

BUSINESS MANAGEMENT FACT SHEET

SOUTHERN REGION

MANAGING PEOPLE IN THE FARM BUSINESS – BEING AN EFFECTIVE LEADER

Being an effective leader helps create and maintain a productive farm business able to adapt and respond to challenges and opportunities. Leadership reflects the 'essence' or footprint of the business and personalises its values.

KEY POINTS

- ▶ Leadership and management often go hand-in-hand in small business.
- ▶ Clear and effective communication is one of the most important leadership behaviours.
- ▶ Effective leadership influences everyone in the business to work towards a common goal.
- ▶ Providing leadership takes passion and resolve. It won't always be easy.

Leadership is a term often thrown around in corporate offices or at sporting clubs, but what has it got to do with family farming businesses?

Leadership in business

Effective leadership provides a foundation to work towards a clear vision or goal. It operates at a strategic level to provide direction and purpose while continually reviewing the best ways to get there.

It is important to know the end game and be clear on what is being done and why. The leader in a group will drive the vision and make sure everyone understands and owns the vision, and remains motivated and self-driven.

Without a 'destination', progress is difficult to measure and a business may find it misses out on opportunities and becomes stagnant. In this sense, leadership is important regardless of the number of people involved in the business.

Tip: By looking outside the business, leadership brings in new ideas and innovation and puts operational activities in context.

Typical characteristics of top-performing businesses provide insight into the importance of leadership on-farm.

There are a range of characteristics in top-performing businesses which rely wholly or in part on good leadership. These include:

- ▶ monitoring costs and measuring the likely return on dollars spent;
- ▶ excellent time-management skills;
- ▶ timeliness of farming operations;
- ▶ efficient use of labour and machinery; and
- ▶ sufficient options to maintain a good work-life balance.

Leadership:

- ▶ sets and reinforces the vision for the future and focuses on the horizon;
- ▶ introduces, and is comfortable with, change;
- ▶ is inspirational and encouraging; and
- ▶ shows good personal and ethical skills.



Clear and effective communication is an important aspect of leadership.

Leading people

In addition to providing guidance for the business at a strategic level, leadership is important for getting the best out of employees, contractors and associated service providers.

Leadership is important to create and maintain high-performing and productive workplaces.

Tip: Don't underestimate the impact of the example you set as the employer or manager and the powerful signals this sends to staff and contractors.

Some traits of a good leader include planning, delegating, motivating, and monitoring. These are skills people often need time to develop.

Good leadership in the workplace should:

- ▶ be inclusive and collaborative;
- ▶ provide employees and contractors with a role model;
- ▶ include and inform staff during the decision-making process;
- ▶ encourage respect and acceptance of decisions that are made; and
- ▶ take into account the work style and preferences of staff.

An effective leader always:

- ▶ thinks about how to make progress;
- ▶ knows their capabilities and those of their team;
- ▶ does whatever they can to ensure the outcome is achieved;
- ▶ accepts responsibility for failure;
- ▶ learns lessons from failure;
- ▶ spends time reflecting on what can be done better;
- ▶ doesn't sacrifice the long term to achieve short-term goals; and
- ▶ maintains momentum.

Figure 1 shows three principles of leadership and their areas of focus.

Management

With leadership 'defined' at a strategic level, it is important to consider where management fits in.

Case study

So what happens when leadership is missing?

Often the business stagnates or, worse still, it goes backwards; it works over on the same ground, without looking ahead. It might miss opportunities or risks in the coming years; it is slow to adapt.

A family farming business in central Victoria has been working on defining leadership and management roles since a recent significant expansion. What was once a typical family business with two generations has grown to include multiple second-generation family members and several employees outside the family group.

After their father's death, the three sons continued to expand the business. Each of the sons was working hard and things seemed to be going okay. They increased their cropping enterprise and took on additional workers.

Then tension arose between the brothers, production targets weren't being met and, ultimately, profitability was being affected.

It took a while but, with the help of their mother, the brothers eventually realised there was a lack of leadership without their father. No one was pulling the team together and making sure they were all working towards the same goal. This was complicated further by having additional staff on board and no clear management structure.

Once they identified there had been a change in the leadership structure and there was no longer a 'natural' leader, the family was able to put a new framework in place. They decided to use a board structure, which allowed each of the brothers to contribute to the management and leadership of the business. The board included external advisers, to provide accountability, and allowed each brother and his partner to have a fair say. Job descriptions were put together so each person in the business (family and employees) understood their role and responsibilities.

Management is about focusing on the farm's operational tasks and when and how to get them done. For example, when going to the back block for other purposes, a manager organises an auger to go out there as well, before it will be needed, to save an extra trip.

At the operational level, a manager needs to think ahead of the game and plan for the weeks and months ahead. An effective manager will plan extra shifts to get seeding

back on track when weather causes delays, for example.

Farm businesses need sound management at an operational level to:

- ▶ achieve targets;
- ▶ organise and coordinate people and resources;
- ▶ focus on delivery and systems; and
- ▶ be conscientious and enthusiastic.

FIGURE 1 Leadership principles.



SOURCE: CFA OPERATIONAL LEADERSHIP, 2010.



PHOTO: EVAN COLLIS

Leadership provides direction, encouragement, inspiration and motivation.

What is the difference between leadership and management?

Leadership provides direction, encouragement and inspiration to motivate a team to achieve success.

Management is primarily an organisational role, coordinating people's efforts and the allocation of resources to maximise efficiency in achieving identified goals. Management tends to have an inward business focus on processes, mechanics and outputs.

Leadership understands the critical processes within the business but looks forward and outward to set the agenda for business and personal growth.

Leadership = Vision x Inspiration x Momentum

Leadership is almost always initiating and driving change. Leaders need to lead change.

An effective leader is a person who can perform each of the following activities.

1. *Creates a vision for the future. – Vision*
2. *Motivates and inspires people to engage with the vision. – Inspiration*
3. *Manages delivery of the vision, moving people to action. – Momentum*
4. *Coaches and builds a team so it is effective at achieving the vision. – Momentum*

A leader:

- *provides you with information;*
- *makes full use of each person's abilities;*
- *provides support;*
- *provides feedback; and*
- *is adaptable and open to change – and helps others do the same.*

Trust is a critical component of leadership. You, the leader, must create an environment that allows your team to place confidence and trust in you. To ensure trust:

- *be open;*
- *be fair;*
- *have integrity;*
- *speak your feelings;*
- *tell the truth;*
- *show consistency;*
- *fulfil your promises;*
- *maintain confidences;*
- *practise humility – give credit where credit is due;*
- *practise empathy – focus on active listening;*
- *employ the right attitude;*
- *be a 'coaching' leader – suits the younger generation, i.e. Gen Y; and*
- *be a role model for the business and team.*

Leadership credibility can be lost by:

- *not caring about team members;*
- *lack of concern for customers or other stakeholders;*
- *a misuse of power;*
- *incompetence;*
- *inability to understand the perspective of others;*
- *dishonesty; or*
- *not providing an environment for the team to be involved in goal setting, change initiatives and decision-making.*

Remember, leadership is highly contextual – what works in one situation may not work in another.



Leadership and management have different roles, but often go hand in hand. To be a good manager requires leadership skills and an effective leader will be reliant on applying their own and others' management skills to achieve their vision. See Table 1 for a list of positive leadership and management characteristics.

Employer of choice

Farm businesses with strong leadership are also often seen as 'employers of choice'. This is because the leadership ensures these businesses:

- ▶ create an engaging company culture;
- ▶ recognise and reward staff;
- ▶ invest in learning and development;
- ▶ operate ethically and fairly and celebrate diversity;
- ▶ encourage work-life balance; and
- ▶ offer inspiring and engaging leadership.

USEFUL RESOURCES

Are you a good labour manager?

www.grdc.com.au/GRDC-FS-GoodLabourManager

Improving time management and labour efficiency

www.grdc.com.au/GRDC-FS-FarmLabour-TimeManagement

Making effective business decisions

www.grdc.com.au/GRDC-FS-MakingEffectiveBusinessDecisions

Simple and effective business planning

www.grdc.com.au/FBM-SimpleEffectivePlanning

Effective leadership ensures everyone in the business is inspired to work towards a common goal.



PHOTO: EMAN COLLIS

TABLE 1 Leadership and management characteristics.

Leadership characteristics	Management characteristics
Strategic and people-orientated focus	Tactical and organisational focus
Setting organisational direction and goals	Planning coordinated activities
Motivation and inspiration of people	Administering and maintaining systems
Establishment of principles	Formulation of policies
Building a team and development of talent	Allocation and support of human resources
Development of new opportunities	Solving logistical problems
Promoting innovation and invention	Ensuring conformance to standards and procedures
Empowering and mentoring people	Instructing and directing people
Risk engagement and instigation of change	Management and containment of risks
Long-term, high-level perspective	Short-term, detailed perspective

ADAPTED FROM SMALLBIZCONNECT [HTTP://TOOLKIT.SMALLBIZ.NSW.GOV.AU/PART/8/39/188](http://TOOLKIT.SMALLBIZ.NSW.GOV.AU/PART/8/39/188)

MORE INFORMATION

ORM Pty Ltd

www.orm.com.au
admin@orm.com.au
 03 5441 6176

PROJECT CODE

ORM00011

This Fact Sheet is produced as part of the GRDC's Farm Business Management initiative.

DISCLAIMER

Any recommendations, suggestions or opinions contained in this publication do not necessarily represent the policy or views of the Grains Research and Development Corporation. No person should act on the basis of the contents of this publication without first obtaining specific, independent, professional advice.

The Corporation and contributors to this Fact Sheet may identify products by proprietary or trade names to help readers identify particular types of products.

We do not endorse or recommend the products of any manufacturer referred to. Other products may perform as well as or better than those specifically referred to. The GRDC will not be liable for any loss, damage, cost or expense incurred or arising by reason of any person using or relying on the information in this publication.

Copyright © All material published in this Fact Sheet is copyright protected and may not be reproduced in any form without written permission from the GRDC.

PRODUCED BY WWW.CORETEXT.COM.AU CONTENT PREPARED AND EDITED BY **ORM PTY LTD.**