

Canadian Agricultural Safety Association

*Human Resources: Part of a Good
Business*

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MEYERS NORRIS PENNY LLP

Today's Presentation

- Centrec Consulting Group
- Overview
- Management Practices of Leading Farmers
- Realities
- Where to



Finding the right answer starts here.

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Context for Discussion



Context for Discussion



Overview

- Management is the single most important factor that differentiates profitable from less profitable farm businesses.
- In relative terms, businesses must grow or they will recede.
- There are constraints (or limitations) to growth; and some exist in management.
- Increasingly, there is risk.



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Overview

- Farm management application
 - What is ‘*normal*’?
 - What to do?
 - Some Options
 - Status quo
 - Scale (increase size)
 - Specialization / Intensification
 - Niches
 - Diversification / Extensification
 - Value-add




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Primary Producer Management Skill Line

Producer Skill Level Past 50% 30% Present 15% 5% Future



**Contract
Producer**

**General
Management**

C.E.O.



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Leading Farmers

- Written quality and safety plan
 - 24% - yes
 - Correlation to size
 - Farmers with more sales greater than \$1.5 million
 - 41% - yes
 - Correlation to sector
 - Dairy / poultry / hogs more inclined



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Leading Farmers

- Written Risk Assessment Plan
 - 12% - yes
 - Correlation to Size
 - 24% - yes (farms exceeding \$1.5 million in sales)
 - Correlation to Sector
 - Hogs and Poultry
 - 40% and 37.5% respectively



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Leading Farmers

- Business Planning
 - Human Resources included in business plan
 - Sales over \$1.5 million 73%
 - Sales less than \$500,000 28%
- Learning and Professional Development
 - Human Resource focus
 - Sales over \$2 million 60%
 - Sales at \$500,000 28%



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Leading Farmers

- Role of the spouse
 - Where involved, 31% of spouses provide labour
- Employees
 - Farms exceeding \$2.0 million in sales
 - 95% have f/t employees
 - All farms responding
 - 43% have f/t employees



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Leading Farmers

- Performance Appraisals
 - 32% - yes
 - Correlation to size
 - Farms exceeding \$2.0 million in sales – 60%



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Leading Farmers

- Employee Agreement
 - All farms – 6% written agreements
 - Correlation to size
 - Farms exceeding \$2.0 million in sales – 15%
 - Farms at \$500,000 – 2%



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Leading Farmers

- “Practice open and effective communication within the business
85% yes
- Develop skills and abilities of management team
78% yes
- Ensure low staff turnover
70% yes
- Develop a skill management program for non-management team
39% yes
- Recognize and reward employee success
67% yes



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Relative Indication of Management Strengths and Weaknesses



Established, leader in production, acknowledges planning a weak area, sees increasing knowledge as key



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Relative Indication of Management Strengths and Weaknesses



Gap in knowledge and skill in human resource management and marketing - could out source these



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Financial Correlation

Management Practice	\$1.2m-\$2m+	\$251k-\$1.2m	\$0-\$250k
Leadership	4.06	4.08	3.82
Innovation/ Production	4.31	4.22	3.74
Strategy/ Bus Plan	4.08	3.87	3.43
Marketing Mgt.	3.84	3.80	3.32
Financial Mgt.	4.07	3.70	3.25
Risk Management	3.92	3.78	3.34
Human Resources	3.81	3.60	3.20
Alliances/ Relation	3.98	3.92	3.79
Confidence	4.19	4.10	4.01
Overall	4.03	3.90	3.54
Samples	40	80	30



Source: Best Practice Group 2004

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People

Difficulty



Leader

Manager

Teacher

Labor

Effectiveness



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Ultimate Goal

FINANCIAL HEALTH



Financially Healthy
Q2
People Unhappy

Financially Healthy
Q1
People Happy



Financially Unhealthy
Q4
People Unhappy

Financially Unhealthy
Q3
People Happy

PEOPLE'S HAPPINESS



Finding the right answer starts here.

Source: Salisbury Management, USA

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The Realities

- Owner / operators
 - Shortcuts and circumvention
 - Tolerate more than employees
 - Work environment
 - Risk to personal safety
 - ‘Lose a finger’
 - Shields



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The Realities

- Spousal labour
 - Implication of young children



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The Realities

- Farm size
 - Longer hours
 - Autosteer and '4 days in the field'
 - Distance factor
 - supervision
- Employees
 - Non-unionized
 - Options and expectations



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The Realities

- Profit margins
 - Commodity production in primary agriculture
 - Margins / competition / lowest cost of production
 - Subtleness factor
 - Investment in staff
 - Maintenance
 - Replacement
 - Labour costs



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The Realities

- Time is of the Essence
 - Huge driver
 - Safety as a nuisance versus safety as a cost



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Where to?

- Businesses typically outgrow management
 - Farming no exception ... maybe more guilty



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Where to?

- Human Resource management focus
 - Policies / procedures
 - Training and development
 - Governance
 - Recruitment and retention



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Where to?

- Challenges
 - Profit
 - Seasonality
 - Historical management patterns
 - Resources and training (management)



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