Growing into the Future: Retaining Talent

Thoughts on ‘The Manager’ vs. ‘The Leader’
...(excerpt from The Wall Street Journal)

The “Manager”...
administrates
is a copy
maintains
focuses on systems and structure
relies on control
has a short-range view
asks how and when
has an eye on the bottom line
imitates
accepts the status quo
classic good soldier
does things right

The “Leader”...
innovates
is an original
develops
focuses on people
inspires trust
has a long-range perspective
asks what and why
has an eye on the horizon
originates
challenges it
his or her own person
does the right thing

Characteristics of a Great Leader
• Empathy
• Generosity of Spirit
• Magnanimity
• Humor
• Self Control
• Perspective
• Sense of Balance
• Social Conscience

Focus on being EFFECTIVE not right!

Change your focus from what you want to what they need

Me

They need to feel:
-Respected
-Appreciated
-Valued
-Needed

Them

Focus on Being Effective NOT Right
• ‘It happened to me’ vs. ‘I helped make it happen’

• Do vs. Inspire

• Square Pegs in Round Holes

Interview Your Team Members
• What are the biggest challenges or opportunities you see on the farm?
• What are the biggest challenges or opportunities in your area of responsibility?
• What is most important to you?
• What motivates you?
• Where do you see yourself in 5 years?
• How can I help you do your job better?
• Tell me about your family
• What do you know about me?
• What would you like to know about me?
• How can I do my job better?

New Manager/Team Assimilation
• Really get to know your team members
  AND
• let them REALLY get to know you!

A process for facilitating management succession and employee engagement...

1) Sustainable Common Purpose
   a) What is your common purpose?

2) Build team
   a) Who is on your team? Who are your key people?
   b) Who is responsible for what?
   c) How do you engage your team?
   d) Who can replace you? Who can replace your key people? What’s your succession plan?

3) Determine Operating Rhythm
   a) How will you work together?
   b) How often will you meet?
   c) Who will be included?
   d) What will be discussed?
   e) How will decisions be made?

4) Set Goals
   a) What will the business accomplish in the next 12 months?
   b) Where will the business be in the next 5 years?

5) Individual Expectations
   a) How will individuals know that they have been successful?

6) Track Performance
   a) How often will you look at your results?
   b) What will you measure?
   c) Will you review individual performance once a year?
Establish A Sustainable Common Purpose…

We are a thriving dairy which engages its employees in the profitable production of high quality low cost milk that strives to:

a) Believe that by focusing on the goals of the farm our individual goals will be met

b) Create an environment where we work as a team treating each other and our employees with respect and everyone has pride in their work

c) Engage our employees so they know not just what to do but why they are doing it and capture their intellectual capacity to drive continuous improvement.

d) Be known as an employer of choice – makes this a place where everybody chooses to work so we can choose who works here

e) Invest in technology that improves both productivity and quality

f) Be recognized as a good steward of the land which would be reflected by our neighbors choosing to lease their land to us and be thought of as a good neighbor

Establish Team Values/Culture

*Treat each other with respect
*Trust and don’t do anything to violate trust
*Quickly apologize and quickly forgive…no grudges
*Give the ‘benefit of the doubt’ and assume the best NOT the worst
*Be candid and open in your communication…clarify and seek clarification
*If you have an issue with someone, address it directly with them
*If you aren’t comfortable, use other team members to help facilitate
*Don’t ‘stir the pot’ and don’t tolerate ‘pot stirrers’
*Work hard and it will all work out
*Be accountable
*Do what you say your are going to do
*Have fun

Establish Ground Rules for Meetings

• Everybody participates
• Somebody takes notes
• Start meeting by reviewing previous meeting notes
• Timeliness – start on time
• All meetings have agendas
• Every meeting has a facilitator
• Seek first to understand, then to be understood
• Be open minded…listen to new ideas
• No road blocking – if opposed to an idea, give reasons why
• It is OK to disagree but MUST explain why
• Use consensus to make decisions
• Live the decisions made by consensus

Guard against the “5 Dysfunctions of a Team”

by Patrick Lencioni

1) Inattention To results
2) Avoid Accountability
3) Ambiguity
4) Artificial Harmony
5) Lack of Trust
Do you have a succession plan? For each key role on the farm, identify who could do that job if the current person doing it was not available. Are there gaps (of course there are!)? What is the strategy to plug the gaps? Who can we develop from within?
Employee Engagement, Reward, & Recognition

RESPECT Model
1. Recognition
2. Empowerment
3. Supportive Feedback
4. Partnering
5. Expectation
6. Consideration
7. Trust

“Do More Get More”

Use of Phantom Stock to Retain Key Employees

<table>
<thead>
<tr>
<th>Total Farm</th>
<th>Owner</th>
<th>Key Employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Capital</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Vested Interest</td>
<td>$80,000</td>
<td>$64,000</td>
</tr>
<tr>
<td>Year 1 Growth @ 8%</td>
<td>$64,000</td>
<td>$51,200</td>
</tr>
<tr>
<td>Total Value</td>
<td>$1,080,000</td>
<td>$1,048,000</td>
</tr>
<tr>
<td>Annual Vesting</td>
<td>100%</td>
<td>10%</td>
</tr>
<tr>
<td>End of Yr. 1 Vested Value</td>
<td>$1,048,000</td>
<td>$160,000</td>
</tr>
<tr>
<td>Value after 10 Years</td>
<td>$2,159,140</td>
<td>$1,927,140</td>
</tr>
</tbody>
</table>

Retirement Income Stream:
1) No tax implications until retirement
2) Account value to be paid out over 15 years upon key employee retirement
3) Payments to employee are generally tax deductible when they are made
4) Payments received by employee are taxable upon receipt

Operating Rhythm: How will we work together…

- Meet daily to address ‘day to day’ and tactical issues
- Meet monthly to review performance vs. operating plan
- Meet in the fall to set our operating plan for the following year
- Meet in the winter to review our people
- Have ‘all hands’ meeting in June and December including celebration
- Take time to look ahead (next 5-10 years) in the spring

Involve leadership team in all meetings and key employees when appropriate.

Farm ‘Must Do’s’ (aka Year End Goals)

- Increase # of milking cows from 1050 to 1150
- Grow total lbs of milk produced by 10% to 26.5M lbs
- 1,000,000 lbs of milk produced per equivalent worker
- Somatic cell count <120,000 to earn quality bonus
- Complete new calf barn
- Complete new heifer barn (by summer)
- Develop crop plan to support 1300 total mature cows including the space to store it.
- Develop plan for milking 1150 cows 3X/day with the existing parlor.
- Propose options for expansion to a 1300 cow dairy
Clearly communicating expectations and tracking performance another key...

Commit to Annual Performance Process

<table>
<thead>
<tr>
<th>Individual:</th>
<th>Manager:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Key Accomplishments</td>
<td>1) Key Accomplishments</td>
</tr>
<tr>
<td>2) Strengths</td>
<td>2) Strengths</td>
</tr>
<tr>
<td>3) Development Areas</td>
<td>3) Development Areas</td>
</tr>
<tr>
<td>4) Career Goals</td>
<td>4) Career Goals</td>
</tr>
<tr>
<td>5) Next Year (Must Do’s)</td>
<td>5) Add Next Year (Must Do’s)</td>
</tr>
</tbody>
</table>

Mgr & Employee Discuss

Disconnect from Salary Discussion…
Keep focus on performance feedback NOT $

2012 Annual Review Form: Drink Milk Dairy
Employee: Milk Dude, Cow Team Leader

Key Accomplishments
2012 was a challenging year. The heat of the summer took a toll on the herd. Despite those challenges Milk Dude lead the team to grow the dairy from 1000 to 1150 cows. This was just short of our goal of 1170. In addition through employee engagement Milk Dude was able to reduce somatic cell count to below 150 earning a quality bonus which was shared with the employees involved. Milk Dude also reduced culled cows by over 10% versus prior year by implementing hoof trimming and teat cleaning standard operating procedures which resulted in less diseased animals. Other than the slight miss on herd growth, Milk Dude accomplished everything we agreed on his performance screen.

Strengths (top 3):
- Technical ability/really good with cows
- Passion for the farm, willing to do whatever it takes to get the job done
- Ability to quickly earn respect and trust of new employees

Development Needs (top 3)
- Gain better understanding of the crop operation and farm financials
- Spend more time leading and less actual doing. He is the best hoof trimmer we’ve got but more hooves will be trimmed right if he teaches others vs. doing himself.
- Needs to focus on managing his temper, it has a negative impact on the team

Career Interests (next 5 years)
Milk Dude should continue to be the cow team leader but we agree he has the ability to do more for the farm and we will look for opportunities to give him more exposure to the farm financials and the crop operation. We see him as playing a key role in the future success of the farm.

2012 Performance Screen: Drink Milk Dairy
Employee: Milk Dude, Dairy Team Leader

2013 Goals:
- Grow milking herd from 1150 to 1200 cows
- Reduce somatic cell count to below 125
- Develop SOP’s to improve manure removal from barns
- Increase lbs milked per cow by 10%
- Develop plan so he can assume the role of ‘night herdsman’
- Develop hoof trimming SOP and train hoof trimmers
- Enroll in ‘Dairy Executive’ training program at Cornell
- Enroll in ‘Dairy Executive’ training program at Cornell
- Delegate more to the team and stop trying to do everything myself
- Participate in 360 feedback process

The following year’s ‘performance screen’ and the employees constant Reminder of what they are supposed to be focused on for the year!

360 Feedback Process

1) Identify critical attributes to assess
2) Select Reviewers (6 to 10)
3) Aggregate feedback
4) Deliver feedback
5) Commit to development plan
6) Share (optional)
### Sample 360 Feedback Form

<table>
<thead>
<tr>
<th>General Skills</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Is a team player</td>
<td></td>
</tr>
<tr>
<td>2) Communicates effectively</td>
<td></td>
</tr>
<tr>
<td>3) Is considerate of others</td>
<td></td>
</tr>
<tr>
<td>4) Treats me with respect</td>
<td></td>
</tr>
<tr>
<td>5) Gives candid feedback</td>
<td></td>
</tr>
<tr>
<td>6) Modifies behavior based on feedback</td>
<td></td>
</tr>
<tr>
<td>7) Committed to helping the team achieve their goals</td>
<td></td>
</tr>
<tr>
<td>8) Willing to be held accountable</td>
<td></td>
</tr>
<tr>
<td>9) Generally works hard...puts in the time</td>
<td></td>
</tr>
<tr>
<td>10) Has a positive 'can do' attitude</td>
<td></td>
</tr>
<tr>
<td>11) Is approachable</td>
<td></td>
</tr>
<tr>
<td>12) Is an asset to the farm</td>
<td></td>
</tr>
</tbody>
</table>

**Continue doing (3 things)**

**Start doing (3 things)**

**Stop doing (1 or at most 2 things)**

**COMMENTS**

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### Performance Improvement Plan (PIP)

- Identify the issues (be specific)
- Review with the employee
- Agree on corrective actions and consequences
- Monitor performance (weekly review)
- Follow through

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### Keys to Retaining Talent

1) Good Communication
2) Get to know your team members and let them get to know you
3) Involve them in the process of making the farm better...tap into their intellectual capital
4) Clearly identified roles and responsibilities. Give people the opportunity to 'do more/get more'.
5) Invest in your people. Take time to give them feedback and work on developing their skills. Make them more valuable.
6) Demonstrate respect for your team members
7) Set goals, track and share results
8) Have fun at work

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### Performance Keys to Retaining Talent

<table>
<thead>
<tr>
<th>Cows Milked</th>
<th>Lbs of Milk</th>
<th>Culled Cows</th>
<th>Somatic Cell Count</th>
</tr>
</thead>
</table>

- **Cows Milked**
  - Purchased cattle to hit target
  - Finally recovering from summer heat
- **Lbs of Milk**
  - Need improved ventilation before next summer
- **Culled Cows**
  - High cull rate due to summer heat and foot injuries
  - Started sharing quality bonus with employees
- **Somatic Cell Count**
  - Started sharing quality bonus with employees

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*Finally recovering from summer heat
*Need improved ventilation before next summer
*High cull rate due to summer heat and foot injuries
*Started sharing quality bonus with employees
Some Good Books...

- '5 Dysfunctions of a Team' by Patrick Lencione
- 'Carrots & Sticks Don’t Work' by Dr. Paul Marciano
- 'Love 'Em or Lose 'Em' by Beverly Kaye and Sharon Jordan-Evans
- 'Good to Great' by Jim Collins
- 'Built to Last' by Jim Collins
- 'Great by Choice' by Jim Collins (NEW!!)
- 'What Followers Expect of Leaders' by Patti Holmes