

Change it Up

A management overhaul demands action

We've all done it—attended a seminar or taken a course, and thought “Wow, that can make a difference,” and then allowed our ardor to be crushed under the weight of tomorrow's chores. Those who actually adopt new management strategies and practices say it can revolutionize your business.

Alan Vander Horst, a Stephenville, Texas, dairyman, is one of them. “I was 31 years old and had my dairy for just two years before I attended TEPAP [The Executive Program for Agricultural Producers],” Vander Horst says. “After college I worked in the dairy industry. Then my dad died in 1995 and I moved home to help mom with the family dairy farm.” He started his own 600-cow unit in 1996. Today his herd is 9,500 cows strong.

“My whole business philosophy was created out of what I learned there along with my experience at college and the years I worked in the industry before returning to the farm,” he says. “Our management plan puts business first, production second. That's not the norm in dairying—most producers focus on making lots of milk.

“We're focused on economics,” he says, explaining that the key economic ratio he uses to guide his business is return on investment or ROI. “I'm no better dairyman than the guy down the road, but I'll put our business plan up against anybody.

“Our business approach dictates production practices,” Vander Horst explains. “We're not a high-producing herd. We use a lot more green chop than other dairies in our area, and we milk crossbreed cattle. And we'll give up production if economics dictate that's the way to go.”

Committed. Attending TEPAP requires a time commitment (a full week in January for two consecutive



PHOTO BY THE AUTHOR

Management education and decision making are key in succession planning at Cantrell Seed Farms, says Nebraskan Don Cantrell.

years) and a financial commitment (tuition is \$3,500/year). Harvard holds a \$6,000 Agribusiness Seminar in January. TOP PRODUCER's Seminar in Chicago, also in January, provides three days of business education, and Purdue's Top Farmer Crop Workshop each July covers management topics.

Grads of such programs will tell you that you can learn just as much in the hallways between sessions as you can in the classroom. Allan Baucom is one of those grads. The Monroe, N.C., farmer grows 8,000 acres of corn, cotton, soybeans, wheat, cucumbers, potatoes, strawberries and other produce crops. “I wouldn't be growing potatoes today if it wasn't for TEPAP. I wouldn't be storing and shipping cotton seed. I wouldn't be

growing cucumbers. And, I wouldn't be sharing equipment with another grower in Texas.”

In each case, someone Baucom met during the program or through its alumni organization, Association of Agricultural Production Executives (AAPEX), had a need and together they found a solution. Those are relationships he likely wouldn't have made if he hadn't met the person at TEPAP.

“TEPAP becomes a qualifier. When someone takes the time and spends the money to go through the two-year program, you know they're for real,” Baucom says. “You know they have genuine business concerns and understand that they need to address them at the grassroots level. They're ready to make a serious commitment ▶

"to improve. I wouldn't have found these folks on my own, but I'm glad I did."

Succession. Merna, Neb., farmer Don Cantrell says management school didn't cause a change in his style, but it helped him do a better job with practices already in place.

"My dad died at age 56 when I was 24 years old. That made me understand how important it is for the next generation to be capable to take over the farm," Cantrell says. "So, I've always taught my son Kyle what he needed to know in case I'm not around."

"I think it's important for the next generation to be making management decisions within seven years after they join the operation," he says. A practice Cantrell says he has followed from the start. Kyle, now 28 years old, started making business decisions when he rented his first land in high school. He was on his own, though he was farming with his father.

"Corporations are great, but I don't want my son to own any of mine," Cantrell says. "My experience has been that farm kids are a lot more successful if they own their own business rather than a percentage of dad's."

"From day one, I could see Kyle sat a little straighter in the cab, paid more attention when he was working his own ground," he says. "He has his

own corporation and it gives him a pride in ownership."

Together, the Cantrells farm 4,300 acres of mostly irrigated corn and rent machinery to and from each other. It complicates bookwork, but it builds confidence and ability, Cantrell says.

Texas dairyman Vander Horst sees TEPAP as a continuing source of answers for an operation with 15 times the number of cows as 10 years ago. "My biggest challenge the next five years is structuring the organizational chart for the managers and all the other folks who work for us," he says. "We need to educate our labor force and bring people up through the system."

That's more difficult when an operation reaches a size at which the owner can't have personal contact with each employee anymore."

Part of the education process is for employees to learn the same lessons. "I've already sent two and I'm getting ready to send a third," Vander Horst says. "My chief financial officer came back and said, 'Now I see where your thinking comes from.' It helps people in the company see my vision and why I think that way."

As TEPAP founder Danny Klinefelter says, "The only truly sustainable competitive advantage is the ability to learn and adapt faster than your competition...and the

future belongs to those who see possibilities before they are obvious to the typical producer." ■

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We'll give up production if economics dictate that's the way to go

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Recognize the Value Of Best Practices

A recent survey of TEPAP graduates shows they do more than just listen. They head back to their farms and make managerial changes that will keep them competitive. As one grower says, "It helps you figure out if the successful business today will still be successful in five years."

Dick Wittman of Wittman Consulting Services near Culesac, Idaho, recently surveyed graduates of the course to test how their attitudes toward and implementation of managerial practices changed after they completed the program. A TEPAP graduate who manages a large-scale crop, cattle and timber operation, Wittman now serves on its faculty.

"Over the past seven years, participants entering the program completed a self assessment of their level of adoption of a number of core managerial proficiencies considered essential to successfully managing a family farm business," he explains. Wittman asked grads to again score themselves. The table (left) illustrates how many implement new managerial skills after they get back home.

Notice that many practices had a very low implementation rate and producers felt they were unneeded before the course. In the graduate responses, no skill area received less than 50% implementation.

Highlights of Changes Made

	Start of course in place	Graduate in place or working on
Mission, vision and core values defined	8%	87%
Operating plans prepared and budgeted	20%	89%
Strategic plans developed	0%	89%
Personnel policies written	8%	73%
Regular meetings for investors, managers, spouses	9%	90%
Financial records shared with owners, employees	14%	97%
Enterprise profits, cost centers tracked	26%	100%
Marketing tied to cost of production, cashflow	26%	95%
Diverse marketing tools used	53%	94%
Liability insurance covers owners, management	71%	100%

SOURCE: WITTMAN CONSULTING SERVICES

For the full list of 32 core managerial practices, visit www.ToProducer.com, Web Extra.