

The Business Of Farming – Management

It is not the situation but what you do about it that determines the future

By S. D. Parsons

Having taken a very cursory look at the questions of economics and finance it's time to turn our attention to the issue of management. Management is not simply a question of how to grow crops or about supervising labour. Or should I rather say that there are different levels of management. Labour supervision and technical crop production fall into the category of – at best – lower or middle management. What I want to discuss here is the strategic level of management. That is, all those decisions that determine the very structure of the business – whether it will be successful or unsuccessful.

Among others, those decisions include whether to put money into things you mean to keep or in things you mean to sell, the type of enterprise that you choose to run, whether to grow the business or stay the same size, who takes over when you age, die or are otherwise incapacitated, and a host of similar questions.

Generally, we are so busy handling the day to day tasks and taking care of the crises that arose yesterday that we pay little attention to the issues that determine future success. *What we do we may do very well, but are we doing the right thing?*

Most people who start a business (or take over one from Dad) are technicians. They are good at what they do but seldom learn how to *run* a business. Working *IN* the business (WITB) is different from working *ON* the business (WOTB) – pronounced wit-be and what-be. What started as fun – the technical side of being a doctor, a mechanic, a farmer or whatever can turn into the nightmare of being the boss; the person who must make the decisions that will affect the success or failure of the business. She may have excellent financial knowledge. He may be a good salesman; she may be a good people person; he may be an outstanding scientist, mechanic or other technician, but can they run a successful business?

Working On The Business is without doubt the most neglected aspect of business management. The fun part of what we do is watching the crops grow, walking through the cattle, or tinkering with machinery, so that is what we spend our time doing. However there is a great deal of truth in the Pareto Principle that states that 80 percent of what we do produces only 20 percent of the result. In fact, if we spent just 5 percent of our time on WOTB I think we'd be amazed at how much more we would achieve, how many fewer crises there would be and how much more time we would have to do what we really like to do.

It could be a question of whether to buy more land, start a new enterprise, drought proof the property, hand over to the next generation, borrow money or move to Australia. You may be like an Australian I had in one of my courses a year or two ago who claimed he was always working on the business – even when he was in bed at night, driving across the farm, at breakfast with his wife and even in the pub with his mates. Wrong! He led me to coin a new term to describe something we are all very good at and that is "WATB", WORRYING about the business.

Well, what's the difference between WOTB and WATB? Actually there is an enormous difference. Working on the business means you are converting crises into manageable actions. For example we could take steps to drought proof our properties rather than waiting till the drought occurs and then worrying ourselves sick. A WOTB meeting is a scheduled meeting. An appointment that you, and other key decision making people in your business – partners, spouse, children, parents etc - make to work on the business. It's a formal occasion preferably held off the farm where there will be no intrusion because of broken water pipes, mombies in neighbours' lands, and of course no telephone interruptions.

You will have an agenda. An agenda that deals with key strategic level issues concentrating on the important and not the urgent. These are the things that you know you should deal with but have been putting off till they reach crisis proportions. In our BizLink programme we ask our members to devote the first WOTB meeting to find out what the stakeholders (usually family members) expect from the business and want for their lives. It's a revealing exercise. Very often Dad (isn't he the one who usually calls the shots?) is amazed to find that not everyone agrees with what he has in mind. Some people want out. Others would like to have more responsibility, something they can call their own. What it does do is that it provides the basis of an agenda for future WOTB meetings. More importantly it provides a forum for a harmonious working relationship. The end result is a broad common goal of what the business (and consequently lifestyles) will look like in five or ten years time.

In my next article I will discuss converting WOTB decisions into actions and thereby putting yourself in control of your business.

Dr. Parsons who developed the Ranching For Profit School is in the business of putting profit into agriculture and small businesses. His latest book is called "If You Want To Be a Cowboy, Get a Job". For more information visit www.ranchmanagement.com or phone 707/429-2292