

The Top Things I've Learned in 20 Years of TEPAP

Danny Klinefelter
Professor and Extension Economist
Texas A&M University

The Top Things I've Learned in 20 Years of TEPAP

1. The importance of communication.

Peter Drucker said that 60 percent of all management problems are communication problems. Between managers, between management and employees, between family members (inside and outside the business), between current CEO - successor candidates - the rest of the team. Communication problems stems from several common behaviors: secrecy, when someone can't admit being wrong, dictatorship, unresolved conflict and unfair fighting. Employees and family members need to know clearly and on a regular basis:

- o What are they expected to do and how?
- o Why are they doing it?
- o How are they doing?
- o How can they improve?
- o Where is the business headed, i.e., vision?
- o How does it plan to get there?
- o What is their role?
- o What's in it for them?

If a leader can't get a message across clearly and motivate others to act on it then having a message doesn't matter.

The Top Things I've Learned in 20 Years of TEPAP

2. The best managers are strategic managers.

Strategic management is the ability to anticipate, adapt to, drive (create) and capitalize on change. The only truly sustainable competitive advantage is the ability to learn and adapt faster than your competition. Therefore, the most successful businesses are learning organizations. This involves recognizing that someone, somewhere (often outside agriculture) has a better way of doing things and everyone in the business needs to be driven to find it, learn it, adapt it, and continually improve on it. That is why the best are networkers, inside and outside agriculture. The objective isn't just to meet people and make contacts, but to learn. It's why they see the advantages of peer advisory groups, TEPAP, AAPEX and Top Producer/DTN/Farm Futures conferences. The future will always belong to those who see the possibilities before the average producer. This requires being open to exploring new ideas and considering different points of view, even those that may be discomfiting or conflict with your basic beliefs and biases in terms of how you think things should be. Each of us see things through a filter. Their objective is to make sure yours aren't creating too many blind spots.

The Top Things I've Learned in 20 Years of TEPAP

3. The Importance of Recognizing and Acknowledging the Contributions of the People who Work for You

They're moved past the point of view that employees are just hired hands whose job is just to do what they're told. They recognize the strength of any organization is its people. The best team is made up of people with different skills who don't always think alike but have learned to work together to make the whole greater than the sum of its parts. As Jim Collins said in *Good to Great*, the best businesses get the right people on the bus, in the right seats and the wrong people off the bus.

4. The Importance of Seeing Change and Challenges as Opportunities, and Avoiding the Victim Mentality

Everyone has problems. The best learn from them, make adjustments and move on. They don't get bogged down in the coffee shop syndrome of self pity, complaining or blaming someone else for their problems. They have learned that problems and change create opportunities for those who figure out how to deal with the and are prepared to act. Mistakes are seen as learning opportunities.

The Top Things I've Learned in 20 Years of TEPAP

5. The main difference between the top 10 percent and rest of the top 25 percent is their timing.

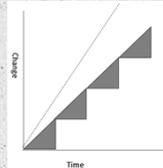
This is in terms of when to enter, expand, cut back, or get out and redeploy; whether it's an investment, a marketing decision or a business activity. The best organizations spend as much time analyzing what they need to stop doing as they do evaluating new opportunities.

Unfortunately, the average producer tends to change or act only when they feel the heat, rather than because they see the light.

The Top Things I've Learned in 20 Years of TEPAP

6. The Importance of Operating in a Continuous Improvement Mode

Continuous improvement requires implementing management systems, mapping (understanding) processes, developing standard operating procedures (SOPs), having appropriate incentives, delegating responsibility and authority, and demanding accountability. One of the biggest problems most people have is implementation, follow through and follow up. I've observed that people can go to conferences and schools like TEPAP and come away with a lot of ideas, but never act on them. It's one of the reasons I've become such a strong proponent of peer advisory groups. They offer encouragement, increase accountability, help overcome implementation problems, identify alternatives, and not only provide good ideas but help weed out the bad ones. Peer advisory groups also help in terms of learning from mistakes and successes, both from your own experience but also those of other member of the group. Most success comes from continuously looking for ways to do 20 things 5 percent better than seeking ways to do 1 thing 100 percent better



The Top Things I've Learned in 20 Years of TEPAP

7. The Importance of Understanding Macro Issues, Domestic and Global, and Their Potential Impact on the Business

This includes economic, political, social, cultural and weather issues. They're also interested in identifying and understanding leading indicators that can help them spot changes that are likely to occur in time to react. They've also learned that most major changes occur not just because of one thing but as the result of the convergence of several forces.

8. Most College Undergraduates are Not Taking or Being Taught Many of the Subjects That Are Going to be Important after they Graduate

- o Human resource management and development
- o Operations management and process improvement
- o Alternative business arrangements
- o Entrepreneurship
- o Macro-domestic and global (geo-politics)
- o How the political process works and the ability to separate reality from rhetoric
- o Practical cost/managerial accounting
- o Negotiation skills
- o Risk management strategies and decision tools

The Top Things I've Learned in 20 Years of TEPAP

9. Everyone exists in four states of knowledge:

- o What they know they know
- o What they know they don't know
- o What they don't know they don't know
- o What they think they know that just isn't so

"Human beings, who are almost unique in have the ability to learn from the experiences of others, are also remarkable for their apparent disinclination to do so." Douglas Adams quote.

The best managers tend to be more aware of their strengths and weaknesses, and work harder at filling in or compensating for the gaps.

10. The Importance of "what if" scenarios and developing contingency plans.

They think about what could happen and what they would do if it did. Just like those most successful coaches and generals. They don't limit themselves to most likely, best case and worst case scenarios. This process forms the basis for evaluating risk management options so that their risk management strategy is more calculated.

The Top Things I've Learned in 20 Years of TEPAP

11. The need to spend more time on monitoring, analysis and controls.

Their objective is to identify causes so they're not treating symptoms, to correct problems before they grow, to capitalize on windows of opportunity and to adjust future plans in light of new information and changes in the basis for their initial assumptions. Monitoring and controls also serve to reduce variability in quantity, quality and timing. They also seek out ways to use technology to gather information real time and to integrate information from different sources. The objective is to identify better metrics, cause and effect relationships, and more effective use of information.

The best managers always used two analytical skills in identifying causes and solving problems. The first is perspective - they look at interrelationships and multiple frames of reference. Second, they always look for the heart of the issue. They've learned to rely on their gut, but they don't jump to conclusions, because they've learned that every complex problem has at least one solution which is simple, obvious and wrong.

The Top Things I've Learned in 20 Years of TEPAP

12. The importance of prioritizing their time effort and dollars.

Everyone is familiar with the 80:20 rule, but few consciously and systematically apply it. Most people never achieve their long term objectives because they are usually doing second things first, e.g., what they like to do, know how to do, can be completed quickly, or is most urgent. The best have learned not just to prioritize, but to prioritize priorities, to delegate, to outsource or to form alliances.

13. The Importance of Being a Successful Negotiator and Understanding What Win:Win Actually Means

The ability to negotiate affects almost every facet of a business, whether its dealing with suppliers, buyers, employees, or working with family members. The success of negotiations affects prices paid and received, the acquisition of resources, relationships and terms of arrangements.

The Top Things I've Learned in 20 Years of TEPAP

14. Every successful operator I've met is growth oriented; but, they define what growth and success are.

- o Technology and economies of scale
- o Competitive - driven to be the best
- o Ability to bid for resources
- o Ability to access capital and manage people
- o The ability to differentiate and brand themselves and their businesses.

Obviously, there have been high profile failures. Not all large operators are successful. Size alone doesn't denote success. But, from a number's standpoint more have exited agriculture because of insufficient size to afford or attract a successor, lack of management ability in areas of emerging importance and obsolescence.

15. The unwillingness or inability to work with others, including family, has and will be the downfall of many producers.

In order to remain independent will increasingly require interdependence. Agriculture is moving toward coordinated supply chains and qualified suppliers. Canada's study of leading farmers found that 66 percent of the top 10 percent were involved in a formal relationship with processors and/or retailers, while only 13 percent of all farmers were doing so. The same is true in the U.S.

The Top Things I've Learned in 20 Years of TEPAP

16. The most satisfied and successful enjoy and take pride in developing the business's future leaders.

Succession is one of the key responsibilities of leadership. Yet it is one that the fewest leaders seemed to have learned. Many businesses have flourished under one manager and floundered or failed under the next because the new management was not properly prepared or the wrong person was selected as the next CEO.

Family farms that have been successful over time have several common characteristics. First, they don't take the interests and the desires of the next generation for granted. Too many business failures and personal tragedies have occurred because the next generation come into the business or assumed management responsibility simply to avoid disappointing their parents, a path of least resistance, or to avoid being disinherited.

Second, these businesses have established a clear basis for successor selection. This includes the future needs of the business, the type and style of management needed, the necessary skills and attributes, and a performance evaluation process which provides the ongoing feedback and assessment needed.

Finally, they develop a plan for what the current CEO will do next and what the opportunities will be for those not selected to assume the top management role. Without something meaningful to go to, many incumbent managers either can't or won't leave their position. It's also important that the business doesn't lose the talents and experience of unsuccessful successor candidates, that relationship problems not develop, and that those who stay don't lose their motivation