

How to help each employee become more valuable to your business

Farm managers are increasingly called upon to evolve their management strategies as the business climate changes. Currently a number of external factors have combined to put considerable upward pressure on farm employee wages. Minimum wages in many states, including New York, are going up. With a decreasing unemployment rate there is more competition among employers for productive workers. In addition, immigration reform (if and when it comes) is

Implement a performance plan to improve productivity and efficiency and support higher wages.

likely to raise wage rates in two ways. First, if the current undocumented workers gain legal status, farm employers will likely have to pay more to retain them. Second, if immigration reform comes with a guestworker program for the dairy industry, wage rates are likely to be set at a level higher than going market rates. All of these upward pressures on wages, and more, will require changes in how dairy producers manage if they are going to continue to operate profitable businesses. If

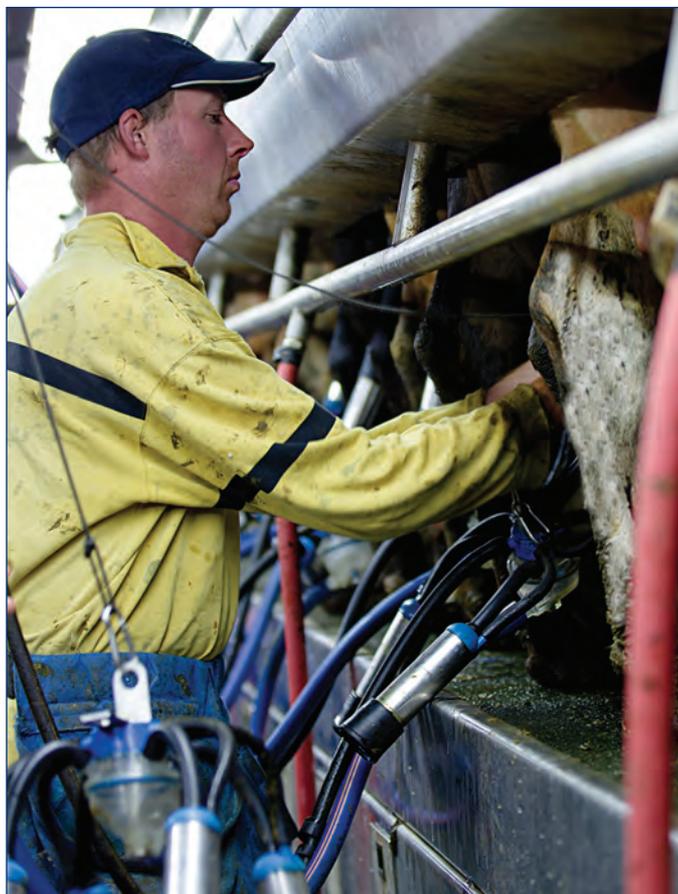
each employee is going to be paid more, one obvious management response is to take steps to ensure that each individual becomes more productive and valuable to the business. The business will benefit and employees will be motivated because they are contributing to the success of the business.

Most dairy farmers already invest in labor saving facilities, equipment and technology. When we look at the New York State Dairy Farm Business Summary, we often see that farms with high labor costs also have very high rates of labor efficiency because of their capital investments.

Beyond labor saving investments, other keys to making employees more productive and valuable are:

- 1. Create a well-functioning management team** – For any management initiative to be successful it must be well conceived by top management and the management team must be committed. Then the management team should integrate it throughout the rest of the organization. Tie employee productivity goals to business goals and gain commitment from the entire team to make improvements. Look for ways to streamline or reduce the total workforce, if possible.

- 2. Recruit and Hire Top Performers** – Devote the management time necessary to attract, screen and interview job candidates. Carefully assess their ability to perform and be productive. Time invested up front will help ensure that the most productive candidates are hired and minimize performance issues down the road.



3. Be sure that all of the tools and equipment needed to do a job effectively are well maintained and operating properly – In a recent conference at Cornell, Mike McCloskey, owner of Fair Oaks Farms in Indiana, discussed the human resource management approach used at their dairy. He said that one of the keys to success is having top of the line equipment in good repair so employees have every opportunity to be as productive as they can be. In addition, it is important to instruct employees regarding what to do or who to notify when equipment breaks. It helps to develop maintenance schedules and replace broken or worn out equipment to minimize down time and ensure that employee productivity is not lost.

4. Develop and update Standard Operating Procedures – Well written Standard Operating Procedures (SOP's) can help to ensure work quality as well as efficiency. These should be used when tasks are repetitive or when protocols are necessary to ensure quality. Well written SOP's can have numerous benefits, including improving communication, breaking a complex task down to a step by step approach, and increasing work consistency.

5. Ask employees for their suggestions – There is an old adage in human resource management that states: “no one knows more about how to perform a job than the person who does it every day.” So, it is appropriate to ask employees for their ideas and input on how they can perform their jobs better. Some businesses have encouraged employee input by requesting their suggestions and then giving a small bonus for suggestions that are implemented.

6. Invest in a performance management system that works for your farm – Some farms use annual performance

reviews. More recently, many managers have adopted ongoing performance conversations as their performance management system. Regardless of the approach, performance conversations should focus on the future. The supervisor should work with the employee to set individual goals. Effective goal setting is demonstrated in human resource research to improve productivity. Also essential is continuous feedback and communication related to job productivity. Surveys of farm employees indicate that employees often wish they received more communication and feedback from their supervisors.

7. Invest heavily in employee training – If farm jobs are to be done effectively and efficiently, then training and retraining is a necessity. Training should be part of the businesses performance management process. Supervisors should discuss needed job skills with employees and develop an ongoing plan for skill development. Techniques may include on the job training, workshops, conferences, mentoring and off-farm classes. If employees are sent for training off the farm, it is important that the supervisor meet with the worker after the training to discuss how to integrate the acquired knowledge into the individual's job.

The continuing challenge for farm managers will be to make improvements in productivity and efficiency that will allow the business to support higher wages. The key is for the management team to develop a performance plan and to implement it at every level of the business. □

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