20 Attributes of the 21st Century Farm Executive

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Back to Reality

The function of a competitive market is to drive the economic return to the average producer to breakeven through supply and demand responses in both input and output markets. In equilibrium, the top end are profitable and growing, the average are hanging in there, and the bottom end are losing money and exiting the industry. Business success and survival depend on continuous improvement at a pace necessary to stay in the front of the pack.

It is an economic reality that for your business to succeed and continue successfully beyond you, management must learn, adapt and continuously improve at the rate set by the leading edge of the competition and not by your comfort zone, otherwise you'll be falling behind, even if you're moving ahead.

Attributes of Highly Successful Farmers

1. There are four patterns that consistently emerge when you look at the most successful managers.

- They anticipate and adapt to the changing needs of their markets. Recognize the future will always belong to those who see the possibilities before they become obvious to the average producer.
- They are open to exploring new ideas and considering different points of view.
- They operate more as resource managers than as producers.
- They recognize the importance of networking and developing alliances across the value chain.

Attributes of Highly Successful Farmers

2. They are strategic thinkers.

- Strategic management is all about anticipating, adapting to, driving and capitalizing on change.
- Strategic versus operational planning.
- Doing the right things versus doing things right.
- Gretzky quote…

Attributes of Highly Successful Farmers

3. They are more open to exploring new ideas and considering different points of view

- Mark Twain quote
- Liberals and conservatives

Attributes of Highly Successful Farmers

5. They operate in a continuous improvement mode.

If it ain't broke….Don't fix it.

- If it ain't broke….You probably haven't looked hard enough! Tom Peters in *Thriving on Chaos.*
- They spend as much time analyzing what they need to stop doing or change, as they do evaluation new opportunities.
- To stay ahead, the internal rate of change needs to exceed the external rate of change.
- The only true sustainable competitive advantage is the ability to learn and adapt faster than your competition. The rate they need to change to remain successful is set by the leading edge of their competition and not by their comfort zone.
- The Pareto Principle and putting first things first, it's not just setting priorities, but prioritizing priorities, delegating, outsourcing, or forming alliances.
- The Importance of Operating in a Continuous Improvement Mode

  Continuous improvement requires implementing management systems, mapping (understanding) processes, developing standard operating and authority, and demanding accountability.)

Attributes of Highly Successful Farmers

6. They spend more time thinking about "what if" scenarios and developing contingency plans.

- Don't dwell on the negative, but consider what could go wrong and what to do if it does. Realize that most major problems and opportunities result from a convergence of factors, often outside the business. So they look for leading indicators.

- They also write down the assumptions behind every plan in order to refer to when things don't go as planned.

- Fire drills and the 4 D's.

Attributes of Highly Successful Farmers

7. They are more likely to seek input and expertise from outside the business.

- The CEO has to be the business's link to the outside world. He needs to spend as much time thinking about the effect of externalities such as changes in the economic, political (regulatory), social environment, and markets as he does about managing day to day operations.
- They are aggressive information seekers and networkers. Many are members of peer advisory groups where they can connect with successful people they can be open with and get candid feedback from.
- Thinking outside the box, frequently requires getting outside the box.
- Sam Walton examples….
- Everyone exists in four states of knowledge:
  - What they know they know
  - What they know they don't know
  - What they don't know they don't know
  - What they think they know that just isn't so

"Human beings, who are almost unique in have the ability to learn from the experiences of others, are also remarkable for their apparent disinclination to do so." Douglas Adams quote.

Attributes of Highly Successful Farmers

8. They see change and challenges as opportunities, and don't tend to view themselves as victims.

- They don't enjoy adversity, but recognize setbacks are a part of life, they learn from setbacks, make adjustments and move on.

- Change creates opportunities for those prepared to act.

- The true measure of the individual lies in how they react and respond to adversity.

Attributes of Highly Successful Farmers

9. They see themselves more as the head coach than as the boss.

- Leadership is more than just managing.
- The "platinum rule" versus the "golden rule."
- They know the importance of recognizing and acknowledging the contributions of the people who work for them.
- The ability to attract the right people and motivate them will in large measure determine the level of success.
- A leader is great, not because of their power, but because of their ability to empower others.

Attributes of Highly Successful Farmers

10. Their approach to management is more balanced between key performance areas and between the short and the long run.

- The best aren’t on top in every area, but they are consistently above average in all key performance areas and usually exceptional in at least one.
- Management performance studies.

Attributes of Highly Successful Farmers

11. Their decisions are based more on reason and judgment and less on emotion

- They recognize and understand emotions, their and others
- Emotional intelligence is more important to success than intellectual intelligence
- Sports examples

Attributes of Highly Successful Farmers

12. They spend more time on monitoring and analyzing performance.

- Spotting problems **and** opportunities before it is too late.

- Using debriefings to review past decisions and assumptions, then learn from their experiences both good and bad.

- Treat causes, not symptoms.

- The key is being able to ask the right questions in order to eliminate biases and blind spots.

Attributes of Highly Successful Farmers

13. They are excellent problem solvers.

- They anticipate problems
- They accept the truth
  - Two of the major stumbling blocks for most managers are denial and blame
- They see the big picture
  - They don't get so bogged down in details that they lose sight of what's important.
- They don't give up when they're down or suffer a setback.
- They always use two analytical skills.
  - Multiple perspectives and looking for the heart of the issue in order to treat causes and not symptoms

Attributes of Highly Successful Farmers

14. They are more innovative and creative in their approach to business and seek ways to force themselves to think outside the box.

- Any time they hear someone say, “because that’s the way we’ve always done it,” they know they have a competitive advantage.

- They challenge existing paradigms, particularly when it comes to business arrangements.

- They have the ability to adapt and apply the elements of one situation to another, including from outside agriculture.

Attributes of Highly Successful Farmers

15. The importance of communication.

Peter Drucker said that 60 percent of all management problems are communication problems. Between managers, between management and employees, between family members (inside and outside the business), between current CEO – successor candidates – the rest of the team. Communication problems stems from several common behaviors: secrecy, when someone can't admit being wrong, dictatorship, unresolved conflict and unfair fighting. Employees and family members need to know clearly and on a regular basis:

- What are they expected to do and how?
- Why are they doing it?
- How are they doing it?
- How can they improve?
- Where is the business headed, i.e., vision?
- How does it plan to get there?
- What is their role?
- What's in it for them?

If a leader can't get a message across clearly and motivate others to act on it, then having a message doesn't matter.

Attributes of Highly Successful Farmers

16. They focus on managing margins

- Requires using accrual adjusted accounting for both revenues and expenses.
- Setting output prices without knowing major costs is still speculating.
- Cash based accounting can lag accrual based accounting by as much as 2-3 years in identifying problems. They realize timing is everything.
- Employ managerial/cost accounting to drill down into individual enterprises, farms and units of production.
- Use tools such as options to lock in minimum prices on output and still leave room for up-ride price movement.
- Use benchmarking to identify strengths and weaknesses.

Attributes of Highly Successful Farmers

17. The main difference between the top 10 percent and rest of the top 25 percent is their timing.

This is in terms of when to enter, expand, cut back, or get out and redeploy; whether it's an investment, a marketing decision or a business activity. The best organizations spend as much time analyzing what they need to stop doing as they do evaluating new opportunities. Unfortunately, the average producers tends to change or act only when they feel the heat, rather than because they see the light.

Attributes of Highly Successful Farmers

18. They recognize that the unwillingness or inability to work with others has and will be the downfall of many producers.

In order to remain independent will increasingly require interdependence. Agriculture is moving toward coordinated supply chains and qualified suppliers. Canada's study of leading farmers found that 66 percent of the top 10 percent were involved in a formal relationship with processors and/or retailers, while only 13 percent of all farmers were doing so. The same is true in the U.S.

Attributes of Highly Successful Farmers

19. The most satisfied and successful enjoy and take pride in developing the business's future leaders.

- Succession is one of the key responsibilities of leadership. Yet it is one that the fewest leaders seemed to have learned. Many businesses have flourished under one manager and floundered or failed under the next because of new management was not properly prepared or the wrong person was selected as the next CEO.

- Family farms that have been successful over time have several common characteristics. First, they don't take the interests and the desires of the next generation for granted. Too many business failures and personal tragedies have occurred because the next generation come into the business or assumed management responsibility simply to avoid disappointing their parents, a path of least resistance, or to avoid being disinherited.

- Second, these business have established a clear basis for successor selection. This includes the future needs of the business, the type and style of management needs, the necessary skills and attributes, and a performance evaluation process which provides the ongoing feedback and assessment needed.

- Finally, they develop a plan for what the current CEO will do next and what the opportunities will be for those not selected to assume the top management role. Without something meaningful to go to, many incumbent managers either can't or won't leave their position. It's also important that the business doesn't lose the talents and experience of unsuccessful successor candidates, that relationship problems not develop, and that those who stay don't lose their motivation.

Attributes of Highly Successful Farmers

20. They reject the status quo

They know that someone, somewhere has a better idea or way of doing things. This may mean totally changing the direction of their business, i.e., moving from producing standard commodities, to producing differentiated products, building total traceability systems, adopting and building documentation/verification of sustainability guidelines/practices, going from pen market production to contract production or for a differentiated niche market. They have learned to face reality as it is, not as it was or they wish it to be. They also know that any differentiated product with a market premium will be commoditized if enough people copy what they are doing and the market segment becomes saturated.

To remain independent, many producers are going to need to become more interdependent.