the problem. What is the tangible issue? Where doe each party stand on the issue? (2) Generating and evaluating a number of possible solutions. Often these two aspects should be done separately. First, all possible solutions should be raised in a brainstorming session. The each proposed solution should be evaluated. (3) Deciding together (not voting) on the best solution. The one solution most acceptable to all parties should be chosen. (4) Planning the implementation of the solution. How will the solution be carried out? When? (5) Finally, planning for an evaluation of the solution after a specified period of time. This last step is essential. The first solution chosen is not always the best or most workable. If the first solution has flaws, the problem-solving process should be begun again at step 1.

Since negotiation is the most effective of all conflict-resolution strategies, the skills necessary to achieve meaningful negotiation are extremely important in facing inevitable conflicts.



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### COPING WITH CONFLICT

### Martin B. Ross

Conflict between and among individuals, groups, organizations, and nations pervades our society. Definitions of conflict cover a wide range and usually include such dimensions conditions, perceptions, emotions, behavior, and outcome, Conflict is defined here as a process that begins when one of the parties to the interaction perceives that another has frustrated, or about to frustrate, one of his or her needs or concerns (Thomas, 1976, p. 891). By viewing conflicts in this way-considering eh diversity of people's values, attitudes, beliefs, motives, and goals--it is no wonder that conflict is so pervasive. Given and potential for real or perceived frustration of some need or concern, opportunities for conflict are abundant and conflict is inevitable.

### **CONFLICT-MANAGEMENT STYLES**

The ability to cope successfully with conflict in among the most important social skills one can acquire. As people mature they usually develop behaviors for coping with conflict; there is even some evidence that they develop certain preferred styles (Thomas & Kilmann, 1974). Almost invariably conflict-management skills are acquired without formal education or guidance. Usually behavior are modeled after the behavior of others. If one is fortunate enough to have good models, and if one is lucky enough to be in situations in which the modeled style effective, one is usually successful. If not, one may learn an effective style too late. The best way to minimize failure is to learn what styles are available, in what situations they are most effectively employed, and how to use them.

A model developed by Thomas (1976) provides an excellent framework for learning various conflict-management behaviors, their situation-specific assets and liabilities, and the consequences of using a particular style too much or too little. As shown in Figure 1, the model assertiveness, the extent to which the individual attempts to satisfy his or her own concerns, and (2) cooperativeness, the extent to which the individual attempts to satisfy the other persons' concerns. These two dimensions define five distinct styles for coping with conflict: competition, collaboration, avoidance, accommodation and compromise. Much of the following discussion is based on Thomas and Kilmann (1974).

# Competition

Competition reflects a desire to meet one's own needs and concerns at the expense of the others party. As the model illustrates, the most assertive and least cooperative people use the competitive style. To achieve the desired outcome, the competitor uses whatever power is available and acceptable, e.g., position or rank, information, expertise, persuasive ability economic sanction, or coercion. If the stakes are high enough, a very competitive person's use of power may well be limited only by some greater external power such as the law or social taboos.



Some advocate the use of the competitive style in all actual or potential conflict situations, which is not surprising given the endless models and reward systems that foster and support competition in our society. Others condemn the competitive style as a win/lose strategy. Competing (or any other style) is neither good nor bad, but one of many styles that may be appropriate and effective, depending on the situation.

Life-threatening situations requiring quick, decisive action may require a power-oriented competitive style. General in battle or parents in certain circumstances might choose to control soldiers of children without considering their needs and concerns. A competitive style may also be necessary at times to protect oneself from others who tend to take advantage of noncompetitive behavior.

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### Collaboration

Collaboration involves the maximum use of both cooperation and assertion. Those using a collaborative style aim to satisfy the needs and concerns of both parties. Collaborating means (1) acknowledging the there is a conflict; (2) identifying and acknowledging each other's needs, concerns, and goals; (3) identifying alternative resolutions and their consequences for each person; (4) selecting the alternative that meets the needs and concerns and accomplishes the goals of each party; and (5) implementing the alternative selected and evaluating the results.

Collaborating requires more commitment than the other styles and takes more time and energy. It follows that such commitment must be warranted by situations in which the needs and concerns of the parties are extremely important and cannot be ignored. Collaboration is also the best style to use when it is essential that the parties to a conflict be committed to the resolution because an outcome that meets the needs of both parties is more likely to have the required support and commitment. Going through the collaboration process can also lead to personal growth as the parties involved explore and test their values, assumption,s and potential solutions.

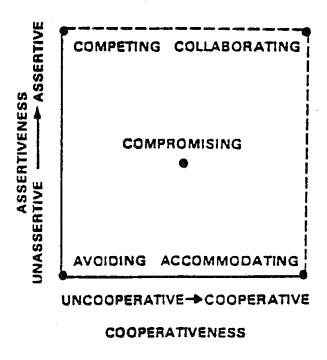


Figure 1. Major Styles of Coping with Conflict

Adapted from the model of conflict presented by Kenneth Thomas in M.D. Dunnette (Ed.), Handbook of Industrial and Organizational Psychology (Vol. II). Chicago: Rand McNally, 1976. Used with permission. University Associates

### **Avoidance**

Avoidance is characterized by both uncooperative and unassertive behavior by both parties. Those employing this style simply do not address the conflict and are indifferent to each others needs and concerns. The evade the issue, withdraw from the discussion, or may not even stay for the resolution.

Avoidance can be employed effectively as either an interim or a pennant strategy. For example, if discussion is heated, it may be useful to allow the other person to cool down. At times, avoiding a situation until more information is available or an analysis of the problem has been made is the most productive approach. Temporarily avoiding a situation is also helpful if the issue is relatively unimportant, if there is not enough time available to come to a resolution or if the issue is thought to be only a symptom of a more extensive problem that must be delayed with later.

As a permanent strategy, avoidance of the situation is indicated if the probability of satisfying one's needs and concerns is exceedingly low and there is no concern for the other party's needs and concerns. Total avoidance is also called for if others can resolve the conflict more easily.

### Accommodation

Accommodation is characterized by cooperative and unassertive behavior. Accommodation means placing the other party's needs and concerns above one's own, even if one has very strong needs and concerns in the situation (which produces the conflict).

Accommodating is appropriate and effective if one party is not as concerned as the others. Accommodating the needs of the first party builds good will and leads to cooperative relationships. Accommodation is also effective when preserving harmony and avoiding disruption are especially important or when one person has a great deal more power than the other.

# Compromise

Compromise is midway between competition and collaboration and avoidance and accommodation. Moderate amounts of cooperativeness and assertiveness are required to effect a compromise. The person compromising expects that the outcome will be partial fulfillment of the needs, concerns, and goals of both people. Both search for a mutually acceptable, partially satisfying solution. Compromise results in more aggregate needs being met than would be met through competition and fewer met than would be met by collaboration. Through compromise, more issues are confronted than would be confronted through avoidance, but issues are confronted less thoroughly than they would be through collaboration. Although the solution to a compromise is mutually acceptable, it only partially satisfies each person's needs and wants. Therefore, competition is second to collaboration in degree of satisfaction produced.

2

Compromise is appropriate is also appropriate when the goals of the parties are moderately important but not worth the effort and time required for collaboration. Compromised is preferred when the parties are strongly committed to mutually exclusive goals and it is unlikely that either party has the power to dominate the other. Compromise also may be considered an effective strategy in case an effort to collaborate fails.

#### WHICH STYLE TO USE

Whether a particular conflict-management style is appropriate is specific to situation. To be effective at managing conflict, one should be able to use any of the styles and know when each style is appropriate. However, people tend to develop one preferred style and use it in most situations. As a consequence, people may neglect styles that could be more effective. Brief descriptions of the potential adverse consequences or over-orunderuse of the styles of coping with conflict discussed earlier follow.

### Competition

Someone who uses a competitive style to the exclusion of the other styles, may find that other people object to being forced into win/lose situations. Competitors do not yield their positions and often express anger and frustration openly and aggressively toward those who disagree. Other people learn that confronting a competitor brings negative consequences, so consistent competitors may not receive important information and feedback from other. Consistent competitors may be seen as belligerent and they may ultimately be cut off from interaction with others.

People who never use the competitive style may also suffer adverse consequences. They may feel powerless against competitors especially. In addition, the individual may be ineffective from lack of practice if he or she elects to use the style.

### Collaboration

Collaboration required a substantially greater commitment than do the other conflict-management styles. Many issues simply do not warrant the time and energy required to seek optimal solutions, and not all conflicts are worth resolving or even lend themselves to resolution. Collaboration is being overemployed if seeking resolution to conflict is tapping energy needed for other activities.

One-sides commitment to collaboration can also result in advantage being taken of the person who attempts to reach a mutually satisfying resolution. Because collaboration required openness and trust, if only one of the parties to the conflict is willing to be open and trusting, that party will be at a disadvantage.

Creative ideas and solutions to complex problems are more likely to emerge through collaboration. A person who never uses the collaborative style risks loss of truly innovative ideas and resolutions to the conflict.

#### Avoidance

Many people assume that there are no adverse consequences associated with avoiding conflict. They assume that if they withdraw they have no responsibility and therefore there can be no negative consequences. On the contrary, too much avoidance of conflict can create problems for both parties. Participation in decision making fosters commitment to and subsequent implementation of the decision. If one person withdraws, decisions will be made and goals will be set with or without that person's input, resulting in poor implementation of the decision and low levels of commitment to it.

The person who rarely avoids conflict may also encounter adverse consequences. Selectively avoiding conflict can be a good tactic to employ. Those who confront every conflict head on can hurt other's feelings and stir up their hostilities. Selective avoidance is also the best way to keep from becoming overwhelmed by conflict, a distinct possibility in our society. The importance of every potential conflict needs to be weighed and a determination must be made about whether to avoid the situation.

#### Accommodation

Those who use accommodation to excess may feel that their own idea, needs, and concerns not receiving the attention they deserve. Accommodators generally are "quiet" and are perceived that way to the extend that they are often not heard when they do make a contribution. The influence, respect, and recognition may erode.

On the other had, those who rarely use accommodation may be seen as unreasonable, and they may fail to maintain good relations with others because they do not acquire the good values that accommodation can bring.

# Compromise

Those who always compromise risk losing sight of what it would be like to have their needs met. People become caught up in the tactics and strategies of compromise and lose sight of important values and principles and the myriad possibilities.

On the other hand, people who never compromise may never develop the skills needed to bargain or negotiate when necessary. They may be unable to make concessions and may not be able to extricate themselves from potentially no-win confrontations.

### SUMMARY

Nothing is inherently right or wrong about any of the conflict-management styles; each may be more or less appropriate and effective, depending on the situation and the parties involved.

Each of us has access to a variety of conflict-management behaviors but we tend to perceive certain ones and to use them to the exclusion of other styles that could be more effective in a giving situation--with adverse consequences. We must develop the skills to execute any of the styles. Then we can diagnose conflict situations and choose the appropriate way to deal with whatever comes up, depending on our needs at the time and the importance of coming to a resolution within a prescribed time frame.

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# SOME COMMUNICATION/PROCESS REQUIREMENTS FOR SUCCESSFUL CONFLICT RESOLUTION

- 1. Focus is on defeating the problem, not one another.
- 2. Everyone is **involved** in the process in order to create a sense of shared responsibility for the solution.
- 3. Solutions are evaluated in terms of quality and acceptance to the parties.
- 4. Questions are asked to elicit **information**, not to belittle the other party.
- 5. Feedback is **descriptive**, specific and **non-judgmental**.
- 6. Power is equal or power differences are ignored.
- 7. **Information is shared** equally by everyone.
- 8. Parties believe that mutually acceptable solutions are possible and desirable.
- 9. Parties **trust** each other, are not defensive, angry or threatened.
- 10. Parties do not make a "we-they" distinction; instead it's "we vs. the problem."
- 11. Problems are jointly defined by the parties.
- 12. Problem description, solution generation and solution evaluation are separate phases of discussion



### CONFLICT MANAGEMENT COMMUNICATION SKILLS

Managing Interpersonal Conflict (MIC) Technique:

Stage 1: Evaluating the Conflict Interpersonally.

During this stage, persons try to identify what is really bothering them. Specific questions they try to answer before moving to Stage 2 are: (1) What is causing the conflict? (2) Where and when should the conflict be discussed?

Interpersonally communication skills which are important at this stage are:

- 1. the ability to identify, own, and describe one's feelings.
- 2. the ability to describe (rather than evaluate) the behavior of the other person.
- 3. the ability to separate fact from inference.
- 4. the ability to empathize with the other person.

# Stage 2: Defining the Conflict Interpersonally.

During this stage, persons aid each other in discovering the nature and causes of the conflict. Specific questions to be answered before moving to Stage 3 are: (1) What is causing the conflict from each of our perspectives? (2) Can we agree on the definition of the conflict?

A balanced use of the following interpersonal communication skills by both parties to the conflict is important at this stage:

- 1. the ability to ask non-judgmental questions.
- 2. the ability to paraphrase the other person's comments.
- 3. the ability to check one's perception of how the other feels.
- 4. the ability to own and describe one's feelings.
- 5. the ability to describe (rather than evaluate) the behavior of the other.

- 6. the ability to separate fact from inference.
- 7. the ability to empathize with the other person.
- 8. the ability to send congruous verbal and nonverbal messages.
- 9. the ability to avoid tangential responses.

# Stage 3: Interpersonally Identifying Mutually Shared Goals

This is probably the most important stage of the MIC Technique. The overriding purpose of this stage is to understand the needs and desires of the other person as well as to make one's needs and desires clear. The first phase of this stage is the honest disclosure of each person's individual goals.

Specific questions which should be dealt with in Stage 3 are: (1) What goals are we attempting to satisfy with our individual resolutions to the conflict? (2) Which of these goals do we mutually share? (3) Which of the goals identified in 1 and 2 are important in formulating a resolution? (4) Can we agree on a list of mutually shared goals?

- 1. the ability to identify the positive aspects of the conflict management effort as mutually shared goals.
- 2. the ability to be problem-oriented (rather than controlling) in one's communicative behavior.

# Stage 4: Interpersonally Identifying a Variety of Possible Resolutions.

The primary objective of this stage is to generate a wide variety of ways to resolve the conflict. Specific questions which should be dealt with in Stage 4 are: (1) What are possible ways to resolve the conflict? (2) Have we exhausted all the possible ways to resolve the conflict?

The following skills are unique to Stage 4:

- 1. the ability to communicate provisionalism (rather than dogmatism).
- 2. the ability to refrain from prematurely evaluating the other's solution.

# Stage 5: Interpersonally Weighing Goals against Possible Resolutions

The purpose of this stage is to weigh all the goals outlined in Stage 3 against all the possible resolutions uncovered in Stage 4.

Specific questions which should be answered in this stage are: (1) How does each resolution stand up against the goals identified in Stage 3? (2) Which resolution satisfies the largest number of goals? (3) Can we agree on the best resolution?

All interpersonal communication skills listed for the previous stages are relevant to Stage 5 in addition to the ability to communicate spontaneity (rather than strategy) when reacting to the relationships between goals and resolutions.

# Stage 6: Interpersonally Evaluating the Chosen Resolution after a Period of Time.

This stage encourages individuals to realize that managing conflict is processual in nature i.e, persons and their perceptions, along with situations and their components, change with time. Because a conflict was resolved in the past does not mean that the resolution will remain a satisfactory one.

Specific questions which should be answered in this stage are: (1) How is the resolution working? (2) Do we need to modify it in any way? (3) When will we meet again to discuss how the resolution is working?

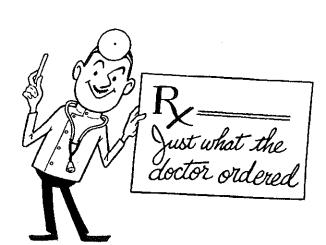
Along with the interpersonal communication skills presented in the previous stages, the following addition is relevant to Stage 6: the ability to be honest with oneself and the other person and to say simply, "We need to talk about this situation again."

From Weider Hatfield, Deborah, "MIC: Managing Interpersonal Conflict with a Win-Win Approach," in <u>Business Communication Strategies and Skills</u>, ed. Richard C. Useman, James M. Lahiff and John D. Hatfield (Hindsdale, ILL: Dryden Press, 1981), pp. 161-69.

# BETTER LISTENING:

Handout

- 1. **TOLERATE** SILENCE
- 2. ASK OPEN-ENDED QUESTIONS
- 3. **ENCOURAGE** WITH ATTENTIVE EYE CONTACT, ALERT POSTURE, AND VERBAL CUES
- 4. **PARAPHRASE** (periodically restate what you've heard)
- 5. **REFLECT** EMOTION AND FEELINGS YOU ARE AWARE OF IN THE OTHER PERSON
- 6. KNOW YOUR BIASES AND PREJUDICES AND CORRECT FOR THEM
- 7. AVOID PREMATURE JUDGEMENTS
- 8. SUMMARIZE



### **CONFLICT STRATEGIES**

### REMAIN CALM

Don't argue or make accusations

### LISTEN ACTIVELY

Check your understanding of what is being said Try to learn where the other person is

### **USE DIRECT COMMUNICATION**

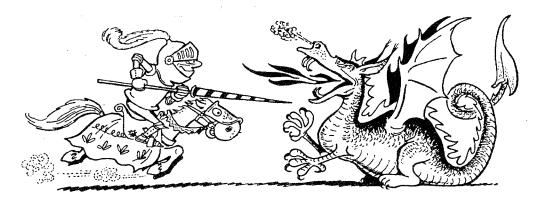
State your feelings and what you mean honestly Avoid manipulating or Withdrawing Deal with issues/behavior, not personalities

### BE PERSISTENT AND CONSISTENT IN YOUR BEHAVIOR

This communicates that you mean what you say

### **BE CONFIDENT**

In yourself and your ability to deal with others Remember your assertive rights



### **CONFLICT RESOLUTION:**

### 1: TREAT THE OTHER PERSON WITH RESPECT

This is pretty much an internal process of screening out and self-editing away the temptation to say or even think deriding things about the other person. Put-down vocabulary and thoughts get in the way of bringing the tension down.

### 2. LISTEN UNTIL YOU "EXPERIENCE THE OTHER SIDE"

We tend not to understand the content of another person's ideas or proposals until we can stand in his or her shoes and deal from that perspective as well as our own. That means we have to shelve our arguments and feelings long enough to experience the argument of the other party.

# 3. STATE YOUR VIEWS, NEED AND FEELINGS

After you have demonstrated that you respect the person and can understand his or their feelings and point of view, it is your turn to communicate your view. Four tips will aid in making this work:

- 1. State your view briefly.
- 2. Avoid loaded words.
- 3. Say what you mean and mean what you say.
- 4. Disclose your true feelings.

### CASE ANALYSIS PROCEDURE--P.T. WORKER

- I. Describe the overall situation and goals (strategies tactics). How are managers trying to accomplish their goals?

  How successful are they?
- II. Look at the external environment the business is in. What other work environments could a worker choose from. Describe this external environment: is it changing? If so how? What threats or opportunities exist from the external environment?
- III. Look at the internal environment on the farm from a human resources point of view. What changes are taking place? Identify internal strengths and weaknesses in leadership and conflict management. How do they affect what the business can do.
- IV. List areas of opportunity for improvement in terms of:
  - 1. Unmet Objectives
  - 2. Conflicting Objectives
  - 3. Area where no objective currently exists
- V. Propose alternative strategic and tactical courses of action
- VI. Chose among the alternatives using pre determined criteria for cost, time, acceptability and commitment.
- VII. Develop a specific measurable tactical plan of action to support the overall direction or strategy. Include skills learned in the workshop. Use the worksheets and course materials to back up your plans.

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### Handout

### CASE - P.T. WORKER

P. T. Worker had just come from an informal, off the clock, get acquainted day at John Smith's dairy. As he drove away he recalled some of the events of his visit.

He had arrived at 2:00 p.m. per request of Mrs. Ben Smith who had set up the interview. She seemed unsure of exactly who would be meeting P. T. but was sure that either John, Abe or Ben would be there at 2:00 p.m. to show P. T. around and talk about the job P.T. would be starting next week. She apologized for not knowing exactly who would be available.

Two o'clock came and went and P. T. found himself wandering around the barn when Ben showed up, stretched out his hand and said "Howdy. You must be the new milker. You'll be working for me and helping take care of the cows. See I'm the cow man on this farm. I've got more experience with cows than my brother Abe, cause he took off 3 years for military service."

"Abe is OK, but don't cross him. Just stay out of his way and do your job and you'll be OK. We are trying to raise the quality of our herd so we can sell registered cows and make some extra money." Ben said he had to go, but maybe P. T. should stick around and get use to things at milking time.

Not long after Ben left a slender gray haired gentle man came into the milk house and introduced himself as John Smith. He said "This is my farm and I am the boss here no matter what anyone tells you. Can you milk? Can you plow in a straight line? I'll pay you \$3.50/hr if you do your job and mind your own business. There is enough work around here so you should never have an idle moment. If you're not sleeping or eating then a man should be working. Don't cross me, don't be late, and don't treat the cows bad." John then told P. T. to go into the main house and tell Mrs. J. Smith to call the vet for a downer cow. P. T. delivered the message to Mrs. J. Smith who said she would call but to tell Mr. J. Smith that she noticed yesterday that the cow would need attention.

On his way to find Mr. J. Smith ...up drove eldest brother Abe in a restored 1950 Dodge pick-up truck. He hopped out of the truck and said. "Hi - you must be the new field hand. I'm Abe,Ben's older brother and I kind of look out for things around here. You see those field of alfalfa over their? - I new seeded them last spring and they are going to make a big difference in how this dairy produces this year. You see the basis for a good dairy starts with the crops and Dad knows that too. So if their is crop work to do we see to that first and everything else follows along as we get time. I think Ben sees it that way too, at least he never said anything different to me about it. Stick with me and you'll do alright here P. T. See you later. By the way, do you like to fish? When the hay's all put up I'll show you some great fishing. I like to relax. He said, It's good for the soul." Abe hopped back in his truck and drove away.

P. T. then found Mr. J. Smith and delivered the message from his wife about her previous day recognition of the cows need for the vet. To this comment John told P. T. to mind his own business and not to listen to his wife. "She is too soft on cows."

At milking time Abe reminded Ben that he needed his help for 15 minutes before milking to help with an equipment repair. Abe was angry with Ben and told him "I feel angry with you Ben. You told me you would help with this repair, and you didn't come. I want you to give me a hand when you tell me you are going to. Ben said nothing and continued to prep for milking. John intervened and told Abe to go do the repair himself. He told Ben to set about milking, and don't forget to treat Molly's right rear quarter. Then John muttered "I have to get ready for that blasted feed salesman to get here with my order. He always comes on my busy day you would think he would see that I am busy and change his calling day."

. P. T. rolled over the days experiences and realized he was having a hard time sorting things out. He felt <u>bad</u> all around but didn't just know why.



What types of conflict are present on John Smith's farm and who is involved?	_
Between whom are their conflicts:	_
What is John's leadership style?	
What is John's conflict style?	
What is Abe's leadership style?	
What is Abe"s conflict style?	
How could John improve his leadership?	
How could Ben manage his conflict?	
How could John manage conflict between Abe and Ben?	
How could conflicts be managed?	

Discuss leadership. power authority, conflict, listening skills and communication in the context of the case.

List Conflict situations -

Mother - Father

Father - Abe - Issues: who is in charge - value conflict

Father - Ben

Ben - Abe

Cows - Crops

# Leadership

John - Transactional

Different Goals

Who is in charge of herd>

### Elements

Organization - Role Conflict

Personality - Power Conflict

- very transactional
- no involvement
- no vision

Lack of Leadership - every person for them self

- I. D. Problems of Leadership
- I. D. Problems of Conflict

# **MOTIVATION** (text)

# **Key Concepts**

<u>Need Hierarchy</u>. The needs which motivate behavior can be arranged in a hierarchy, or order of priority. Not until the needs at one level are fairly well satisfied do the needs at successively higher levels become motivators.

<u>Motivation-Hygiene Theory</u>. This theory maintains that the factors which cause job dissatisfaction and those which result in motivation beyond some neutral point are completely different. The motivators are the higher level needs.

<u>Theory of Expectancy</u>. In order to motivate an individual, two conditions must be present. First, he must value the incentive being offered and second, he must perceive that through a positive performance he can achieve that incentive.

### Learning Objectives

After you have read this section, you should be able to:

- Explain the relationship between employee needs and motivation and why employees react differently to the same incentive.
- Distinguish between factors that simply help to avoid job dissatisfaction and those than can raise job satisfaction above average levels.
- Explain, in at least an initial way, why some incentives achieve desired results and others do not.

# The Mainsprings of Motivation

Psychologists tell us that people behave in certain ways and pursue particular courses of action in order to satisfy needs. Behavior is goal-directed toward need satisfaction. Thus, what people want out of a job is of strategic importance if they are to be motivated. In a motivation equation, the process appears as follows:

### Needs + Incentives = Actions

However, the variables in this equation often change. For example, a young man is interviewed for a job and expresses considerable interest in what that job pays. The young man is married, has two small children, lives in an apartment, and would very much like to be able to build a small nest egg to get established in his first home. It is natural, in his position, to ask first about the pay. Clearly then, for this young man money is a strong motivator. If we expect to keep him on the job and motivate him to his full ability, we must pay attention to the wage issue. We must make sure that he is adequately rewarded for performance and given the chance to develop new skills so he can move up to higher levels of work. Assuming that he is a competent employee with average or above average potential, a farm manager can initially do an effective job of motivation by stressing and providing growth opportunities, by giving the young man an opportunity to perform and, above all, by rewarding his performance with salary increases.

Now assume that three or four years have passed. The young man has bought his house, the children are in school, and, to a degree, he is established. Does money still motivate him? Yes, it does, but now other needs are important. When he talks about his job, he speaks more often in terms of achievement and accomplishment. He is concerned about challenge and whether or not he is getting a chance to exercise his full range of capabilities. He thinks in terms of the degree of responsibility associated with his work. Receiving recognition, beyond just wage increases, has become significant. His relationships with co-workers and the extent of their esteem has also become important. In short, he has reached a point where there must be more to a job than just a paycheck and a routine.

Wages alone will not always motivate the same level of response. Consequently, a farm manager must try to understand his employees as individuals and he must be sensitive to changes in human motivation.



# THE NEED HIERARCHY (text)

The psychologist usually discusses human needs in terms of some type of hierarchy. Although the number of levels in the hierarchy, as well as the descriptive terminology, may vary, the following hierarchy developed by Abraham Maslow is representative.

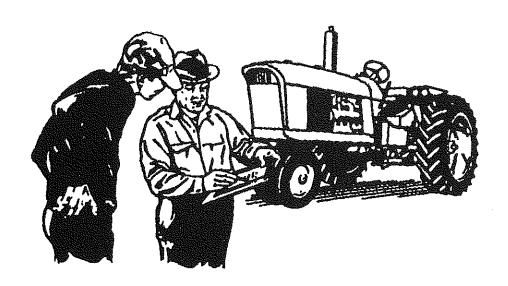
**Physiological Needs:** These are the basic needs: shelter, food, and water. Man, like other animals, has a strong drive toward self presentation.

**Security Needs**: Two types of security are significant: physical and economic. Once a person reaches a given economic level, he wants the assurance he will stay there. He does not want to worry about loss of income. Also, of course, he wants to reach what to him is a reasonable standard of living in the first place.

**Social Needs**: In addition to security, man needs society. He wants to feel that he belongs and that he is an accepted member of a group.

**Psychological** Needs: The psychological needs represent man's ego in operation. He wants status, recognition, prestige, and a high estimate of himself.

**Self Fulfillment**: The final level in the hierarchy is the need for self-fulfillment. What a person can be he must be. He has a need to progress toward his full potential – to do what he is fitted for in terms of his skill and ability as related to the type and level of job he has.



# Significance of the Need Hierarchy

The most strategic motivators of on-the-job behavior are the physiological and security needs. (It is convenient to place these together into a category called "economic needs" and recognize that basically they can be satisfied through wages.)

Not until these economic needs become reasonably well satisfied do any of the higher level needs become significant as motivators. To illustrate, if an employee's wage level is so low that he is having trouble satisfying basic physiological and security needs, it is not likely that he will respond very much to incentives designed to satisfy social, psychological, or self-fulfillment needs. We must first reasonably satisfy the economic needs through an adequate and relatively secure wage before efforts in other directions will bear results.

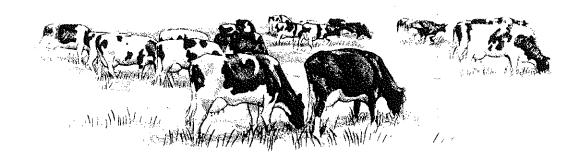
Self-Fulfillment, Status, Recognition, Prestige Friends, Co-workers, Relatives, Money, Economic Needs

Once a need is fairly well satisfied, it decreases in importance as a strong motivator relative to other needs. A need is seldom completely satisfied nor does it ever cease completely to be a motivator. However, once an employee feels that his wage is consistent with the type of work he is doing, that the wage is reasonable, and that he will continue to receive it, further attempts to motivate him to high levels of performance on the basis of wages alone will meet with less than full success. Economic needs, having been satisfied at least for the present, decrease in importance, while other needs become more important.

No two people are alike; therefore, needs vary in type and intensity from individual to individual. For one employee, economic and social needs may be satisfied rather readily, but not the need for recognition, prestige, and status. For another, the need to belong and be an accepted and important member of the group may be most important. The difficult task the farm manager faces is to translate what he knows about needs in general to discovering what specific needs workers have. He must ask himself where each stands on the need hierarchy and, in light of this, what incentives can be provided which will offer the employee the opportunity to satisfy these needs.

Usually the social, psychological, and in some cases, the self-fulfillment needs are not outwardly expressed. For example, it is not quite socially acceptable to express a desire for a sense of importance. Instead, the typical answer to the question, "What motivates you?" is money. The farm manager, however, must be sensitive to when his employees are seeking, in indirect ways, other satisfactions. He must be able to sense whether or not they feel that their work has purpose, meaning, and direction; whether they are properly challenged; when new experiences are desired; when accomplishment and recognition are sought, and when growth and advancement are important. Also, motivational needs change and the farm manager must be sensitive to these changes.

A final factor involves the fact that farm employees may behave in different ways to satisfy the same need. For example, all of us want recognition and a certain amount of individual attention. One employee (probably of above average ability) gets this recognition and attention through positive behavior. He produces top quality and quantity work and is always willing to put forth a little extra effort in an emergency. Hopefully, of course, he gets recognition for this type of performance. Doing essentially the same job and on the same operation is another person who seeks recognition and attention. This employee however, produces marginal quality work and the quantity schedule is just met, but invariably there is last minute effort to meet it. The employee in question is always (in a very broad sense of the word) in a discipline situation. The big question - does this employee get recognition and attention? The answer - yes, he does. In fact, often he may get more attention than the first employee does. Of critical importance in understanding this employee is the realization that in 10, 15, or 20 years of working, he has become convinced that to do everything right means lack of attention. This employee has a strong desire for attention and recognition. Over the years he has been trained to get attention and recognition through negative behavior. Therefore, in a very real sense, he is satisfying a recognition need in the best way he knows. The problem for the farm manager is, of course, to retrain the man - to show him by example and through personal experience that he can get more recognition through positive behavior.



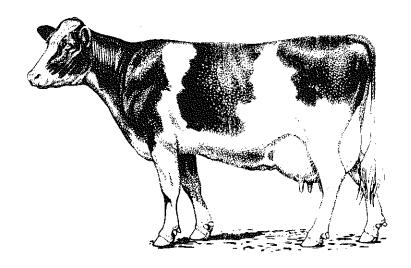
# **NEED HIERARCHY (exercise)**

1. "Arthur, I can't understand why you want to move to the Harvey farm. They don't pay their employees as well as they do here, and you'll spend a lot of time working alone and won't have the close guidance we give you here."

By requesting a job change, Arthur has implicitly expressed a desire to satisfy career factors other than \_\_\_\_\_ needs.

2. "Diane, I can't understand why you want to move back to the night milking team, it's a routine job which anyone could perform and there is no chance to apply any initiative. The job you have planning the heifer breeding program allows you to really use your head. There are no routine aspects and you can really see what's going on around here. Sure, I know the pay for the milking team is better than what we pay for the breeding program, but the challenging work should more than make up for it."

By requesting another job Diane has decided to move to a level in the hierarchy of needs because she has implicitly expressed a desire to satisfy \_\_\_\_\_ needs.



# **MOTIVATION-HYGIENE CONCEPT (text)**

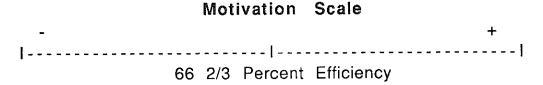
Maslow's development of the need hierarchy is indeed a significant idea, but it must be applied more directly to the work setting. In the past, organizations, as well as individual farm managers, have been preoccupied with the idea that the only incentive that could be provided to motivate people was money. The first significant breakthrough in eliminating this philosophy and its ramifications was made by Frederick Herzberg. This section describes some of the more important concepts as they were developed in the Herzberg studies.

1. There are two distinct aspects to the motivational problem. On one hand, there are those factors which can prevent dissatisfaction. Herzberg calls these hygiene factors. On the other hand, there are those factors which, if present, can lead to more positive attitudes and motivation.

These are the motivational factors.

- 2. The hygiene factors (those that can prevent dissatisfaction) include wages, fringe benefits, physical working conditions, and overall policy. When these things are adequately taken care of, dissatisfaction will disappear, but more important, no positive attitudes and motivation result. Thus, the hygiene factors are preventive. They can prevent dissatisfaction but do not act as personal incentives to motivate employees to high levels of productivity. As Herzberg points out, people can only be brought to a neutral point on the basis of hygiene factors.
- 3. The motivational factors (those which actually lead to the development of positive attitudes and act as individual incentives) include recognition, a sense of accomplishment, opportunity for advancement and personal growth, responsibility, a sense of job and individual importance, new experiences, and challenging work. While the hygiene factors satisfy the physiological and security needs, the motivational factors are concerned with the social, psychological, and self-fulfillment needs.

The motivation scale depicts the situation. On the left side of the scale is a minus sign representing employee dissatisfaction. On the right is a plus sign representing a maximum level of motivation. The middle of the scale represents the typical employee performance at about 66 2/3 percent of efficiency (an accepted figure for the typical level of an average employee).



As suggested earlier, the farm manager who approaches the subject of motivation from a solely "hygiene" angle seriously handicaps himself in several ways. First, assuming he has correctly applied the hygiene factors, all he succeeds in doing in most cases is preventing dissatisfaction. Second, no positive motivation results beyond perhaps the neutral level on the scale. Third, every farm manager is limited in his control over wages (one of the most important of all the hygiene factors). Generally speaking, the lower the wage level, the less the control. In any case, there are farm policies concerning salary review dates, wage and salary structures, and a limit of some sort with respect to the general level of wages paid. Therefore, not only is the effectiveness of money as a motivator in question but also the extent to which any individual farm manager has control over it. Fourth, Maslow has estimated that for the average person, the physiological needs are 85 percent satisfied, the security needs 70 percent satisfied, the social needs 50 percent satisfied, the psychological needs 40 percent satisfied, and the self-fulfillment needs only 10 percent satisfied. If we assume that these estimates concerning the degree to which the various needs are satisfied for the average worker are representative, the greatest potential for motivation quite obviously lies in providing incentives which satisfy the social, psychological, and self-fulfillment needs.

This does not imply that the economic needs and the hygiene factor are not important. They are indeed very important and if not given adequate attention any effort to satisfy the social, psychological, and self-fulfillment needs will meet with little success. The key point once again is that lack of hygiene factors can cause dissatisfaction but they do not get at the root of job satisfaction and motivation. The latter is a separate dimension and depends on a totally different set of needs and factors.

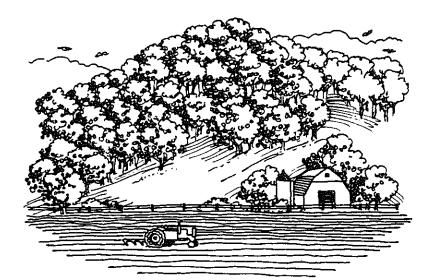
Another concept which can contribute to an initial understanding of the motivation process is the theory of expectancy and path goal relationships. According to this theory, the extent and degree of motivation is a function of the value of a particular incentive to a worker and his perception of whether or not a given pattern of behavior will lead to satisfaction of the need the incentive is designed to satisfy. Thus, the incentive offered must be important to the employee and he must perceive that he can achieve or attain it through positive behavior. Stated conversely, if the incentive itself is not valued or is valued only to a small degree and if the individual does not believe positive response on his part will achieve it, he will not be motivated. The important point is that both conditions must exist at the same time.

Both the incentive offered and the "path" of behavior needed to achieve it must be viewed from the employee's frame of reference. For example, if the farm awards wage increase based on the achievements at a given level of performance, it will only act as a motivator if from the employee's point of view the following conditions are present.

- 1. That superior performance does in fact result in some type of "extraordinary" financial reward. The fact that the farm promotes that this relationship exists is of no consequence. If rightly or wrongly over a period of time employees have come to feel that there is no relationship or that it is only a token one, they will not be motivated to perform.
- 2. The size of the potential increase must be perceived as worth the extra effort required to earn it. If employees have been accustomed to receiving a four or five percent increase more or less as a matter of course and only a six to eight percent increase is held out as an incentive, the desired motivation may not take place.
- 3. The employee must value the potential of money in the first place.

To use another example, assume that an employee seeks recognition or attention. This, in a sense, is his goal. One would expect that the normal path to follow to achieve this goal would be positive job performance. Perhaps, however, the employee has worked for managers whose philosophy was that people are paid to do things right and they will hear something only when things go wrong. The employee soon becomes conditioned to the fact that the path to recognition is not positive performance but rather less than what is expected. Consciously or unconsciously he periodically builds into his performance pattern some of those "little things" that will call attention to his presence. Assuming he does not err too often or too seriously, he finds that this approach has the advantage of at least preventing total obscurity. To change his behavior will require a farm manager who is achievement oriented and makes a point of recognizing positive performance in tangible ways.

Thus, the issue of what the employee's goals are in the first place and his perception of what path will lead to achieving them is strategic. He must value the incentive as a satisfier of a particular need and he must believe that the path of behavior which is advocated to achieve the incentive will in fact be successful.

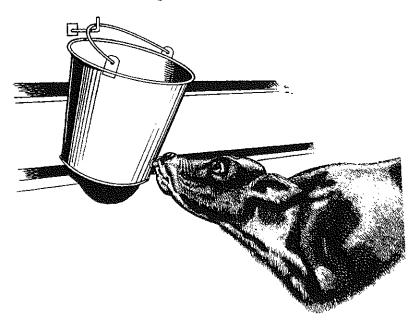


#### **NEED** (summary)

Behavior is goal directed in the sense that it is conditioned by an attempt to satisfy needs or to prevent need dissatisfaction. Abraham Maslow arranged needs in a five-step hierarchy ranging from physiological needs to the self-fulfillment needs. According to Maslow's theory, man first attempts to satisfy his physiological needs and not until they are reasonably well taken care of does he direct his behavior toward satisfying the higher level needs. In attempts to motivate employees, farm managers have traditionally centered their efforts on appealing primarily to the physiological and security needs. These efforts fall short because they neglect everything else that people look for. If the opportunity to satisfy other than economic needs is not present on the job, a good share of the employee's effort, ingenuity, and creativity will be directed toward off-the job activities to satisfy his remaining needs.

Building on Maslow's original theory, Herzberg formulated a motivation-hygiene theory. According to this theory, the factors that lead to job satisfaction and motivation are distinctly different from those that cause dissatisfaction. Herzberg labeled the factors associated with dissatisfaction as hygiene factors. They include pay, fringe benefits, working conditions, and farm policy. He maintained that the absence of the factors would lead to dissatisfaction but their presence would only serve to bring an individual to a neutral point. In order to motivate people, Herzberg maintained that the job climate must offer the employee an opportunity to satisfy his social, psychological, and self-fulfillment needs.

A final concept is the theory of expectancy and path goal relationships. According to this theory, if an employee is going to be motivated, he must first value the incentive offered and second he must believe that positive performance will in fact result in his achieving that conflicts be managed?



#### **SUMMARY** (exercise)

Discuss leadership, power, authority, conflict, listening skills and communication in the context of the case.

#### List Conflict situations -

Mother - Father

Father - Abe - Issues: who is in charge - value conflict

Father - Ben

Ben - Abe

Cows - Crops

#### Leadership

John - Transactional

Different Goals

Who is in charge of herd>

#### Elements

Organization - Role Conflict

Personality - Power Conflict

- very transactional
- no involvement
- no vision

Lack of Leadership - every person for him/her self

- I. D. Problems of Leadership
- I. D. Problems of Conflict

# IX. CONTROLLING



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### CONTROLLING (text)<sup>1</sup>

#### **Key Concepts**

- Learn the elements of controlling
- Purpose of Control. To ensure that events conform to plans. Control must concern itself with what is happening in the present.
- Elements of Controlling. The four essential elements of controlling are: 1-setting standards; 2- monitoring and reporting; 3-interpreting and evaluating information; and 4-taking corrective action.

### Learning Objectives

- Identify the fundamental principles of a good control system.
- Improve the management of your agricultural business through the use of control systems.
- Identify the common weaknesses and unintended consequences of a poorly managed control system.



<sup>&</sup>lt;sup>1</sup>Materials in this section adapted from "Management 18 " A Short Course for Managers, Burt K. Scanlan 1974

# **ESSENTIAL ELEMENTS OF CONTROLLING (text) Setting Goals**

Controlling assumes the existence of a target or goal. Therefore, the **first** essential element of controlling is some <u>predetermined measurable standard contained in a "SMART" goal</u>. Maximum productivity requires that the manager be results oriented; this means he must have something against which to measure results. Some standards will be set as part of the general farm plan and others will be developed as a part of the specific operational plan. In any case, there should be clear SMART goals set in all key areas of the farm business in order for control to be achieved.

#### Measuring, Collecting, Recording, and Reporting

The second essential element of controlling is a method of measuring or collecting the data and recording or reporting what is happening. Reports may give the manager feedback on a day-to-day basis or over longer periods of time. Reports may be in the form of a chart in the case of milk weights or as simple as a verbal message on the phone reporting the status of a machine being fixed at the dealers. The key point is that the information which is generated must be practical and usable as well as timely. The information the manager receives should enable him to pinpoint quickly where deviations are occurring so that he can do something about them. A major problem with some reporting methods is that they are so complex and detailed that they are of little practical use to managers who must try to use them. If control is to aid in the accomplishment of results, the manager must receive the necessary feedback soon enough and simply enough to make adjustments if and when they are needed. The particular situation will dictate how frequently feedback should be given.

### **Evaluating and Interpreting**

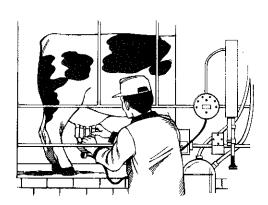
The **third** element of controlling is <u>interpreting and evaluating</u> the information generated by the feedback system. This is a key step, as it becomes the basis for taking corrective action when needed. The quality of evaluation by individual managers can be assured to the degree that the feedback given them about their operation is easily and readily understood and used or assimilated. Evaluating involves comparing the information against the standard to determine if any unacceptable deviations are taking place which would necessitate corrective action.

#### Taking Action

The **fourth** element is <u>taking corrective action</u>. It is this step which links controlling so closely to the planning function and enables the manager to accomplish the purpose of control. It should also be noted that in order to take corrective action, the manager must be a good problem solver and decision maker. More specifically, he must be able to identify the real root causes of problems hindering accomplishment and causing deviations. He must create, develop, analyze, and choose between alternative approaches to over coming the problems, and he must then make a tactical plan for the implementation of the decisions he makes.

#### **ELEMENTS OF CONTROLLING**

- 1. Clear predetermined standards contained in SMART goals.
- 2. Method of measuring, collecting, recording and reporting what is actually happening.
- 3. Evaluating and interpreting or comparing actual performance against standards.
- 4. Taking corrective action which involves returning to planning.



### **ELEMENTS OF CONTROLLING (exercise)**

ist two areas	of the farm	n you wai	nt to put u	nder impr	oved contr	rol.
<b></b>						
					·	

Now analyze those areas to see if the 4 elements of controlling are taking place. List the number 1-4 of any control element that is weak.



#### **CONTROLLING AND CONTROL SYSTEMS (text)**

Although controlling often appears last on a list of managerial functions, it is one of a manager's prime responsibilities. In many respects, controlling can be considered the essence of management. It is the function which gives meaning and depth to all other functions.

The importance of controlling lies in the fact that a manager's job is to get things done or, more specifically, to achieve results and meet goals in key areas. Although some of the work may be done by other people, it is the individual manager who remains ultimately responsible for the results. To ensure the desired level of achievement, he must develop and use a control system which will let him know at all times and on a continuous basis whether the work being done is on target.

The purpose of control is to ensure that events conform to plans. By necessity, this implies that control is concerned with the present. Viewed another way, it involves a regulation of what is happening now.

Controlling involves locating operational weaknesses or opportunities and then, where and when appropriate, taking the necessary action to ensure desired results.

Controls can be very simple. Asking someone who is repairing a piece of equipment at the dealership to call at noon and report on progress is effectively putting a measurable control point on the project. Another simple example of control is the checking off of items on a to do list; this lets you monitor, and potentially control, your progress through your days work toward the accomplishment of goals. Control systems can also be much more formal and involved when it is appropriate. As with planning, the amount of effort put into control should be appropriate for what is being controlled.

The importance of control can perhaps best be demonstrated by briefly mentioning some of the common weaknesses associated with control systems. First, and most common weakness is the lack of any control system at all. Events and activities are steaming along unchecked out of control. When people say that they are feeling out of control of what is happening, the simple solution is to put some controls in place where none exist. Often no control exists because there is no measurable standard associated with a goal.

Secondly, some control systems place too much emphasis on the past and are,

therefore, after the fact in nature. To the extent that this condition exists, the purpose of control is defeated. For example, it does little good to discover at the end of the year that the cows have not persisted in lactation. As a control device, lactation curves should be compared to the norms on a periodic basis to ensure that the end results will be satisfactory. Similarly, to discover a major quality defect in forage after all the feed is in for the winter is equivalent to locking the gate after the horse is out of the corral. A good control system would identify the problem when it initially happens so that corrective action could be taken. This first common weakness reflects a fault in the way the control system is structured. Simply stated, the point of control is not current. It is dealing with events that are too far in the past.

A third and closely related weakness is that a control system may be mistake-centered rather than cause and correction centered. The way in which the system is managed may place too much emphasis on finding out who made a particular mistake rather than identifying a problem and then taking constructive action to remedy it. This weakness of a control system is potentially most serious when it occurs in combination with problems being identified after the fact. Another aspect of a mistake-centered control system is that it tends to produce adverse and defensive reactions on the part of those who are negatively affected, including our selves. The purpose of control is not to "should" on ourselves or those who work with us but rather to provide opportunities for improvement of performance toward goals. (The human aspects of control will be discussed in more detail later.)

A fourth weakness that can inhibit the effective functioning of a control system is that it may become too complex and not specific enough. Many control systems are designed by other people and may not be workable under the conditions someone else faces. Certain people on the farm may be given the task of monitoring various aspects of the operation on a continuous basis. It is only natural that points of friction may develop between the monitored and the monitoring. As this friction occurs and continues, there is a danger that the control system becomes an end in itself rather than a means to an end. The manager using the system may get carried away with the system itself and forget about what it is supposed to accomplish. The person subject to control attacks the system as inadequate, and this sets the stage for conflict and defensive reactions on the part of everyone involved. In this climate, the purpose of control soon becomes lost.

A fifth weakness of control systems is that they may not be based on key factors that affect results. In any operation, the list of factors which can be subject to control of one kind or another is endless. If an attempt is made to control everything, the

manager will very soon be so overwhelmed with details and reports that he will not have time to manage. There are always certain key factors and points at which, if proper control is exercised, there is high degree of certainty that results will be achieved. As a result, a good control system will focus on these key areas only.

In summary, the entire thrust of the controlling function is to help the farm business and the individual manager achieve desired results. It is extremely important that this be the guideline whenever control systems are being designed or used. It is also advantageous for the operation to periodically review the control systems it has to ensure that they are doing the job.

#### Weaknesses of Control Systems

- 1. Absence of controls or no clear standards relating to goals
- 2. Mistake centered
- 3. To much emphasis on the past
- 4. Not based on the correct key factors
- 5. Too complex and not specific enough



# CONTROL (exercise)

ist and analyze two le control system v umbers of the wea	veaknesses r	nentioned	above appl	y to them.	If so list	the
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# AREAS WHERE CONTROL SYSTEMS ARE NECESSARY (text)

As with the managerial function of planning, controlling is of concern to both the total farm organization as well as the individual enterprise. It is therefore possible to talk about control in a broad general management sense as well as in a very specific sense as it relates to such operational activities as Crops, Dairy, Finance, Personnel, Maintenance, or any other specialty. The following list outlines some common areas where control is necessary.

#### 1. Production

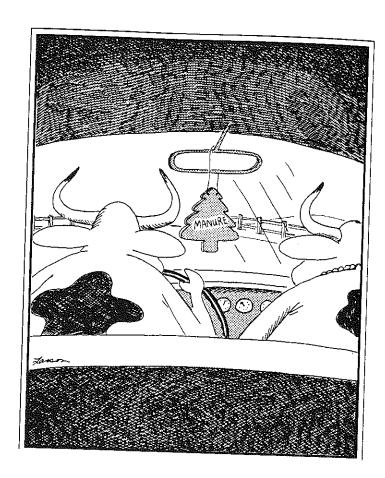
- Quality
- Quantity
- Cost
- Cow and herd productivity
- Field productivity
- Machine output
- Individual job performance

### 2. Personnel Management

- Labor turnover
- Absenteeism
- Safety

# 3. Finance and Accounting

- Capital expenditures
- Cash flow
- Inventories
- Costs



### **CONTROLLING SYSTEMS (exercise)**

sharing.

The checklist that follows describes eight general types of controls. As you read this list, check off any area where a controlling function that affects you seems either inadequate or in need of critical examination. Then try to relate that area to one of the five common weaknesses of control systems.

Types of control systems Controls used to standardize performance in order to increase efficiency and to lower costs. Included might be inspections, written procedures for milking or feeding, or production schedules for planting or harvest. Controls used to measure on-the-job performance. Typical of such controls would be output per hour or per person, cows milked per person per hour, and perhaps partial budgets or standard costs such as dollars of labor per 10 tons of harvested hay. Controls used for planning operations. Such controls would include production forecasts for crops and milk, budgets, various cost standards, and standards of work measurement. Controls necessary to allow general management activities to keep the farms various plans and enterprises in balance. Typical of such controls would be a master budget, polices, and such organizational techniques as farm teams which may include professionals such as a vet, and the use of outside consultants to look at progress towards goals objectively. The overriding reason for such controls would be to provide the necessary feedback for current and long run operations and to help maximize profits. Controls designed to motivate individuals within a firm to contribute their best efforts. Such controls necessarily would involve ways of recognizing achievement through such things as promotions, awards for suggestions, or some form of profit



# FUNDAMENTAL PRINCIPLES OF A GOOD CONTROL SYSTEM (text)

There are several fundamental principles that must be observed if a control system is to function effectively and accomplish it's basic purpose. The following principles are particularly important:

- 1. The system must be current.
- 2. The system must develop records on all goals.
- 3. The system must focus on deviations from plans and goals.
- 4. The system must report deviations directly to the person responsible.
- 5. The system must reflect individual responsibilities as well as overall results.

The first principle, requiring that the control system be current, reflects a concern for the basic purpose of control. Stated earlier, control is concerned with the present. If its purpose is to be achieved then the system must be current.

The second principle recognizes that the achievement of the total farm's overall objectives is possible only if individual operational areas accomplish their goals. Therefore, to ensure success the control system must develop records on all goals for all areas of the farm organization. Assuming that corrective action is taken wherever and whenever it is needed, there will then be a coordinated thrust toward the accomplishment of objectives throughout the entire farm. The position of a manager is not only one of responsability but one which demands a great deal of time and concentrated effort. It might also be noted that the manager is almost constantly faced with varying degrees of pressure of one kind or another. A system of control which is properly designed and carried out can go a long way toward simplifying the manager's tasks.

As the third principle suggests, the control system should focus on deviations from goals so that problem areas can be quickly spotted. The idea behind focusing on deviations is not, of course, to chastise but rather to help to quickly pinpoint where some type of corrective action needs to be taken. If the control system does not specifically pinpoint deviations, the manager must spend a considerable amount of time analyzing and trying to interpret the reports or information provided. Also, there is the danger that some potential problem areas will be overlooked. For

example, if there are too many numbers on a DHIA report form, design one that will highlight what you want to know. The same is true for financial reports.

The fourth principle requires that deviations should be reported directly to the person in a position to make a correction. Control is best taken care of close to the source of action. This is not to say that a manager should not also receive feedback on the status of an operation, but it recognizes that if an individual is to direct and control his own performance, he must know on a periodic basis where he stands. By also making progress reports available to those who are actually doing the work, a climate is created where they can adjust their own performance as opposed to being told to do so. Also, there is less need for the manager to be acting in a "policing" capacity. Rather, he can function as a coach. The only time he needs to "step in" is when adjustments are not being made or if the performance gap is such that he wants to make sure that it has been spotted and something is being done.

The final principle acknowledges that overall general results are the sum total of the efforts of individuals working in many operational areas. Therefore, the control system must be complete in that it produces records for individuals as well as in total. If the system does not deal with individual responsibilities, there is not only danger that overall results will not be achieved but also that attention will focus on identifying, after the fact, who made a mistake or what went wrong. This, of course, is not in keeping with the purpose of control.



# **CONTROLLING TACTICAL PLAN (exercise)**

For each of the two areas selected for improved control, (A and B) devise a new or improved control system in light of the information above. The tactical plan for controlling may be of help.

Input or output to be monitored?

Measuring procedure including who?

Monitoring time interval?

Type of report or recording and to whom?

Control standards taken from goals?

Actions or back up plans to bring performance back to standard?



#### CONTROL PLAN

CONTROLLING is measuring and reporting actual performance at prescribed intervals, comparing that performance to set standards, and taking appropriate corrective action when events are not conforming to plans.

Input or Output to Monitor	Monitoring Procedure (including who)	Monitoring Time Interval	Control Standards	Corrective Action to Bring System Back into Control

# **CONTROLLING** (exercise)

Circle the letter of the correct answer or indicate true (T) or false (F) in the blank.

1. When a manager delegates the authority to perform a particular job to an employee, who is ultimately responsible for controlling the results of that job?
a. The manager
b. The employee
c. Both manager and employee
2. The purpose of the controlling function is to ensure that events conform to plans
3. A control system emphasizes what has happened in the past
4. A common weakness of a control system is that it may be cause and correction centered rather than mistake oriented
5. Controlling is a concern of the total farm organization as well as the operational area such as cropping
6. Which of the following is a potential weakness of control systems?
<ul><li>a. The system is not based on key factors that affect results.</li><li>b. The system is not specific enough.</li></ul>
c. The system is mistake oriented.
d. Each of the above

7. Which of the following are types of control systems?
a. Controls to standardize performance
b. Controls to safeguard farm business assets
c. Controls to set limits within which delegated authority can be exercised.
d. Each of the above
8. Establishing objectives must be the first essential element of the controlling function
9. Taking corrective action links the controlling function closely to the planning function
10. Fill in the blanks to describe five fundamental principles of a good control system. The first is given.
a. The system must be current. b c d e
• Exercise Answers
I.a 2.T 3. F 4. F 5.T 6.d 7.d 8.T 9.T

- 10.
- b. Must develop records on all goals
  c. Must focus on deviations from objectives
  d. Must report deviations directly to the person responsible
  e. Must reflect individual responsibilities as well as overall results.

#### **HUMAN ASPECTS OF CONTROL (text)**

Someone once made the observation that there is nothing wrong with most organizations, it is only when you put people in them that they get fouled up. In a slightly different way, this observation applies to managerial control. As pointed out previously, controlling is an important and necessary function at the individual operations management level and at the over all general management level. It is important to note, however, that it is people and their performance that become the subjects of control, and when this human element is introduced, problems invariably result. The problems are a reflection of the emotional response of those being controlled to the control system. It is important to examine some of the unintended consequences of control systems, the reasons for these unintended consequences, how managers can reduce perceived threat as a result of control, and finally, to present some guidelines which will lead to a positive reaction to attempts at control.

#### Historical Assumptions Underlying Control Systems

Historically, management's approach to installing control systems has many times been based on a Theory X Autocratic set of assumptions about people. More specifically, we tend to generalize about people based on some individuals who are not motivated, or who try to get by with as little as possible, and who try, or attempt to try, to take all the shortcuts. As a result, many control systems have been either structured or administered in a negative sense. That is, consciously or unconsciously, they have been used to exert pressure as a basis for disciplining people and as a measure to force compliance with externally imposed standards.

### Unintended Consequences of Control Systems

To the extent and degree that the above situations exist, several unintended consequences of control have developed. Douglas McGregor has delineated these unintended consequences as follows.

- 1. Antagonism to the controls and to those who put them in place.
- 2. Successful resistance and noncompliance. This occurs with respect to the controls we put on our own activities as well as the controls we offer to others.
- 3. Unreliable performance information because of 1 and 2 above.
- 4. The necessity for close surveillance. This results in a reduction of delegation and

is expensive in terms of managerial time as well as having other consequences.

These consequences are readily observable on the farm and to different degrees are characteristic of all control systems. This should not be interpreted to mean, however, that these negative consequences are the inevitable result of all attempts at exercising the controlling function. This is far from the truth, and in a given situation quite the opposite conditions may exist. The key to a successful system lies in how it is structured and administered. Some fundamental principles of effective management of control systems will be pointed out and discussed later but first the reasons why negative consequences sometimes develop must be considered.

The reason for the negative reaction to control systems is explained by how people react to perceived threat. More specifically, if people feel, for whatever the reason, that the system represents a threat to their overall security or independence, they will adopt a pattern of behavior which, in their estimation, will defeat the system and thereby eliminate or at least temper the threat.

McGregor lists these primary conditions under which threat is likely to be perceived.

- 1. Where punishment as opposed to support and help in meeting standards and goals is emphasized.
- 2. Where trust is lacking in the relationships involved.
- 3. Where feedback negatively affects the individual in terms of his relationship to other people on the farm.

With respect to the first point, additional research has indicated that the manager who attempts to achieve results through people by exerting pressure and having a "perform or suffer the consequences" attitude, tends to achieve lower levels of productivity. Conversely, the highest levels of productivity tend to occur in situations where the manager exhibits supportive relations and a human resource approach as far as his people are concerned.

Any number of conditions can lead to lack of trust. It may be that the person does not know what is expected of him or where he stands. As a result he is constantly being called upon to account for or defend his past performance when in fact he was for all practical purposes left completely on his own with little or no direction. Another condition leading to a lack of trust occurs when the manager is not consistent in the ways in which he exercises leadership (under the directing function) on a day-to-day basis. One day he "runs hot" and the next "cold." People must constantly try to figure out what will be next.

The final condition leading to perceived threat reflects a violation of the purpose of control and also of the job of a manager as a coach whose responsibility is to help people achieve maximum results within the limits of their skill and ability. The information feedback generated by the control system should be used to pinpoint deviations as a basis for taking corrective action. The emphasis should not be on individuals but rather on the eventual goals to be achieved and mutual problem solving to get there.



#### FOUR GUIDELINES FOR ADMINISTERING CONTROL SYSTEMS (text)

If a control system is to accomplish its purpose, it must not only be structurally sound from a technical standpoint, but it must be properly managed. The objective of effective management is to prevent or minimize the human problems which might otherwise arise. There are four important guidelines to effective general management of control.

#### Communicate

First, a manager must communicate, discuss, and gain the highest possible degree of commitment among people who work together on the farm to the goals and objectives of the business and each supporting operational area. The greater the extent to which people are committed to a particular objective or goal, the higher their level of job performance tends to be. Also, people who are committed to objectives or goals are more likely to self-direct and control their own performance. Therefore, the manager should do everything within his power to gain this commitment. This should be a foremost concern.

#### Educate

Second, a manager must educate people with respect to the purpose of control. The first point of concern relates to the purpose of control in terms of helping to accomplish general farm goals. The second point of concern relates to the purpose of control as it affects the individual operational areas. In the latter case, it must be made clear that controls do not exist for the purpose of finding out who has made mistakes and who should be disciplined. It should instead be clearly communicated that the control system is a tool to help the the farm business as well as the individual to attain their goals and to perform at their full level of capability.

### Support

Third, in his day-to-day dealings with people, and in particular those dealings involving aspects of control, the manager must establish a climate of help and support. He must create a climate where the people he works with are convinced that he is truly concerned about helping them to do the best job possible. No amount of talking can create this type of feeling among people. Their perception is a result of actions, not words.

#### Review

Fourth, in order to gain commitment and to reinforce the true purpose of control and keep people results oriented, the farm manager should continually review with each individual and the total work group the status of achievement and progress toward objectives. This includes getting their ideas as to the problems and difficulties being encountered, alternative courses of action that might be followed to overcome these problems, and jointly developing tactical plans for action. In summary, successful performance of managements' control function goes far beyond the designing of a control system which is just technically sound. Like all other aspects of management, the human element must receive consideration if the expected results are to be forthcoming.

### **CONTROLLING** (summary)

Controlling is the function of management which is designed to ensure that events conform to plans. To be effective, a control system must focus on the present; it must be correction and solution centered as opposed to mistake centered, and it must be specific in the sense that it concentrates on key factors that affect results. Control is universal in that it covers all phases of the farm's operations. The four essential elements of a control system include: the presence of measurable standards in each goal; a system of reporting; interpretation and evaluation of information; and corrective action.

In many cases, control systems have resulted in creating some unintended negative human responses both in ourselves and in those who work with us. When this occurs the reasons most often lie in the way the system is managed. For example, if a climate of punishment or "shoulding" on one self rather than a climate of help and support exists, people will react negatively. Similarly if people perceive a threat they will work to defeat the system. To prevent negative reactions to control systems requires that everyone understands the purpose of controls, that they work in a climate of help and support, and that they receive continual feedback.

- 1. William Travers Jerome, 111, Executive Control The Catalyst (New York: Wiley, 1961), PP 32-33.
- 2. This section draws heavily from the following source: Douglas McGregor, The Professional Manager (New York: McGraw-Hill, 1987, Chapter 8.