20 Attributes of Highly Successful Managers

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On January 5th 2017 the NY State Agricultural Society held its 185th Annual Meeting and Agricultural Forum in Liverpool, NY. Dr. Danny Klinefelter, professor and Extension economist from Texas A&M University gave the keynote address: *Attributes of Highly Successful Farmers and Collaborative Arrangements*. What follows is a synopsis of that address with some embellishments. I only hope I can do Dr. Klinefelter justice. These attributes are not size, or even industry, dependent. They apply just as easily to the CEO of a large multi-national corporation as they will to the brew master of a start-up microbrewery. See how many you can check off as, "Yes, I do that".

1. Four Patterns –
   a. They anticipate and adapt to the changing needs of their markets. They recognize the possibilities before they become obvious to the average producer, and act accordingly.
   b. They are open to exploring new ideas and considering different points of view, but their mind is not so open that their brains fall out.
   c. They operate more as resource managers of the inputs than as producers of the products. They recognize that resources – land, animals, people – are not infinite nor easily replaced.
   d. They recognize the importance of networking and developing alliances across the value chain. There is no sense in allocating resources to do something someone else can do better, faster, cheaper for me.

2. They are strategic thinkers. They anticipate, adapt to, drive toward, and capitalize on change. Change is inevitable, why not make something of it? They focus more on strategic (what could be) than operational (what is) planning. In other words, they look at doing the right things, not just doing things right. NHL legend Wayne Gretzky, when asked about the secret of his success replied, *"A good hockey player plays where the puck is. A great hockey player plays where the puck is going to be."*

> *It is an economic reality that for your business to succeed and continue successfully beyond you, management must learn, adapt and continuously improve at the rate set by the leading edge of the competition and not by your comfort zone, otherwise you'll be falling behind, even if you're moving ahead.*
> Dr. Danny Klinefelter

3. They are more open to exploring new ideas and considering different points of view. Mark Twain said, *"It were not best that we should all think alike; it is the difference of opinion that makes horse races."* and, *"A person with a new idea is a crank until the idea succeeds."*

4. They are able to objectively assess strengths and weaknesses in people, including themselves. They build on the strengths and compensate for the weaknesses. They delegate and hire accordingly. If necessary they will outsource or form alliances. They believe that having the right people in the right positions is half the battle. Lee Iacocca once quipped, *"I hire people brighter than me and then I get out of their way."* Moreover, establishing the right culture is critical – how we do business, what are our values; and how we treat people, what is acceptable and what isn't.

5. They operate in a continuous improvement mode. Most managers say, "If it ain't broke, don't fix it", but the successful managers say, "If it ain't broke, you probably haven't looked hard enough!" They focus as much effort on analyzing what they need to stop doing or do differently as they do evaluating

possible new opportunities. They believe that to stay ahead, the internal rate of change needs to exceed the external rate of change, and the only true competitive advantage is to learn and adapt faster than your competition (or government regulation).

The Pareto Principle (a.k.a. 80:20 rule) and putting first things first is not just about setting priorities, but prioritizing within those priorities and then delegating, outsourcing, or forming alliances as appropriate. They realize that continuous improvement requires implementing management systems, mapping (understanding) various processes, developing standard operating procedures, as well as delegating authority and demanding accountability. Without standard operating procedures you can't know what is or is not working and why it is or is not working. Furthermore, nothing is more frustrating for a middle manager than having all the responsibility to carry out a job but none of the authority to do so.

6. They spend more time thinking about "what if" scenarios and developing contingency plans. They don't dwell on the negative, but consider what could happen, good or bad, and what to do if it does. Fire evacuation plans are best formulated before the flames appear. They recognize that most problems and opportunities arise not from just one thing, but a convergence of factors (think perfect storm) often from outside the business. Therefore, they are always on the lookout for leading indicators.

7. They are more likely to seek input and expertise from outside of the business. They see themselves as the business's link to the outside world. They spend as much, or more, time thinking about the externalities of economic, regulatory, social, and market environments as they do day-to-day operations (strategic vs. operational) (See #2) They are aggressive information seekers and networkers. Often they are members of a peer advisory group of other successful industry individuals with whom they can be open and candid, and receive honest feedback. They seek to soar with eagles, not scratch with turkeys.

   Thinking outside the box frequently requires *getting* outside the box. Sam Walton and his VP's often visited competitor's stores. This wasn't so much to see what the competitors were doing wrong vs. what WalMart was doing right, but to see what the competitors were doing right and how WalMart could capitalize on it. Sam believed everyone exists in four states of knowledge:

   a. What they know that they know
   b. What they know that they don't know
   c. What they don't know that they don't know
   d. What they think they know that, in reality, just ain't so.

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

8. They see change and challenges as opportunities and don't tend to view themselves as victims. (Remember, eagles vs. turkeys.) Like everyone else, they don't enjoy adversity, but recognize that setbacks are a part of life, they learn from them, make adjustments, and then move forward.

   Change creates opportunities for those who are prepared to act. For example, in the early evening of December 10, 1914 an explosion erupted in a building in West Orange, New Jersey. The chemical fueled fire quickly engulfed nine other buildings in Thomas Edison's industrial plant. His son Charles later recounted that amid the chaos his father calmly walked up to him and said in an excited and child-like voice, "Go get your mother and all her friends. They'll never see a fire like this again! When Charles protested Edison replied, "It's alright. We just got rid of a lot of rubbish."

   Edison was quoted the next day in the New York Times, "Although I am over 67 years old, I'll start all over again tomorrow." Three weeks later part of the plant was up and running again, and he did so without firing or laying off any employees. The fire cost him almost $920,000 ($23 million today), but the following year his company had revenues approaching $10 million. Moral of the story: The true measure of the individual lies in how they react and respond to adversity.

9. They see themselves more as a head coach than as the boss because leadership is more than just managing. "*Leadership is solving problems. The day soldiers stop bringing you their problems is the day you have stopped leading them. They have either lost confidence that you can help or concluded you do not care. Either case is a failure of leadership."*– Colin Powell.

   They follow the "Platinum Rule" rather than the "Golden Rule". The Golden Rule (Lev. 19:18, Matt 7:12, Luke 6:31) basically says to treat others as you would have them treat you. The Platinum Rule says to treat others as they would like to be treated because they may not like to be treated like you like to be treated (same goes for cattle). They know the importance of recognizing and acknowledging the efforts of people working for them. They understand that the ability to attract the right people and motivate them will largely determine the success of the business. Moreover, a leader is great not because of their power but because of their ability to empower others. Even the most reluctant introvert appreciates an "atta boy" and/or pat on the back in the presence of his/her peers.

> *As managers, your mission, through foresight and advanced planning, is to avoid or circumvent problems before they arise. However, when you're up to your armpits in alligators it's difficult to remember your initial objective was to drain the swamp.*
>
> - Unknown

10. Their approach to management is more balanced – between key performance areas and between the short and long runs. They aren't tops in every key area, but they are above average in all areas and may be exceptional in at least one. They follow the 5% rule: even if 95% is right or perfect they will still strive for fixing that remaining 5%. To them it's the difference between a .300+ hitter and a .250 hitter. A .300 hitter gets all the sweet contracts and endorsement opportunities, but a .250 hitter gets little more than an honorable mention, and the only difference is one more on-base per 20 at-bats – 5%.

11. They base their decisions on reason and judgement rather than emotion. Because they recognize and understand emotions – their own and others – they may delay a decision for a more rational, less heated time. As such, emotional intelligence (EQ) is more important to success than intellectual intelligence (IQ).

12. They spend more time on monitoring and analyzing performance. (i.e. – DHI records, robotic milker dashboards, financial reports). They are always looking for problems, trends, and opportunities to seize upon before it's too late. They use debriefings to review past decisions and assumptions, in order to learn from those experiences – this is where those peer groups work well. (see last month) The debriefing helps to identify and treat causes not symptoms. The key here is to ask the right questions in order to spot biases and blind spots.

13. They are excellent problem solvers. They try to anticipate problems and accept the truth about them – two of the major stumbling blocks for most managers are denial and blame.

    They try to see the "Big Picture". Even though they're trying to tweak that remaining 5% they don't get so bogged down in details that they lose sight of what's important.

    They don't give up when down or suffer a setback. When they do, they try to employ at least two analytical skills to gain multiple perspectives to get to the heart of the issue and treat the root causes rather than the surface symptoms.

14. They are more innovative and creative in their approach to business and seek ways to force themselves to think outside of the box. They loathe the statement, "because that's the way we've always done it." They challenge existing paradigms, particularly when it comes to business arrangements. They have the ability to adapt and apply the elements of one situation to another – within and without the agricultural industry.

15. They appreciate the importance of communication. Management guru Peter Drucker said that 60% of all management problems are communication problems.

Problems between managers, managers and employees, family members (in and outside of the business), the rest of the management team. Problems stem from several common behaviors: secrecy, when someone can't admit being wrong, dictatorship, unresolved conflict, and unfair fighting. *"Most family businesses are not just closely held. They are hermetically sealed!"* – Don Jonovic. Many times I have seen the farm owners/operators treat everything like a state secret. Information is on a need to know basis and if you don't need it you don't know it. Both employees and family members need to know clearly and on a regular basis:

a. What they are expected to do and how it should be done.
b. Why they are doing it. If you don't know and can't explain it you have a real problem.
c. How they are doing.
d. How they can improve.
e. Where the business is headed – vision.
f. How it plans to get there.
g. What their role is.
h. What is in it for them, other than simply a paycheck.

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

16. Highly successful managers focus on managing margins, and will use accrual adjusted accounting for both revenues and expenses to do so. They see setting out prices without knowing major costs, or vice-versa, is speculating and they avoid it. They will use tools such as options to lock in minimum prices on outputs while still leaving room for up-side price movement.

    Cash based accounting can actually lag accrual accounting by as much as two to three years in identifying problems. This is huge when timing is everything. (However, when the cash and accrual are compared they may help identify errors or other issues (i.e.- excessive shrink) in inventory control.) Conversely, they will use managerial or cost accounting in order to drill down into individual enterprises or units of production to get to the root causes of problems or performance issues. Even more so they will use benchmarking against their peers (think Farm Business Summaries) to identify their strengths and weaknesses.

17. The main difference between the top 10% and the rest of the top 25% is their timing. This is in terms of knowing when to enter, expand, cut back, or get out and redeploy their resources. This refers to any investment, marketing strategy, or business activity. These top managers will spend as much time analyzing what they need to stop doing as evaluating new opportunities. Unfortunately, most managers change only when they feel the heat rather than when they see the light.

18. Highly successful managers recognize the importance of working with others. They also realize that the unwillingness or inability to do so has and will be the downfall of many producers. In order for farms to remain INdependent it will increasingly require them to be more INTERdependent. Agriculture is moving toward coordinated supply chains and qualified suppliers. A Canadian study of leading farmers found that 66% of the top 10% were involved in some sort of formal relationship with processors and/or retailers, but only 13% of all farmers had similar relationships. Unfortunately, the numbers in the U.S. are very similar.

    However, this mindset shouldn't be limited only to processors and retailers, but should also be considered on the production side. Remember 1d. in the first installment of this article – "There is no sense in allocating resources to do something someone else can do better, faster, cheaper for me."? For example, equipment is getting more and more expensive, and parts for older equipment is getting harder to find. If cropping, or parts of it (tillage, planting, harvesting), put a crunch on cash flow or the time budget, can you partner with a custom cropping entity or neighboring farm with a larger equipment complement to get your cropping done more efficiently and effectively?

> *"To remain independent, many producers are going to need to become more interdependent."*
>
> Dr. Danny Klinefelter

19. They enjoy and take pride in developing the future leaders of the business. Succession, or planning for succession, is one of the key responsibilities of leadership. Unfortunately, few leaders seem to have grasped that concept. How many times has a farm business flourished under one manager only to flounder or even fail under the next?
    Family farms that have been successful over several generations have some things in common:

    a. They don't take the interests and the desires of the next generation for granted. Too many farms have failed or suffered personal tragedies simply because the next generation came into the business or assumed management responsibilities purely to avoid disappointing their parents, as a path of least resistance, or to avoid being disinherited.

    b. They establish a clear basis for successor selection. They look at the future needs of the business, the type and style of management required, the necessary skills and attributes, and establish a formal performance evaluation process which provides the ongoing assessment and feedback to professionally develop that successor.

    c. They develop a plan for what the current manager will do in "retirement", as well as, what opportunities will be available for those not selected for the top post. Without something meaningful to go to many incumbent managers either can't or won't leave their position. I remember one young dairyman muttering that, "…there won't be a change in leadership until we pry Grandpa's cold, dead fingers off the steerin' wheel of this farm." Equally important is that the farm doesn't lose the talents and experience of unsuccessful successor candidates. It's very easy for relationship problems to develop between siblings and, ultimately, they may lose their motivation.

20. Successful mangers reject the status quo. They intuitively know that someone, somewhere has a better idea or way of doing things. This may even include radically changing the direction of their business – moving from standard commodities (grains, livestock) to producing differentiated products, building total traceability systems, adopting and building verification of sustainability practices, going from a pen market production to a contract production philosophy, or to fill a differentiated niche market.

They have learned to face reality as IT IS, not what they wish it was or could be. They know that any differentiated product will likely command a premium. They also know that, if successful, others will likely copy what they are doing and the market could become saturated.

Peer Advisory Groups

21. I know, I know, the title all along has been 20 Attributes, but I'll throw this in for free and it's really just expounding a little more on #7. Remember, it's all about soaring with eagles and not scratching with turkeys.

    Peer advisory groups afford multiple vantage points and different perspectives. Peers outside of the proverbial fish bowl of your farm business often have a better view of the situation because you are too close to it. As such, they can be a sounding board for plans and ideas, and give you some honest and constructive feedback. They can help you identify alternatives and explore "what if" scenarios. Because it is not affecting them directly they may have increased insight and objectivity. They can see the bigger picture and, therefore, spot potential implementation issues and help you reduce or overcome them.

    But this is not a one way street – everyone can benefit from the knowledge and experience of everyone else in the group. All can draw on the differing strengths of the group and thus compensate for the individual weaknesses. It may also pave a way for expanded access to information or expertise because someone knows someone who is an expert in ______. In some cases it may afford some joint business opportunities such as a group volume purchase or a simple tit-for-tat arrangement between two members.

    Peer groups are also great for overcoming isolation. Sometimes it's just reassuring that you're not the only one, or that someone else in the group has walked the path you're treading now. Additionally, they can provide the accountability, encouragement, support, and understanding to push you out of your comfort zone and on to the next level. Enough said.