



# Human Resources Structures & Strategies

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## Who is Lookout Ridge Consulting?



## Messages

- Organization development is an (often) untapped competitive advantage for agricultural businesses.
- Implementing organization development concepts requires consistent practice of leadership and management skills.
- You can start implementing organization development concepts in small steps.



## Outline

1. Definitions
2. Why Tackle OD?
3. How to Tackle OD

***OD – Organization Development***



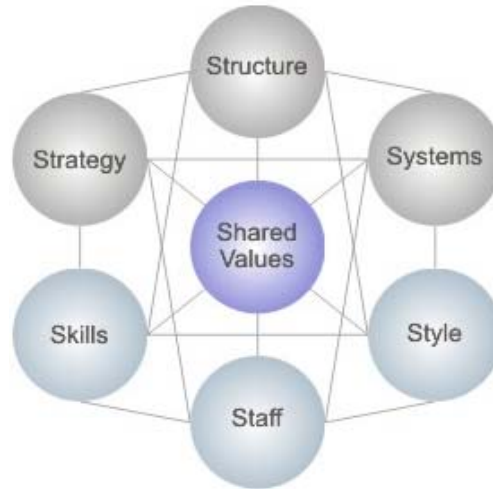
## DEFINITIONS

### What is Organization Development?

*OD is a systematic and systemic change effort, using behavioral science knowledge and skill, to transform the organization to a new state.*

1. Long range in scope
2. Works best when led by ownership
3. Effects change through expansion of people's beliefs and behaviors
4. The whole team participates in assessing the current state and planning for the new state

## McKinsey 7S Model

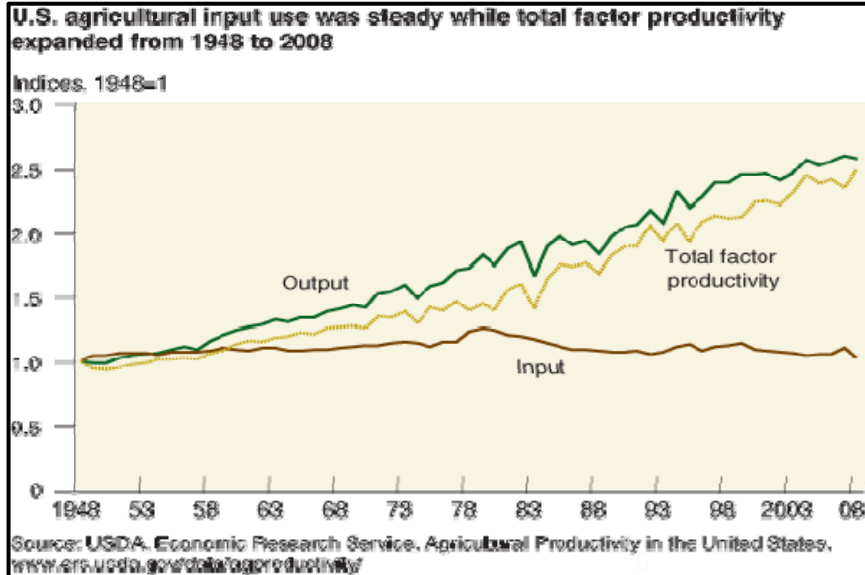


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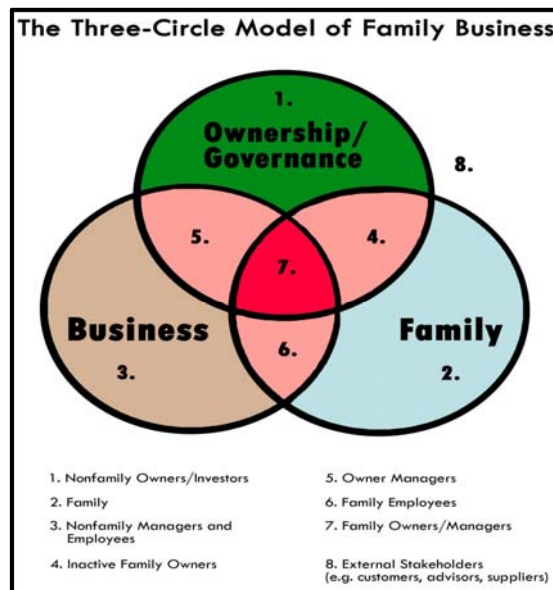
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**WHY TACKLE OD?**

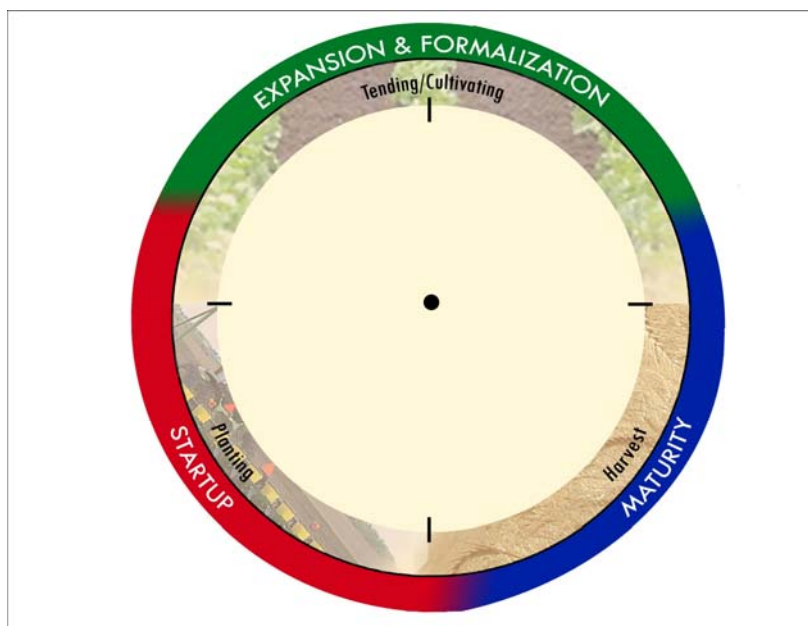
# 1. Ag Productivity & Profitability



# 2. Family Business Dynamics



### 3. Business Life Cycle



### 4. Employee Engagement

- Outcomes based engagement
- Measured by behaviors
  - The extent to which employees ***commit*** to someone or something in their organization
  - How ***hard*** employees work
  - How ***long*** they stay

Source: The Corporate Leadership Council. Driving Employee Performance Through Retention and Engagement. 2004



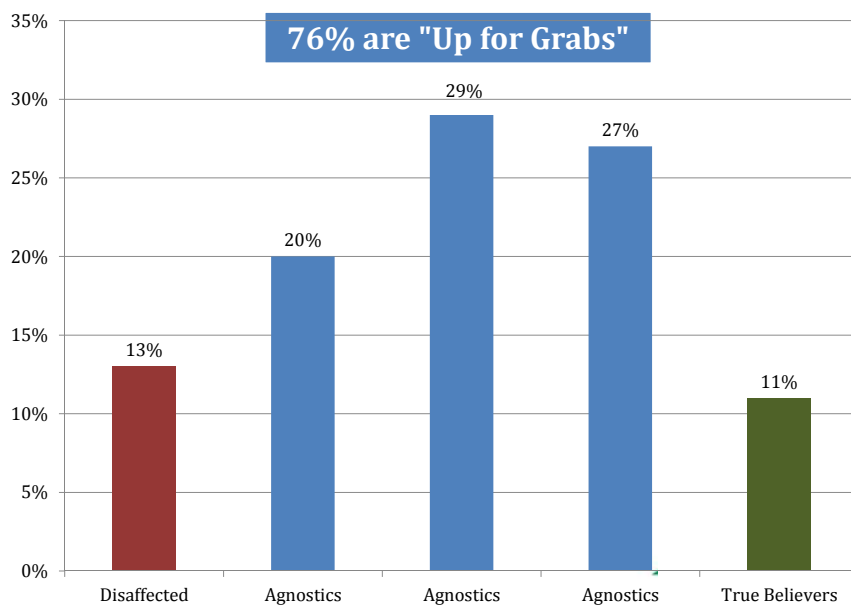
## Employee Engagement

- Rational or “Mind” commitment
  - Employees believe they will personally benefit from the team, manager or organization
    - Financially, developmentally or professionally
  - *Leads to* **RETENTION**
- Emotional or “Heart” Commitment
  - Engaged employees go above and beyond the call of duty to meet business goals
  - Engaged employees intend to stay at the organization longer
  - *Leads to* **DISCRETIONARY EFFORT**

Source: The Corporate Leadership Council. Driving Employee Performance Through Retention and Engagement. 2004



## Average Workforce Engagement



Source: The Corporate Leadership Council. Driving Employee Performance Through Retention and Engagement. 2004

## Who are the “Committed”?

- Baby Boomers?
- Married folks?
- Managers?
- Long-tenured employees?
  
- NO!
- No significant differences by segment

Source: The Corporate Leadership Council. Driving Employee Performance Through Retention and Engagement. 2004



## Cautions

- Engagement (rational and emotional) accounts for about 40% of observed performance differences
  - Rest is training, experience, resources, etc
- Must begin by hiring high quality employees
  - First, recruit and select VERY WELL
- Secure rational commitment first
  - Folks must know they will be taken care of financially and professionally

Source: The Corporate Leadership Council. Driving Employee Performance Through Retention and Engagement. 2004



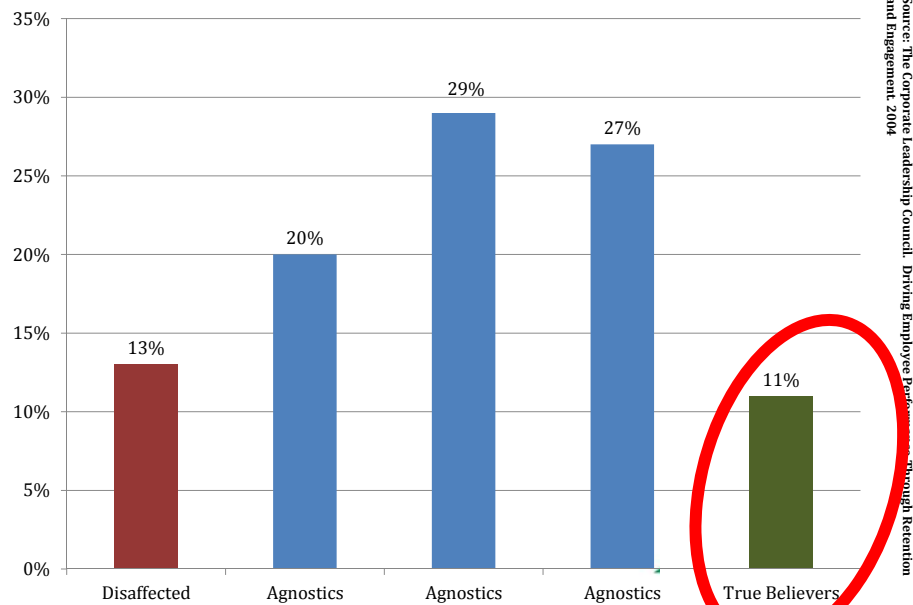
## Emotional Commitment Results

- The 10/6/2 Rule
  - Every 10% increase in commitment can increase an employee’s discretionary effort by 6%
  - Every 6% increase in discretionary effort can increase performance by 2%

Source: The Corporate Leadership Council. Driving Employee Performance Through Retention and Engagement. 2004



## Average Workforce Engagement



## 10/6/2 Rule

- Lowest engagement – 2.9% “True Believers”
- Highest engagement – 23.8% “True Believers”
  
- Potential yield a performance increase of 14%
  
- Even HALF of this performance increase:
  - 78 lbs to 84 lbs per cow per day
  - 150 to 161 bushels corn per acre

Source: The Corporate Leadership Council. Driving Employee Performance Through Retention and Engagement. 2004



## 5. Women & Leadership

- Success and Likability
  - Men – positively correlated
  - Women – negatively correlated
- We underestimate our abilities
- We attribute our success to external forces
  - Men attribute their successes to . . . Themselves
  
- **BUT . . . this is a leadership challenge.  
And leadership is GENDER NEUTRAL!**

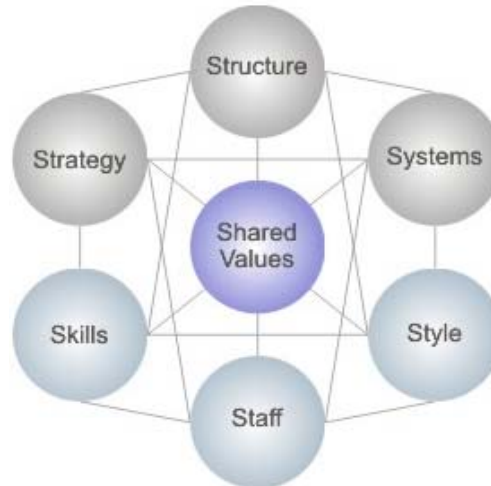


## HOW TO TACKLE OD

### How will YOU increase Employee Engagement?



## McKinsey 7S Model



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## How to Increase Employee Engagement?

1. Recruit talent to meet job needs
2. Directly enable performance through needed resources and development

***THEN***

3. Engage for performance

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## A. Systems

### Dairy Producer

#### Client Situation

- 3<sup>rd</sup> and 4<sup>th</sup> generation dairy farmers
- Dairies in two states and grow most of their own feed
- Dad run the 2<sup>nd</sup> dairy while his son and daughter-in-law ran the original dairy
- Dad interested in scaling back his management commitments but successors not interested in 2<sup>nd</sup> site or travel commitments

#### Project Highlights

- Client was hurt that his son didn't have any interest in the 2<sup>nd</sup> site – took some time to work through the trust breakdown
- Because the two sites weren't managed together, they didn't benefit from sharing many practices
- The successors were interested in running the original dairy on their own – without much of Dad's input
- Two managers had been hired for the 2<sup>nd</sup> dairy but neither lasted

#### Client Experience

- Onboarding outline was followed very closely – and manager has been in place for two years
- This system has been put in place for all other supervisory hires on both dairies



## Engage for Performance

### 1. CONNECT

- During onboarding - CLEARLY lay out:
  - **WHAT** the job is; and
  - **WHY** it's important
- Ensure employees know how to complete their work AND how it's linked to organizational success
  - Even more important than access to resources, chance for a promotion or safety



## Example On-Boarding Outline

1. Business Orientation
  - Mission Statement
  - Business Philosophy
  - Guiding Principles
  - Code of Conduct
  - Financials
    - Phased Introduction
    - Long-term goal - be involved in planning & review
2. Culture Orientation
  - Business Pillars
3. Making Connections - Key Critical Relationships
  - Hoof Trimmer
  - Milk Tester
  - Vet
  - Nutritionist
  - Feed Supplier
  - Others



## Example On-Boarding Outline

4. Roles & Responsibilities
  - Level of Authority
  - Authority Matrix
  - Job Description
5. Compensation and Benefits
  - Base Pay
  - Probation Period
  - Health Insurance
6. Incentive Plan
  - Pregnancy Rates
  - Mortality Rates
  - Production Goals



## B. Structure

**Hog and Grain  
Producer**

**Client Situation**

- 2<sup>nd</sup> & 3<sup>rd</sup> generation hog producer
- Two sites for hogs and grow all their own feed
- Interest in continued growth and smooth transition to a sibling partnership
- Dad was essentially the founder and still made all key strategic decisions

**Project Highlights**

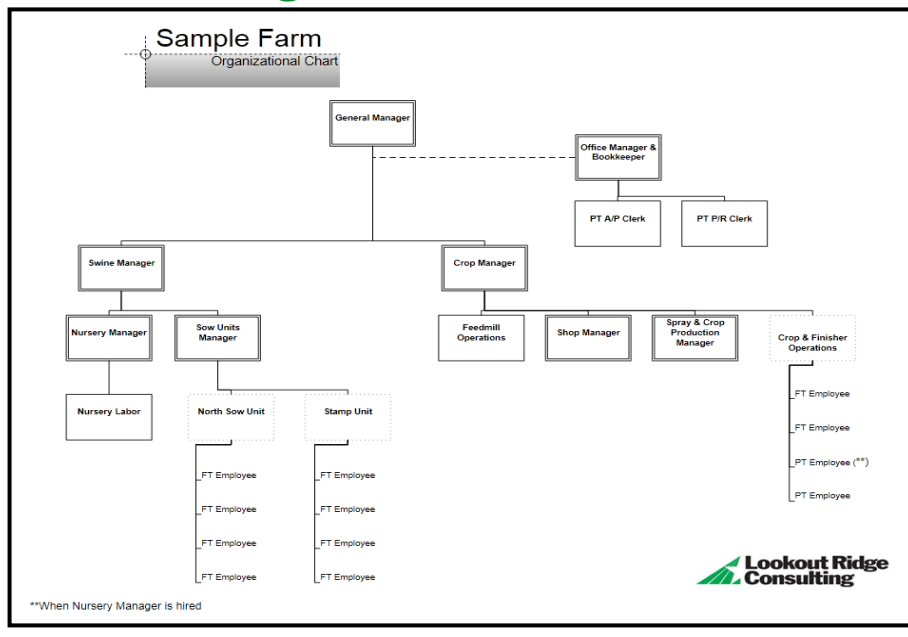
- Client was not sure how to transition real management and leadership to his sons
- Business had grown beyond the ability of the current management systems
- Structure that was outlined with a “current status” organizational chart brought instant recognition by Dad of the opportunities for transition
- Needed additional positions were recognized and recruited for immediately

**Client Experience**

- Dad no longer directs help at the shop every morning
- Sons have clarity around their respective authorities, which has eased the competition for resources and the blaming



## Organizational Chart



## C. Strategy/Staff

### Hog Operation

#### Client Situation

- Founding generation of three brothers own and managed the operation
- Two sites sow sites, one gilt site and lots of contract finishers plus other business units
- Middle managers are in charge of each of the business units
- Asked to work with team of swine managers who ran sow sites, gilt site and field operations team

#### Project Highlights

- Team were a mix of new folks (<2 years) and veterans (> 12 years)
- Two newbies left team within first 3 months of our work
- Found that business had a culture of rapidly advancing folks beyond their capabilities while providing little to no coaching or continuing education
- Remaining employees were new or were "hardened survivors"
- No team members had experience or training in supervision yet lead teams of 3-10 employees
- Utilized dual approach of coaching for both owner and team

#### Client Experience

- Team grew in understanding, trust and capabilities
- Ownership engaged in coaching but reverted to original style
- Team has experienced very high turnover in their staff over last 8 months and are under a lot of stress



## Not a new topic . . .

#### HELPFUL HUMAN-RELATIONS RULES:

- Remember, people want to feel important — that they are a part of the success of any operation. Help them "belong."
- People want to be respected. Every person has self-respect needs. Respect for work and for property begins with self-respect.
- People desire recognition. Recognition for work well done is often better "pay" than money.
- People want to make progress — in both earnings and status. They need to know where they stand — and they need to know this regularly. Reviews of work and payment on a regular basis is the best form of worker-employer human-relations.
- People are concerned about their relations with fellow employees. Teamwork is important. Requests gain more than do demands.

1969  
Michigan  
Farm News

"Farm Labor  
Problems" by  
Melvin Woell



## Messages

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- Implementing organization development concepts requires consistent practice of leadership and management skills.
- You can start implementing organization development concepts in small steps.



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