

Best practice checklist for 2011

The start of a New Year is always a good time to review what's going well and what could be done better in any business operation. While most can celebrate high standards for operations management, I see room for growth in three key areas -- advanced team management, more effective use of benchmarking and stronger links between strategic and annual plans.

I intend to challenge my clients about these this year as I believe they will accelerate business performance and enable them to take advantage of positive prospects for 2011 and beyond.

Most farming operations seem to have good control of their technical systems and day-to-day operations. While there is always room for improvement, the standards of on-farm management for the businesses I have contact with are mostly at high levels.

The primary sector's appetite and enthusiasm for innovation remains as strong as ever. This is translating to tangible benefits from automation and adoption of progressive physical farming techniques -- always balanced of course by a commitment to keep things simple.

So what are some areas to work on?

My view is that unrealised potential lies in the less visible "soft" farm management strategies -- especially around staff relationships, better benchmarking and regularly refreshed strategic plans.

People management in farming has made significant progress over recent years. Most employers are now pretty effective on a one to one basis. However there is still room to grow their understanding of how to build top quality teams through effective leadership.

As businesses grow this should become a key focus because teams that are committed to agreed on values and performance standards are likely to be more "self directing and self-correcting".

Many owners and team leaders are still caught up in dealing with incidents and issues rather than driving for commitment to high-level values and a positive, professional business culture. Simple examples like everyone in understanding the link between punctuality and the team being able to rely on each other, care of machinery and time efficiency or constructive communication to ensure a happy, positive workplace are outcomes that teams should be consciously striving for.

Another area of challenge is how to best manage immigrant staff -- an increasingly important resource if we're to enjoy a sustainable farming future. A deeper appreciation of their needs inside and outside the workplace is fundamental to mutual success. Strategies to strengthen working relationships and teamwork must include effective communication across cultures and language barriers. I sense government funded resources to assist this are not understood or well utilised. This is as an area where there is still much to do.

Commitment to benchmarking and isolating key performance measures that drive business performance has made some progress. Most farming operations have a reasonable big picture understanding of their financial strengths and weaknesses. I see scope to drill deeper into the physical drivers of farm performance using this

information to develop credible budgeting, debt management and performance targets. I am a big supporter of any programme that can deliver this. But just focusing on financial is not enough. These benchmarking systems can deliver real value through the physical analysis they offer. I don't believe they are being fully utilised by the industry.

Connecting drivers of business success such as the amount of feed grown or purchased to its conversion to milk, knowing herd efficiencies and wastage in rearing replacements and absolute certainty about costs of production are just three factors critical to top dairy farm performance and credible budgeting.

Priority must be to shift the focus towards these and away from more passive "lag" indicators such as return on capital or economic farm surplus. In my view there is too much talk of the latter and insufficient understanding of the former. This is a key "work on" for 2011.

Finally, ensuring strategic plans are meaningful, living documents will only be achieved if they are used to develop annual plans that guide day in day out management strategies for staff and key stakeholders. This, combined with self contained physical and financial planning that drives for agreed key performance measures will ensure greater ownership of the plan and rely less on banks or other professionals to forecast and monitor performance.

Growth towards best practice in these areas will require commitment to continuing education to expand the competencies and capabilities within the business. Carefully selected conferences and training for owners and staff will keep the challenge alive and highlight opportunities to harness the opportunities that lie ahead.

With these in place, 2011 promises to be a really satisfying year.

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