



Section 2.1

Developing Producer Objectives And Dealing With Change



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Section Summary



- Planning for change
- The 8-stage process of creating major change
- Considerations for family businesses
- Mistakes common to change efforts



I'm all for progress,
it's the changes I don't like.



“To some degree, the downside of change is inevitable. Whenever human communities are forced to adjust to shifting conditions, pain is ever present. But a significant amount of the waste and anguish we’ve witnessed in the past decade is avoidable.”



Dealing With Change



- Reactive approach: change is a threat & involves loss
- Proactive approach: change is normal & opens new avenues
- Approach to change often guided by what will “be in it for us”
- Instead, direct change towards attaining predetermined goal or objective



Planning For Change



- Accept ambiguity and reality that there is usually more than one acceptable solution
- Share information with all involved
- Make use of people on the team; seek outside advice/input as needed
- Maintain a clear vision




The Road To Prosperity



1. Will to succeed – most important element contributing to success of your business
2. Way to move forward – need action plan to move from idea to reality
3. Someone to walk alongside – need outside advice, perspective, constructive criticism, and encouragement. A variety of people can fill this role.



Fundamental Business Goals

- 
- Generate income and/or profit
 - Sustain/improve businesses natural and human resources
 - Develop highest and best mix of uses of available resources
 - Spread risk – enterprise diversification for example



Areas Of Focus



1. Improve family unity
2. Increase net income
3. Understand market needs
4. Manage enterprise mix as a portfolio
5. Build a team
6. Involve/engage local community
7. Develop a global viewpoint



Eight-Stage Process Of Creating Major Change - #1




Establish a sense of urgency

- a. Evaluate and understand the competitive realities of the market

- b. Identify and discuss crises, potential crises, and/or major opportunities




Questions To Ask

- 
- Do I understand the business?
 - What are my goals?
 - What are the expected benefits?
 - What are the expected drawbacks?
 - Do I have or can I obtain the right skills?



Questions To Ask

- 
- Do I have family support for the project?
 - How much risk is involved; how much risk can I manage?
 - How does my lender view the opportunity?
 - What will have to change professionally and personally for this effort to be successful?



Meeting Market Demands



- Developing a business that targets specific needs of a consumer group or market niche will require significant changes for you & your team
- Moving out of a commodity mindset will require shifting your entire business mix of enterprises



Eight-Stage Process Of Creating Major Change - #2



Create the guiding coalition

- a. Put together a team with the power to lead change
- b. Coach the group to work as a team



“There are limitations on people, technology, capital, and time. There begins a recognition of the major gains to cooperation.”



Constructing A Team

- 
- Blend complementary skills into a unified effort
 - Seven roles are critical to your business:
 - ▶ Vision & planning
 - ▶ Organization & administration
 - ▶ Production & maintenance
 - ▶ Sales management & customer relations
 - ▶ Advertising & public relations
 - ▶ Financial management
 - ▶ Regulatory compliance



Eight-Stage Process Of Creating Major Change - #3



Develop a vision and a strategy

- a. Create the vision to lead change
- b. Develop strategies for achieving that vision



Portfolio Principles For Farm Enterprises



1. Market stability is the *exception*, not the rule
2. Products and their markets move towards commodity status
3. Success yields copycats that push towards commodity status
4. Innovation is an ongoing process that reenergizes you



Portfolio Principles For Farm Enterprises



5. Consider new market ideas or concepts every 24 months
6. Be flexible in the use of facilities, equipment and technical resources
7. Establish brand reputation as a means to extend profitability into the future



Assume Nothing... Question EVERYTHING



- Is there a high degree of trust?
- Is everyone committed?
- Are the goals realistic and attainable?
- Is the structure simple enough to be manageable?
- Will communication be clear?
- Have we built in sufficient flexibility?
- Are we devoted to win-win situations?



Eight-Stage Process Of Creating Major Change - #4



Communicate the new vision

- a. Use every tool possible to communicate the new vision and associated strategies
- b. The guiding coalition must model the behavior expected of employees



Potential “Sticking Points” In Family Businesses



- Decision making/control
- New ideas that require a change in operations
- Financial authority
- Goals and priorities
- Employees
- Spouses and families



Family Buy-In



- Adding a new enterprise will create change for those directly and indirectly involved in the business
- Need to develop a shared vision and communicate potential benefits and drawbacks
- Shift current responsibilities so members can assume new responsibilities in the new venture
- Without family buy-in, enterprise is unlikely to succeed



Engage Your Community



- Identify valuable resources for your new enterprise within local community structure
- Establish communication channel within the community to use these resources
- Communicate with neighbors and community members to tap into creativity & help avoid misunderstandings



Eight-Stage Process Of Creating Major Change - #5



Empower broad-based action

- a. Remove obstacles
- b. Alter systems or structures that undermine the vision
- c. Encourage risk taking and nontraditional ideas, activities and actions



“Those who prosper in this future agriculture must adjust to a rapidly changing environment and be willing to challenge their traditional comfort zone. Growers must be willing to sacrifice independence for interdependence. Farmers, policy makers, and agribusiness leaders must be willing to create competitive advantages rather than protect old ones.”



From Concept To Reality



1. Trust
2. Homework (research)
3. Specifics (details)
4. Timing (coordination)
5. Communication
6. Commitment



Eight-Stage Process Of Creating Major Change - #6



Generate short-term wins

- a. Plan for visible improvements in performance
- b. Create those improvements (wins)
- c. Visibly recognize and reward people who made the wins possible



Eight-Stage Process Of Creating Major Change - #7




Consolidate gains to produce more change

- a. Use increased credibility to change all systems, structures and policies that don't fit the vision
- b. Hire, promote and develop people who can implement the change vision
- c. Reinvigorate the effort with new projects, themes and change agents



Oregon Country Beef

- 
- Define a product specification and stick with it
 - Build value through trust
 - Build value by producing what consumers want
 - Build value through good stewardship
 - Pull your product, don't push it
 - Ensure a reliable supply
 - Focus on least-valued products
 - Communicate with your partners
 - Market yourself, your lifestyle & your commitment



Develop A Global Perspective



- Economic success flows from market understanding
- Recognize the macro trends related to national and international economies; they may impact your enterprise
- Failure to monitor the global arena may lead to increased levels of risk for your business
- Agriculture is both fragmented and integrated, allowing for many enterprise mixes



Eight-Stage Process Of Creating Major Change - #8



Anchor new approaches in the culture

- a. Create better performance, leadership and management through customer- and productivity-oriented behavior
- b. Make connections between new behaviors and organizational success
- c. Ensure leadership development and succession



Why Successful Companies Fail



- Narrow perspective caused by clinging to assumptions in initial business plan
- Becoming a slave to routines – “we’ve always done it that way”
- Being too closely tied to initial set of relationships (customers, employees, suppliers)
- Letting company culture become so dogmatic that new ideas are squashed or overlooked




Mistakes Common To Change Efforts



1. Allowing too much complacency
2. Failing to create a powerful guiding coalition
3. Underestimating the power of vision
4. Under-communicating the vision
5. Permitting obstacles to block new vision
6. Failure to create short-term wins
7. Declaring victory too soon
8. Neglecting to anchor changes in company culture



Are You Ready?

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- Moving your business into the value-added arena involves significant commitment
 - You will have to learn new rules, develop new perspectives, endure hardship and experience setbacks
 - Your business will not be simplified, but you will have an opportunity to gain rewards for targeting specific markets