

# Benefits of Peer Advisory Groups



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*Joe Kluender, CAC*

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## Objectives

Provide a better understanding of how peer groups  
may add value to you and your business.

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## Outline

1. Define peer groups
2. Understand the benefits of a peer group
3. Outline the structure of a peer group
4. Answer questions

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## Definition of Peer Groups

1. Informal group of advisors
  - a. Are “invited” and advise
  - b. Are not accountable

Vs.

2. Board of Directors
  - a. Elected, vote and make decisions
  - b. Directors are compensated & liable

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## Peer Group Differences

### 1. Financial & Production Metrics

- a. Lender or farm business management
- b. Marketing clubs, buying clubs

### 2. Social

- a. Commodity groups

### 3. Management & Business Development

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## Management Peer Groups

Goal:

Examine business management issues in order to make better decisions with enhanced results.

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## When to Join Peer Groups?

There are two situations where peer groups can make a critical difference. The first is good times, when it is easy to become complacent. The second is bad times, when the margin for error and window of opportunity are very small.

Klinefelter, Danny. 2009a. Seek other winners. *Top Producer*, March 6.

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## Advantages of Peer Groups

Share ideas with other producers from outside your geographic area or industry

- Non competitive
- Creditable exchange of ideas
- Broaden your outlook
- Safe haven for confidential discussion

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## Advantages of Peer Groups

Act as a sounding board for new ideas

- Balance of strengths and weaknesses
- “Test” your ideas
- Explore alternatives
- Reduce redundancy: “Been there - done that”

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## Advantages of Peer Groups

Cost effective access to resources

- Research
- Leadership development
- Policy development
- Innovative thinking
- Behind the scenes information

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## Advantages of Peer Groups

### Group consensus

- Get closure
- Psychological support of “peers”
- Call to action

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## Advantages of Peer Groups

### Drivers of change

- New ideas
- Shared ventures
- Resources
  - ◇ Names
  - ◇ Contact information

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## Advantages of Peer Groups

### Accountability

- Continued improvement
- Response to the group
- Follow through

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## Advantages of Peer Groups

### Develop into your board of directors

- Be a “balance point” for family discord

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## Advantages of Peer Groups

Questions?

Comments!

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## Characteristic of Peer Group Members

1. Willing to participate
2. Open minded
3. Honest
4. Expect to disagree, can do so respectfully
5. Committed

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## Obstacles of Peer Groups

1. Time
2. Organizing: who, where, when
3. Fear of confidentiality
4. Distance
5. Cost

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## Structure of Peer Groups

1. Needs a facilitator
2. Commitment to confidentiality
3. Limited number of members
4. Frequency of meetings
5. Defined goal
6. Defined rules

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## Structure of Peer Groups

7. Fees
8. Length of meeting (i.e. ½ day, full day, two days)
9. Location (fixed or mobile)
10. Representation
11. Withdrawal
12. Issues for discussion (rolling agenda)

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## Peer Groups

Questions? Comments!

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## Resource

### *Peer Advisory Groups in Agriculture, A Resource Guide*

Written by Kayla Doerr

<http://www.associationofagriculturalproductionexecutives.org>

### *“Peer Advisory Groups: Providing an Outside Perspective”*

Danny Klinefelter, Texas A&M University

- [http://www.carolinafarmcredit.com/cfc3/Tepap/Peer%](http://www.carolinafarmcredit.com/cfc3/Tepap/Peer%20Advisory%20Groups%20Providing%20an%20Outside%20Perspective.pdf)

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