

Dairy Farm Business Success in Turbulent Times

Dr. Robert A. Milligan

Senior Consultant, Dairy Strategies LLC

Professor Emeritus, Cornell University

Phone: 651 647-0495

Email: rmilligan@trsmith.com

**51st Annual MREC Conference
and Agricultural Electric Code Workshop**

February 28 - March 1, 2013

Embassy Suites

Bloomington, Minnesota

Farm Business Success in Turbulent Times

What is the greatest change in how you lead and manage as a result of the increased variability? The answer= increased urgency

“The \$64,000 Question”: How do we create a sense of urgency without hurting farm culture, motivation, productivity, and job Satisfaction?

The answer = Positive urgency

Negative and Positive Urgency¹

Negative Urgency	Positive Urgency
Pervasive, insidious but not true urgency.	Rare but powerful, even necessary.
Created by failures and short-term problems	Focused determination on critical issues
“What a mess this is.”	“Great opportunities and hazards are everywhere.”
Leadership has short term focus.	Emanates from leadership; Make progress on critical issues each day.
Workforce is feeling lethargic, disinterested and/or sad. Everyone is anxious, stressed and often angry; blaming is common.	The workforce is feeling the energy, vitality, and sense of well-being from having their autonomy, relatedness and competence.
Frenetic activity, people are running around “like chickens with their heads cut off.”	Urgently focused on important activities; fast moving, externally focused decision; relentless purging of the irrelevant.
We are in trouble; do more and more with less and less.	We will overcome; do more of what is important and less of what is unimportant.
Change is viewed as a loss creating more stress.	Change tends to be viewed as an opportunity.
Change is viewed as an event.	Change is viewed as continuous.

¹ Adapted from A Sense of Urgency by John P. Kotter

The Required Mindset Changes

Key #1: Leadership

Great leaders rally people to a better future (Marcus Buckingham)

Different from management – our traditional focus

Management	Leadership
Great managers excel at turning one person's talents into perfection	Great leaders rally people to a better future
Management is efficiency in climbing the ladder	Leadership determines whether the ladder is leaning against the right wall

The chief executive role has more leadership and relatively less management than the operations manager role

Leadership: Workforce leadership beginning with vision and farm business leadership to continually define a winning strategy

Key #2: View change as opportunity

Research verifies that we follow one of two patterns of behavior following any change in our personal or work life

- change as loss
- change as opportunity

Which pattern of response to change – loss or opportunity – is more likely in our agrarian culture?

Change as loss

Which pattern of response to change – loss or opportunity – is more needed in turbulent times?

Change as opportunity

Key #3 - Focus on what is Important

A Compelling Vision for the Farm Business

- Significant purpose: This is your purpose. This is WHY you do what you do. This clarifies from your customer's viewpoint the business you are in. For example Disney is in the happiness business; not the theme park business.
- A picture of the future. This is the mental image of what you are seeking to create. John F. Kennedy's "to place a man on the moon by the end of the 1960s and bring him home safely" was a great example of a picture of the future. The problem for the space program has been the lack of a vision and, thus, progress has been slow and frustrating since accomplishing the picture of the future.
- Clear values. The values provide guidance on how everyone in the organization will behave every day on the journey to the compelling vision and achieving the picture of the future.

A winning strategy: For decades, strategy development – often referred to as a strategic plan – has been an annual event. In today's turbulent world strategy must be an ever evolving direction for the business. It is crucial that at least one owner have strategy as his or her highest priority. I often say "one owner must role out of bed in the morning thinking about the future of the business." The crops, etc. can wait.

Business goals and employee performance expectations developed to implement the strategy and fulfill the compelling vision.

Leaders and managers continually communicate the vision and implement the strategy. This requires an effective goal setting process and a performance management system based on the vision and the strategy.

Compelling Vision Worksheet – Draft Statement

Significant Purpose

Picture of the Future

Values:

- _____
- _____
- _____

Avoiding Being Blindsided

Blindsided

- Being adversely impacted because a competitor (including new entrants) recognized and/or responded more quickly to change.
- Avoid by understanding the business environment.
- The chief executive must have an external focus

Economic/Social/ Political/ Technological Change	
1. World population - growth and distribution	<p>List the top 3 external factors that will impact agriculture and beef in the next decade and beyond</p> <p>1.</p> <p>2.</p> <p>3.</p>
2. Developing country beef production and consumption	
3. Consumer attitudes and preferences	
4. US population demographics	
5. Sustainability – global warming	
6. Food safety and security	
7. Global warming & energy policy	
8. Environmental policies – water, air	
9. The changing Workforce and immigration policy	
10.The debt of the United States and other countries	
11.Neighbor and local community attitudes and regulations	
12.Information and communications technology	
13.Availability of water	

A great strategy is the synergistic intersection of:

- The unique and specific business direction of the business
- The resources – physical and human – available to the business
- The available markets for the business’ products and services

Key #4 - The Workforce is Committed to And Engaged in Farm Success

The following three human resource strategies are critical to positive urgency and are probably a must to have employees with extraordinary job satisfaction and superior productivity:

1. Work must have meaning for each workforce member. This requires shared vision, recognition that everyone is important, encouragement, and positive feedback. Every employee must answer “yes” to two questions:
 - a. Am I safe?
 - b. Do I feel valued?
2. Everyone must “have a seat at the table” meaning their ideas are encouraged, expected, and seriously considered.
3. Every workforce member is committed to personal growth to learn more about themselves, others, the business, the industry, and their specialty.

The Four Keys to Positive Urgency

Mindset Change

Key #1: Leadership

Key #2: View change as opportunity

Implementing Positive Urgency

Key #3 - Focus on what is Important

Key #4 - The Workforce is Committed to and Engaged in Farm Success

Dr. Bob Milligan's Reading List

- Blanchard, Kenneth H. and Sheldon Bowles. 1998. Gung Ho!, William Morrow and Company, Inc., NY.
- Blanchard, Kenneth H. and Don Shula. 1995. Everyone's A Coach, Harper Business, NY.
- Blanchard, Kenneth H. and Sheldon M. Bowles. 1993. Raving Fans: A Revolutionary Approach to Customer Service, William Morrow and Company, Inc., NY.
- Blanchard, Ken and Jesse Stoner. 2003. Full Steam Ahead! Unleash the Power of Vision in Your Company and Your Life, Berrett-Koehler Publishers, San Francisco.
- Buckingham, Marcus. 2005. The One Thing You Need to Know ...About Great Managing, Great Leading, and Sustained Individual Success, Free Press, New York
- Buckingham, Marcus and Donald O. Clifton. 2001. NOW, Discover Your Strengths, The Free Press, New York
- Buckingham, Marcus and Curt Coffman. 1999. First Break All the Rules: What the World's Greatest Managers Do Differently, Simon & Schuster, New York
- Collins, Jim. 2001. Good to Great: Why Some Companies Make the Leap. . . and Others Don't, HarperCollins.
- Collins, Jim. 2009. How the Mighty Fall . . . and why some Companies Never Give In, HarperCollins.
- Conner, Daryl. 1992. Managing at the Speed of Change: How Resilient Managers Succeed and Prosper Where Others Fail, Villard Books, New York.
- Covey, Steven. R. 1989. The Seven Habits of Highly Effective People, Simon & Schuster, NY.
- Fisher, Roger and William Ury. 1983. Getting to YES: Negotiating Agreement without Giving In, Penguin Books.
- Kotter, John P. 2008. A Sense of Urgency. Harvard Business Press, Boston.
- Maxwell, John. 2011. The 5 Levels of Leadership: Proven Steps to Maximize Your Potential. Hachette Book Group, New York.
- Milligan, Robert A. and Maloney, Thomas. 1995. Human Resource Management for Golf Course Superintendents, Ann Arbor Press, Chelsea, MI.
- Pink, Daniel H. 2009. DRIVE: The Surprising Truth About What Motivates Us, Riverhead Books, New York
- Useem, Michael. 1998. The Leadership Moment: Nine Stories of Triumph and Disaster and Their Lesson for us All, Three Rivers Press, NY
- Wagner, Rood and Gale Muller. 2009. Power of 2: How to Make the Most of Your Partnerships at Work and In Life.

Key Takeaways and Next Steps Worksheet

Topic	Key Insight	Next Step
Key #1: Leadership		
Key #2: View change as opportunity		
Key #3 - Focus on what is Important		
Key #4 - The Workforce is Committed to and Engaged in Farm Success		