



2 LEADERSHIP AND PEOPLE MANAGEMENT

The vast majority of Australian farms are family owned and managed. Good communication and leadership are the cornerstone of any successful farm business, yet can often be challenging, particularly when family members are involved.

2.1 INSPIRE A SHARED VISION

2.2 MODEL THE WAY

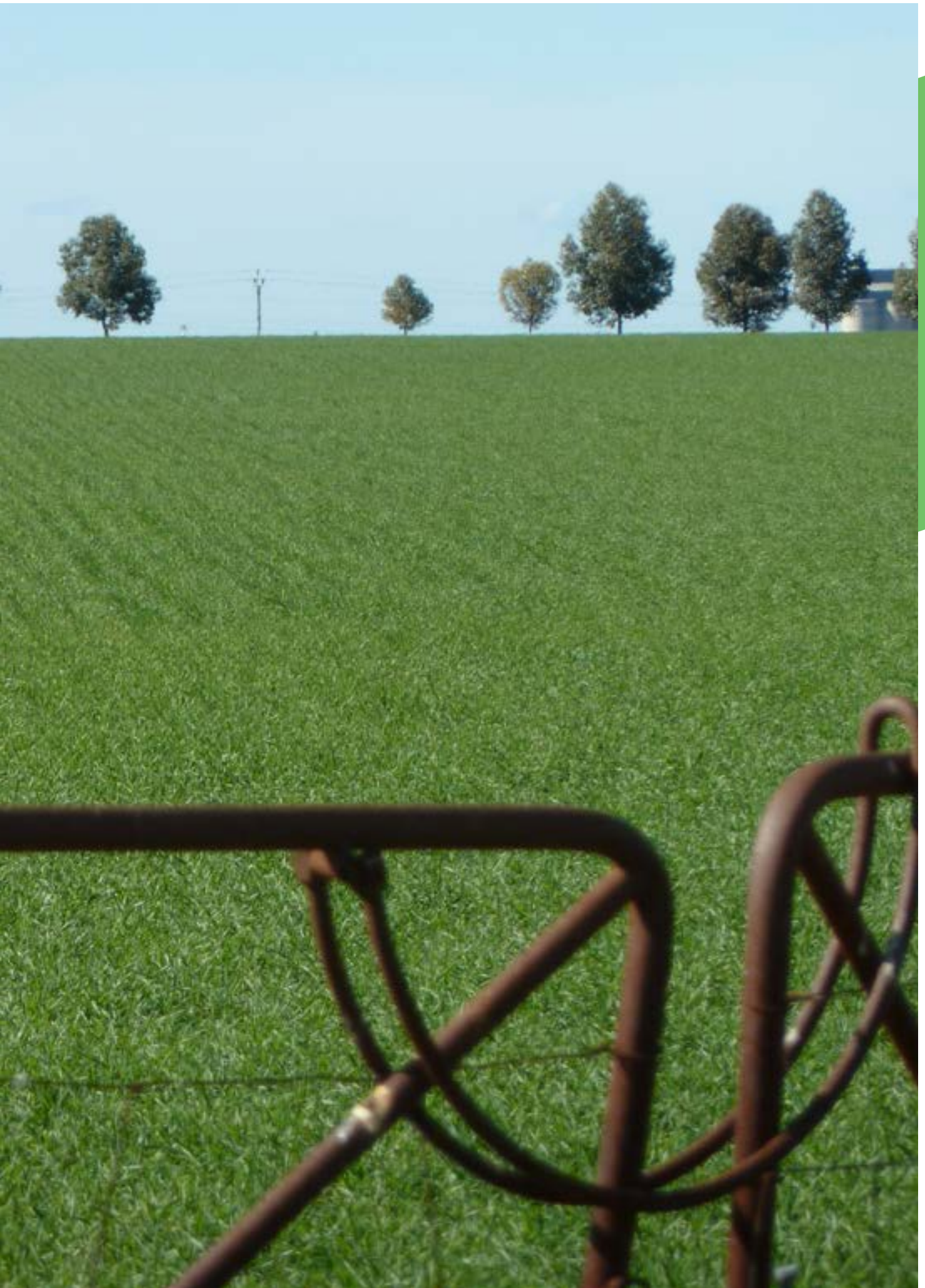
2.3 ENCOURAGE THE HEART

2.4 ENABLE OTHERS TO ACT

2.5 CHALLENGE THE PROCESS

2.6 DEVELOP SHARED VALUES FOR THE BUSINESS

2.7 UNDERSTAND DIFFERENT PERSONALITY TYPES



2 LEADERSHIP AND PEOPLE MANAGEMENT

One of the most significant impacts you can have on your farm business is through improved people management skills.

KEY POINTS

- The **real** value of a business is its people.
- Look for ways to improve your people management skills, because people can make or break a business.
- Like other skills, people management skills can be learned.
- A set of core values shared by management is fundamental to business success.

Developing leadership skills in communicating with and managing people can be a critical turning point in the life of a successful farm business. This is particularly relevant in many traditional Australian family farm businesses where communication and people management can often be challenging and not done particularly well. In recent years, there has been wider appreciation and increased understanding of these issues.

Most financial challenges faced by farm businesses can be directly related to a sequence of poor seasons or a run of poor commodity prices occurring in situations where the requirements for cash to service debt are substantial. Given these pressures, some farm businesses become financially unviable. However, a closer look 'under the hood' of these unsuccessful farm businesses often reveals that leadership and the management team were also dysfunctional.

Managing a farming family is not unlike a sporting team. If members of the team are willing to support and back each other, the team's probability of success on the sporting field increases. If the team has poor leadership, members do not get on, or there is little internal harmony, the likelihood of success is significantly decreased. The issue of leadership and people management needs to be addressed as part of your general ongoing management.

The aim of this section is to provide an overview rather than an in-depth examination of leadership and people management, as significant literature and training courses are available for farmers to develop skills in these areas.

'Bulla Burra is all about being professional at anything we do and having full accountability and transparency. In order to do that, we set up our own board with an independent chair. With a collaborative business like ours where we've brought two different farms together, two lots of values and two lots of personalities as well and two whole different histories, the emotions and personalities can certainly get in the way. By having an independent chair and a board, we allow the discussion, we allow everyone to be heard, and we ensure that everything we do and all the decisions we make are made with full accountability and with business principles in place... It's about being professional, transparent and accountable.'

John Gladigau,
'Bulla Burra', Allawoona, SA

The key elements of effective leadership

Co-contributor to this section: Linda Eldredge, Eldredge and Associates.

'As I travel around the country as a consultant...I am often surprised when I see businesses with the same amount of land and same equity, some businesses survive and thrive and go ahead, while other businesses are floundering...This is a challenge. We can be passionate about farming, but unless we embrace (effective) leadership, we're not going to move ahead in our business.'

Linda Eldredge,
Eldredge and Associates

A successful farm business is one where leaders encourage a shared business vision, and all roles and responsibilities in the business are valued. This creates synergy where everyone in the business works as a team. Using business analysis, effective negotiation and well analysed strategies, a business has a much greater chance of success.

2.1 INSPIRE A SHARED VISION

One of the key elements of any business plan is to clearly and succinctly express what the vision is for the business. A vision is a short one-sentence statement, of no more than twenty words, that clearly states the business' essential purpose. To use a sailing analogy, it is the spot on the horizon that the ship is sailing towards. Outside events like strong winds, high tides and reefs may occur along the journey, but the captain of the ship reacts to these events to reach the planned destination. In a farming sense, it is the point the management is looking to achieve, regardless of droughts, poor commodity prices and cost price pressures. The management team react to these while managing the business to achieve its vision.

As well as having a vision for the business, it is also important to thoroughly understand the resources of the business and its strengths, weaknesses, opportunities and threats (SWOT Analysis), in the context of a well-defined and well-ordered set of business goals.

➤ **Vision, goals and SWOT analysis** will be discussed in greater detail in section 4, **Module 2**.

2.2 MODEL THE WAY

This is a challenge for any business leader, to not only 'talk the talk', but also 'walk the walk'. Management should not be caught out with 'Do what I say, not what I do' as this is the surest way to discourage worker loyalty. The leader needs to set the standards in area such as:

- Work ethic
- Attitude to poor performance

- Follow through
- Communication
- Values such as trust and honesty
- Conflict resolution
- Encouragement of good performance
- Support of the vision

Recognition when a goal is reached or high performance is achieved should also be encouraged by the leader. When leadership does this, it models this behaviour in the management and working team. When they encourage each other, the leader does not need to be ever-present for the team to perform well. The converse should also happen when poor performance occurs. The poor performance should be acknowledged, learning strategies put in place so that it is not repeated, and everyone re-focuses on achieving the business' vision and goals.

2.3 ENCOURAGE THE HEART

Creating a positive, encouraging work and management environment enhances productivity, harmony and a sense of ownership by the working team. If a negative culture exists, teamwork tends to not be as good and business performance suffers. Encouraging and praising all members of the management and work team provides a strong foundation for business success.

There will be times when it appears that issues with staffing and business conditions make it difficult to achieve the goals that help fulfil the vision. In these cases, it is tempting for management to lose confidence and begin to think and act negatively. It is human to feel disappointment, but good management quickly regathers and refocuses on solutions. Strategies to help cultivate resilience in all members of the team include:

- Having a short break from the business to refresh.
- Having a focus on the medium and longer term plans restores perspective when both bad and good times occur.
- Developing short-term strategies and communicating these intentions with the team and your banker.
- Monitoring the actual versus expected cash flows regularly so liquidity is well managed and financial surprises are avoided.
- Praising the team for meeting goals, even in the trying times.

2.4 ENABLE OTHERS TO ACT

This point closely follows the previous one about positivity; however, the focus here is on enabling and empowering the management and working team. Although the business may have been successful in the past, the hallmark of most successful businesses is openness to new ideas and continuous improvement. One way of doing this is to encourage and enable members of the work team to use their skills and apply creativity to problems they encounter and foresee, and reward good solutions. This does not mean automatically adopting or rejecting every idea that is suggested; rather, follow a process of consideration and evaluation. Having a clear business vision also helps in this situation; if the new idea does not enhance progress towards achieving the vision, it can be more easily discarded.

2.5 CHALLENGE THE PROCESS

Change is inevitable. Embracing change, and managing for it, gives a better chance of achieving goals rather than resisting inevitable change and having it thrust upon the business. Consider how recently mobile phones have become available, and how portable computers have revolutionised the world and business. There will always be new technologies that will greatly impact the way farm businesses are run in the future.

A key to managing a farm business is to continually assess new technologies and processes, adopting the appropriate ones and making them work. Again, encourage management and the work team environment to continually challenge how activities are undertaken in the business. If done in a positive way and respecting all who contribute regardless of experience, synergy is fostered which is one of the several keys to the long-term prosperity of a farm business.

2.6 DEVELOP SHARED VALUES FOR THE BUSINESS

Values are important to a business as:

- Values define what we believe and stand for.
- Differences in values cause conflict.
- They can be jointly owned by all in the business.
- They help all involved in the business to work toward a 'win-win' situation.

The set of values that underpin the business and how it is run is fundamental to success or failure. Values and behaviours are developed from a young age and these may or may not be similar to those of others we work with. If there is a core set of values shared by the management and work team in the business, conflict resolution is more easily managed. We rarely write our values out and often wrongly assume our values are held by others we work with, both in and out of the business. It is worth sitting down as a team, listing each member's values and then developing a set of core values that will guide the operation of the business. Table 2.1 below lists some values to get you started.

Table 2.1: A list of values

- Accountability	- Discipline	- Optimism
- Achievement	- Empathy	- Patience
- Acknowledgement	- Encouragement	- Passion
- Approachability	- Excitement	- Perseverance
- Availability	- Experience	- Prosperity
- Belonging	- Friendship	- Reputation
- Boldness	- Growth	- Resilience
- Care	- Harmony	- Respect
- Change	- Honesty	- Sincerity
- Commitment	- Hygiene	- Teamwork
- Contribution	- Integrity	- Trust
- Diligence	- Loyalty	- Wisdom

2.7 UNDERSTAND DIFFERENT PERSONALITY TYPES

Understanding ourselves and others improves communication. Members of a team will most likely have different skills, different preferences for communicating and different ways of taking in information. Do not assume

'Within a business, relationships are absolutely key. It's relationship with everybody you deal with ...It's about sitting down with all of them and saying, 'What do you need from me? And this is what we would like from you.' Forming these relationships and trust, and not trying to get one over anyone on the way through. You develop relationships and what happens is that opportunities get created.'

John Gladigau,
'Bulla Burra', Allawoona, SA

that people you work with are the same, nor that their preferences are the same as yours. For example, people can be a mix of:

- Introvert or extrovert
- Organised or disorganised
- Feeler or thinker

The expression of these traits varies with situations, stages of life and experience. Understanding differences such as these can help you communicate with people in your business more effectively, in the way they prefer. For example, an extrovert enjoys 'being the life of the party' and is not frightened of attention. They prefer projecting their thoughts out loud and discussing their ideas with others. An introvert, on the other hand, is comfortable in their own company and is not concerned at being alone. They like to observe and reflect on issues, usually by themselves, and are comfortable communicating in writing where they can provide a considered reply.

Understanding these differences and the preferences people have for communicating can be complex. However, knowledge in this area has significantly improved in recent years. Two excellent programs to help you learn how to understand individual preferences and how teams work are:

- The Myers Briggs Foundation (C.G. Jung's Psychology Types)
- Work Preferences Profile (TMS Worldwide)

There are many other programs available which can be searched for on the internet.

This section provides just a brief introduction to encourage you to improve your understanding of people and how best to work with them for the benefit of your farm business.

Action points

- Effective leadership and management skills are essential to any farm business.
- Improve your understanding of the different personality types in your business (Myers Briggs).
- Improve your understanding of how your team works together most effectively (Work Preferences)

