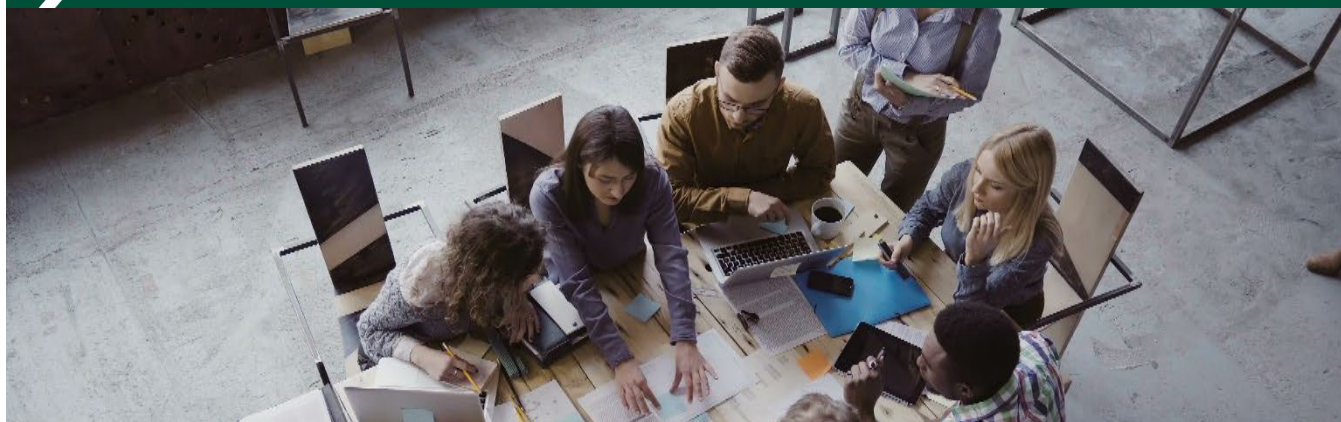


DEMaND

Developing and Educating Managers and New Decision-makers



Are you planning to be the next generation farm operator? Whether you represent the transition of generations, or that of employee to owner or as a new entrant to the business, a fresh look at management will be necessary. Michigan State University Extension offers help to beginning farmers with this transition through the Beginning Farmers DEMaND series offering articles, workshops and additional resources.

Sharpening the Saw: Keeping Yourself Business Sharp

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E3409 July 2020

Saws, like any tool, need to be sharp to be at their best. While many depend on physical tools to get the job done, the reality is that all of us depend on the tools of our brain and our heart. These, like the physical tools, must also be sharpened.

In his book, *The 7 Habits of Highly Effective People*, Stephen Covey listed “sharpening the saw,” balanced self-renewal, as the seventh habit to becoming more effective. He saw it as essential for rising above and excelling (Covey, 1989). Why is personal renewal so important? What’s the big deal?

The reason is that, like a saw, we can all get dull with use. You may start your business with great ideas and plans, but you can’t assume that as time goes on, everything will stay the same. You won’t

necessarily be able to see all of the opportunities, accurately evaluate your performance and understand or even recognize a wider range of alternatives.

In the midst of the battle of business, when problems mount and business owners are trying to put out fires as quickly as they pop up, they can develop blind spots. When focusing on one thing, vision narrows. You can become convinced of your own “correctness.” When you are invested in your own way, it may seem like the only way.

The biggest reason that businesses fail is not from factors that are external to the business, but from those that are internal – you! If you are the business’ only source of ideas, then your perspective will limit the business’ ability to succeed. Unless, you constantly expand that perspective, add ideas and involve others in evaluating it, then you may be holding the business back. We need the input of others to increase the probability that we will succeed, not just in the short term, but just as importantly, the long term.

Here are several areas of input that every business, new or old, should seek out, areas that help to sharpen the saw of your brain and heart as you lead.

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Financial Feedback

Every business runs on money. Expenses, many of which are unanticipated or unplanned, can knock incessantly at your door. You may think having a positive balance in the checkbook is an indication that the business is doing well, but a checkbook balance tells nothing about inventory changes, expenses compared to budget or even if you are profitable.

Michigan State University (MSU) Extension encourages every business to get regular unbiased financial feedback. Having an accountant that you only hear from at tax time does not mean you are getting comprehensive financial advice. In business, you need to know key financial measures regularly (quarterly, if not monthly) so that you can respond to changes in the business climate, adjust the budget or take advantage of opportunities.

Alternatively, a financial consultant can help to benchmark your business against other similar (or even different) businesses to help identify strengths and weaknesses. As you receive financial feedback, you will develop a greater understanding of the most important measures for evaluating your business. You should be working to achieve financial goals that you and your advisor have discussed, and your financial advisor should hold you accountable for reaching the agreed-upon goals.

Management Feedback

Few farms ask for management feedback, but those that do so find it invaluable. These farms invite a team of consultants in to evaluate their business, to call it like they see it and to offer helpful recommendations for improvement. One such management team that MSU Extension is a part of has met approximately every four to six weeks throughout the year over the past four to five years. The management team meetings involve all the farm partners, a veterinarian, feed consultants, an MSU Extension educator, a lender, an equipment or crop advisor and sometimes a specialist.

The feedback can be difficult to hear: “calf death loss is too high,” “some cows are bred too many times” or “you are not getting high enough milk components.” So why do it? Why invite criticism?

Four primary reasons why any agricultural entrepreneur or business owner should consider inviting others to evaluate and offer recommendations follow.

- Focus: It provides guidance as to where to put the attention.
- Follow-up: It ensures accountability to make sure that plans get carried out.
- Ideas: While each individual advisor is knowledgeable, ideas become even better through group discussion.
- Unity: It ensures that everyone is moving together without assigning blame and disavowing responsibility.

There may be a cost to getting the input from a qualified group; however, in the example farm’s case, no consultants charge the farm for their time. The farm always provides lunch and each person involved gains from the interaction.

Sometimes we may think that no matter what input we consider, the advantage is always to the large farm. However, management feedback is not limited to large farms, and farm size does not determine its value. Agricultural businesses can open the door to this type of feedback simply by asking and being willing to work together with others to improve.

Working together, or getting advice does not dictate the decisions a farm owner can make. The farm owner is still at the helm and making decisions; however, the input is crucial to moving and changing and improving.

Peer Group Input

The best specialists in your field are often other producers, at least those who are progressive and innovative. There is power in community – in this case, a community of farmers. While it is good to have a local community, community can be so much broader than the town in which you live.

One farm in Texas is part of a group with other farms in that state as well as two other states. They share performance figures in the same categories on a monthly basis, speak by phone regularly and meet semi-annually. Interaction with similarly sized and managed farms sharpens each of them.

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A group of grazers across many states maintains contact with one another and provides support and encouragement through regular phone calls and annual get-togethers.

For similar reasons, you may seek out others interested in improving and those you trust to be as open and willing to share as you are. If you want to start a peer group, look locally, but don't be afraid to involve individuals from greater distances that you meet or learn about. That includes those with whom you might meet with occasionally, talk with more regularly and share data with frequently.

A peer group depends on people being transparent for mutual benefit. The more open and, therefore, vulnerable you are, the more you will benefit. If you are simply trying to impress the others, you might as well quit before you start. The idea is that we need each other. No one in the group is self-sufficient. The relationships that you build will provide encouragement and support, which will be better with time as you grow in respect for their input and open up your business to greater evaluation.

Learning From Similar Business

Although on-going relationships or consultations are important, even one-time visits with others in similar businesses can be beneficial. Take the opportunity to travel and make appointments to visit with owners about their businesses. Identify yourself as the owner or prospective owner of a business. Talk with them about problems you have experienced and learn how they have handled similar problems. Ask them about what they encountered at different stages in their business' history to help you anticipate needs and opportunities. Keep their contact information so that you can develop a network of peers.

There is joy in sharing with fellow entrepreneurs, and there is wisdom found in talking with peers and advisors. These forms of feedback will guide, evaluate and challenge you to become better. They will help to "sharpen your saw" and sharpen your business. And that is what we all need!

Reference

Covey, S. (1989). *The 7 habits of highly effective people*. Simon & Schuster.

MSU Resources

MSU Beginner Farmer Webinar Series

https://www.canr.msu.edu/beginning_farmer_webinar_series/

Educational series covers basic, startup information for beginning farmers interested in engaging in new agricultural enterprises. Participants are mostly current or future growers who represent small farms.

MSU Extension Farm Business Management

https://www.canr.msu.edu/farm_management/

Team of MSU Extension educators and educational resources providing support to those in agriculture through an educational process of applying management, production and economic knowledge to critical issues, needs and opportunities.