



Cattle Producer's Handbook

Management by Objectives

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Management by objectives is essentially a system of incorporating into a more logical and effective pattern the things managers are already doing. The primary effects of management by objectives are seen in tangible results such as improved profits, more growth, lower costs, and increased revenue. On the intangible side, results include more self-satisfaction, better morale of employees, etc.

The concept of management by objectives is based upon three underlying premises:

1. That any system of management is better than no system at all;
2. That to be workable, any management system must bridge the gap between the theoretical and the practical; and
3. That to be effective, any management system must appraise management performance in direct relation to the activities of the business (i.e., that management must be objective-oriented, and the objectives of management must be the same as the business).

With these premises in mind, let's look at precisely what management by objectives really is. Why and how do you go about managing by objectives in farming and ranching?

The Why

1. Farm management takes place within an economic system that provides the environmental situation for the individual farm or ranch. This environment has changed drastically over the past few years and imposes new requirements on farms and on individual farm managers.

The ability to organize, get results and adapt to rapidly changing circumstances will be the primary criterion for management success in the future.

The How

2. Management by objectives is a way of management aimed at meeting these new requirements. It presumes that the first step in management is to identify, by one means or another, the goals of the firm. All other management methods and sub-systems follow this preliminary step.
3. Once organizational goals have been identified, orderly procedures for distributing responsibilities are set up in such a way that all efforts are directed toward achieving these goals.
4. Means of measurement are then set up to measure results against the established goals (i.e., measurement of what is actually achieved).

The rest of this unit evolves around four concepts.

Concept 1: Changing Environment

Farm management takes place within an economic system that provides the environmental situation for each farm or ranch. This environment has changed drastically over the years and imposes new requirements on farms and on individual farm managers.

Many factors or trends affect the environment within which agriculture and farm managers must operate. These factors include the trend toward industrialization of agriculture, the trend toward market-oriented philosophy, the trend toward changing management philosophy, and the trend of increasing international impact on agriculture.