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Developing dairy farmer business management competence through the Preferred Future workshop.

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ABSTRACT

Despite the wealth of information freely available via a range of media, farmers lack both confidence and many of the capabilities to develop their own written strategic business plans. The fact that most farmers do not have a formal strategic plan for their business is testimony to this. Information *per se* is unlikely to be constraining individuals in completing this task since it is widely available and has been promulgated by the extension agencies in the past. This suggests that the 'one-way' approach to technology transfer is inappropriate for developing business management capabilities amongst the farming community. Our aim was to test the effectiveness of a participatory workshop on farm business management to help individuals build and apply new knowledge and skills in strategic management, specifically planning and control. The workshop was designed to allow participants to develop their knowledge and skills by writing their own farm strategy. Adult learning principles were utilised in the workshop design. Participants were able to integrate and apply their existing knowledge and experience within a conceptual framework. The workshop exceeded the expectations of all of the participants. They gained greater confidence to plan for the future and in their own ability to learn.

Keywords: participatory workshop, business management, strategy, dairy farmers, learning

INTRODUCTION

In an uncertain economic environment, strategic planning is an essential management skill to successfully guide the business towards the attainment of shareholder goals. As well as helping the manager to become aware of the many factors that influence the business, strategic planning also provides the opportunity to share and communicate ideas with other stakeholders. The strategic planning process adds rigour to decision-making for the long-term and assists with risk management.

The years of stable economic conditions in New Zealand from the 1950s to the early 1970s did not necessitate strategic planning as an essential element of business planning because minimum product prices were guaranteed by the Government or Producer Boards. Hence it was neither a significant part of agricultural education or rural culture. While the Advisory Services Division of MAF ran a week-long course annually on farm business management in the late 1970s and early 1980s, these courses were by invitation and catered only for a small number of farmers. Only recently has interest increased concerning the importance of strategic planning in agricultural businesses (Floyd 1995, Parker 1997). At the same time, surveys showed that farmers themselves realised that they lacked the skills to carry out the long-term planning necessary for their businesses (Stantiall *et al.* 1998). This also led to an awareness that there are few tools specifically designed to assist farmers learn and develop capability in strategic management. This situation is not unique to New Zealand. A similar realisation led to short course programmes such as "Dairy-MAP" in Pennsylvania (Holden, 1997), "ProDairy" in New York State (Oelker, 1995)", "Property Management and

Planning” (PMP) throughout Australia (Letts 1997) and “Smart Move” (the dairy subsection of PMP) in Queensland (Wightman 1998). In 1997 an opportunity arose for Massey University staff to design and pilot a workshop titled “Preferred Future” to assist New Zealand dairy farmers develop strategic management skills. This paper describes the pilot workshop and its outcomes.

WORKSHOP DEVELOPMENT

Key elements were combined to develop the “Preferred Future” workshop. These were: principles of business management; the development and use of financial performance indicators; survey results of farmers’ perception of their management ability and an education/facilitation framework. The design team met initially to define course outcomes and identify the main headings to be included (and their order) in the programme (Figure 1). Copies of “Pro-Dairy”, “Dairy-MAP” and “Smart Move” were obtained from their developers for ideas on content and layout so that it was not necessary to “completely re-invent the wheel”. In the end a different style and approach was adopted for the “Preferred Future” course.

Session One: Getting Started: Looking Inside and Out

What will be achieved:

It is expected that by the end of the workshop you will be able to:

- Explain and use the strategic planning process
- Identify external factors (using a PEST analysis) that could impact your business in the future
- Use a SWOT analysis to identify the strengths, weaknesses, opportunities and threats relating to your business

Session 2: Setting Directions

What will be achieved:

It is expected that by the end of the workshop you will be able to:

- identify the attributes associated with “success” for your family and farm business
- use scenario planning to help analyse possible future situations
- write a mission statement and associated goals and objectives for your farming business

Session 3: Measuring up

What will be achieved:

It is expected that by the end of the workshop you will be able to:

- analyse the health of your current farming business using the value created technique
- identify and describe measures of success applicable to your farm

Session 4: Turning plans into reality

What will be achieved:

It is expected that by the end of the workshop you will be able to:

- refine objectives, define action plans and be aware of project management techniques
- identify and use a number of techniques to monitor and control your farming operation and business

Figure 1 “Preferred Future” workshop programme.

Learning objectives were stated in terms of what the participants should be able to do by the end of the course, for example:

- apply the strategic planning process to your farm business;

- use scenario planning to help analyse possible future situations;
- write a business and personal mission statement, and related goals and objectives;
- analyse the ‘health’ of your farming business using the value created technique.

The final iteration of the written material was printed as a workbook. This was issued to all course participants and became the “map” that guided both facilitators and participants through sessions. The workshop was held on 16, 20, 23 and 28 April 1998, 10.00 am – 2.30 pm each day.

SELECTION OF PARTICIPANTS AND THEIR BACKGROUND

Eight dairy farming couple from the Manawatu were selected, but due to off-farm work commitments of some partners, only nine of the sixteen people attended. Table 1 summarises the farm details of the participating couples.

Table 1: Brief summary of participants’ farm size, number of cows milked and production

Area		Cows milked		Total production in the 1996/97 season (kg MS/ha)	
Range:	32.5-245 ha	Range:	86 - 460 cows	Range	17,000-179,000
Average:	109 ha	Average:	212 cows	Average	74,300
≤ 65 ha	4 farms	≤ 100 cows	1 farm	≤ 50,000	3 farms
66-150 ha	1 farm	101-200 cows	3 farms	51-100,000	2 farms
151-200 ha	-	201-300 cows	1 farm	101-150,000	1 farm
201-400 ha	2 farms	301-400 cows	1 farm	151-200,000	1 farm
		401-500 cows	1 farm		

Prior to the course participants were asked to indicate whether or not they had carried out a number of farm business management practices over the previous year (Table 2).

Table 2 Management practices undertaken by participants prior to the course.

Within the last year I was able to:	No. farms represented	
	Yes	No
Monitor key control points (eg production per cow; feed cost per kgMS)	7	-
Set written short-term objectives	2	5
Set written long-term goals	6	1
Work with an advisory team on your farm	6	1
Work with a financial professional to plan for the future	4	3

WORKSHOP EXPECTATIONS AND FACILITATION

The introductory session indicated that the participants' expectations were in-line with the purpose and objectives of the course. Typical comments were:

- Paul: "I expect to develop my strategic planning ability."
- Murray: "I am keen to develop my business management skills."
- Susan: "I think we need to be able to put definitions/concepts to a lot of the things we do in farm business, . . . especially in planning for the future".
- James: "I've got to change from just pulling tits to start thinking about the farm business".

The first session (Figure 1) was designed as an icebreaker to create interaction between participants and with the facilitator. This established a "flow experience" whereby participants and facilitator were totally absorbed by the learning experience and conscious efforts were required to stop for lunch and at the day's end.

At the end of each session participants were asked to complete two tasks before the next meeting (two-four days time). One task was to complete the exercises started on the course (e.g. write their Mission Statement or identify possible scenarios for their business) relating to their own situation. The other task was to reflect on the day's learning, and write down their most important and 'muddiest' points (the things that needed further clarification for that individual) (Angelo 1996). The three subsequent sessions each were started by discussing progress on the tasks set and feedback on the previous day, including commentary on the important and "muddy" points. These review sessions were valuable for identifying concepts requiring further clarification and discussion, and also in providing a sense of urgency and motivation to have the tasks completed. The open, friendly atmosphere was a key factor in obtaining participant feedback and open sharing.

Clear progress was made in the first two and a half sessions as the participants built new knowledge and applied it to their own situations. This was monitored via direct questioning and discussion, and by observing and discussing the notes each individual had written in their workbook. During the last half of the third session (on financial analysis), a large number of concepts were introduced in what proved to be insufficient time for participants to understand and apply them. This part of the course will be revised for future groups. The final session was designed to synthesise the knowledge developed during the workshop.

A sample of comments recorded at the final session summed up the learning and enjoyment that occurred at the course

- John B "I was challenged. I enjoyed the course and appreciated the efforts of the organisers and presenters. The venue was good".
- Paul "The course has helped to fill a large gap that exists between formal university courses and what we need at farm level".
- Murray "The workshop has provided a format for planning for the future".
- James "I will be able to put these ideas into practice. It was a non-threatening atmosphere. I was a bit concerned about coming along because things weren't as good on the farm as they could be, but I soon realised it didn't matter. It was a non-judgmental atmosphere".

POST-COURSE WRITTEN EVALUATION

During the last session, most participants indicated that they were “moderately-to-well” prepared to carry out a range of planning tasks such as developing goals and objectives for their farming business in the next six months. This was compared with information obtained at an interview several weeks after the workshop (Table 3). In most cases there was a major shift in the rating of elements of strategic planning from “not- to moderately” important to “very” important. This indicated that the participants had not only learnt about these tasks, but they had also changed their thinking about their relative importance.

Table 3 Beliefs about elements of strategic management before and after the workshop.

Element		Not important	Somewhat important	Moderately important	Very important
Write a mission statement	<i>Before</i>	2	4	2	-
	<i>After</i>	-	-	1	7
Set goals for dairy operation	<i>Before</i>	-	-	4	4
	<i>After</i>	-	-	-	8
Critically assess SWOT	<i>Before</i>	2	5	-	-
	<i>After</i>	-	-	1	7
Benchmark against other operations	<i>Before</i>	-	1	5	2
	<i>After</i>	-	-	2	6
Define critical success factors	<i>Before</i>	-	3	2	2
	<i>After</i>	-	-	1	6
Develop a strategic business plan	<i>Before</i>	-	4	2	2
	<i>After</i>	-	-	1	7
Work with an advisory team	<i>Before</i>	-	3	4	1
	<i>After</i>	-	-	3	5
Comprehensively analyse the ‘health’ of your business	<i>Before</i>	-	1	3	3
	<i>After</i>	-	-	3	5
Complete an external (PEST) analysis	<i>Before</i>	3	1	-	2
	<i>After</i>	-	1	1	5

Most participants indicated in the written evaluation that they had thought about, discussed or started writing on each course component. Two participants had completed their mission statements. Some had completed components (e.g. goal statements) before attending the course.

The components of the course the participants found memorable and well-explained or demonstrated were associated with sufficient time for them to discuss and apply the concepts to their situation and receive feedback (e.g. Writing a mission statement and long-term goals) (Table 4). The converse applied where there was insufficient time and inadequate opportunity to apply new ideas to their situation (e.g. financial performance indicators, control plan).

No written comments about the course were received. Prior experience with conferences and short-courses has indicated participants often use this opportunity to release frustrations about the things they were not happy about (McFerran *et al.* 1996, Blair *et al.* 1998). A nil response suggests overall satisfaction with the course: this was consistent with their verbal feedback at the final session.

Table 4 Participants’ opinions about the learning experience provided by the course.

	Strongly	Agree	Neutral	Disagree	Strongly
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	agree		disagree		
This was an enjoyable learning experience	7	1	-	-	-
Attending this workshop has given me greater confidence to plan for the future	7	1	-	-	-
Attending this workshop has given me greater confidence in my ability to learn new business management concepts	6	2	-	-	-
Attending this workshop has helped me to realise the value of investing time in learning new farming skills	7	1	-	-	-
I would attend another workshop run in a similar manner if the topic related to my business goals	6	2	-	-	-
I will promote similar courses to farm staff and other dairy farmers	6	2	-	-	-

SIXTEEN WEEK EVALUATION

All participants were interviewed in August 1998, 16 weeks after the course. Of the farms represented, two had written a 5-10 year strategic business plan (though not in a 'polished' format suitable for showing others); two had partly and three had not written their plan (Table 5).

Table 5 Participants' progress after 16 weeks on each segment of the farm business strategy.

Task	Number of farms represented				
	Completed	Partly completed	No progress	Would like more help	Does not apply
Defined and documented your current business situation	3	4			
Calculated and interpreted financial indicators for your farm	4	2	1		
Analysed the 'health' of your farming business using the value created technique		1	5	1	
Completed a SWOT analysis	5		2		
Identified & documented external factors that will impact your business in the future	4	3			
Identified controllable and uncontrollable factors affecting your business	4	2	1		
Identified opportunities for your farming business	5	2			
Completed a scenario plan of possible futures	3	3	1		
Defined your critical success factors	1	3	2		
Written a vision for your business	4	2	1		
Written a mission statement	5	1	1		
Written long-term goals	4	3			

Table 5 continued

Task	Number of farms represented
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	Completed	Partly completed	No progress	Would like more help	Does not apply
Written short-term objectives	4	2	1		
Written a 5-10 year strategic plan	3	2	2		
Developed appropriate KPIs for your farming business	2	3	2		
Identified critical control points for your farming business	1	2	4		
Have a written plan to monitor, document and control business performance	2	2	3		
Use written project management techniques to achieve objectives	3	2	2		

Application of new knowledge or skills

It became apparent during the post-workshop interviews that participants were using the knowledge and skills gained on the course, whether or not they had written a farm strategy. The responses below illustrate this:

James: Use more indicators: monitor more - e.g. daily milk, pasture; plan better.

Rob & Lesley: Ensure vision & mission are in harmony with beliefs.

John & Juliet: Now realise that we can not just go from day to day - we need to sit down and plan in order to make things happen; It made us more focussed and aware of planning for our goals - even though we had been planning previously.

Difficulties in putting together a business plan

When asked about the difficulties in putting together their business plan, the most common response was “lack of time”. Although most participants had the concepts and knowledge clear in their minds, the next step – writing it down – was elusive. Some participants also became aware of other issues such as conflicting goals and the importance of external influences on their business, and the need to deal with these by planning for the future. Comments about the difficulty encountered in writing a business plan included:

James: Finding a balance between conflicting goals.

John B.: Motivation to write it down.

Murray: Identifying external factors: I now take more notice of industry issues.

Susan: Need to set new goals once existing goals have been achieved.

Progress towards learning goals

Individual progress towards learning goals after 16 weeks is shown in Table 6.

Table 6 Individual progress towards achieving learning goals after 16 weeks.

Learning goal:	I'm at the	This is	I'm getting	I'm	I feel I
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To be able to:	beginning stages. A long way to go.	getting a bit easier. I'm on my way.	to grips with this. I'm a bit more confident.	much more confident with this.	can cope with this on my own now.
Define and document our current farming situation		1	3	2	3
Calculate and interpret financial indicators for our farm		4		2	3
Analyse the health of the farming business	1	1	1	4	1
Understand & use SWOT analysis in our farming business	1	1	3	2	2
Understand & use PEST analysis in our farming business	2		5	1	1
Identify controllable & uncontrollable factors influencing our business	1		3	2	3
Identify opportunities for our farming business			1	3	5
Establish criteria for success for our farming business	1		2	2	4
Write a vision statement for our farming business		1	1	1	6
Write a mission statement for our farming business		1	1	1	6
Write goals & objectives statement for our farming business		1	2	1	5
Write a 5-10 year strategic plan for our farming business	1		2	1	5
Develop appropriate KPIs, for our farming business	3	2	2	1	1
Identify critical control points for our farming business	3	2	2	2	
Write a plan to monitor progress towards goals for our farming business	1	2	1	3	2
Apply project management techniques to achieve objectives in our farming business	1	1	1	4	2

The scores suggest an association between progress in learning or becoming confident in the various elements of business planning and the elements completed by workshop participants. For example, the elements most participants felt confident with were those they had progressed most (e.g. mission statement, long-term goals, SWOT analysis, opportunity identification). Conversely, “identifying control points” was poorly completed: insufficient time was provided during the workshop to develop this concept.

DISCUSSION

Building a conceptual framework

The overall aim of the workshop was to provide participants with a conceptual framework and the knowledge, tools and skills to carry out strategic planning for their farm business. The feedback during, at the end and 16 weeks after the workshop indicated that this was successfully achieved. Although the detail of several segments of the planning process was not taught effectively, the balance of the workshop ensured that participants had developed an overall conceptual framework and were able to apply it to their business. Having this framework enabled them to identify areas they have not fully understood. This awareness allows choices about further actions – either to build their strategic plan without those segments, or to make an effort to improve their knowledge and ability in all segments.

Specific learning achievements

For ten of the 17 specific learning goals the workshop participants made good progress and had applied them to their farming business within 16 weeks of the workshop (Table 6). These included segments such as opportunity identification, writing a mission and vision statement and preparing goals and objectives. Most of these topics were covered early in the course, were allocated adequate time, and involved little or no numerical manipulation. For two of the learning goals (establishing criteria for success and understanding and using the PEST technique), most participants made good learning progress, but fewer had completed or partly completed applying them to their business. The remaining five goals on the list all comprised some numerical manipulation or the identification (setting), and monitoring of, numerical targets. Insufficient time was allowed for participants to fully grasp these concepts and develop skills in their application.

Workshop design & implementation

Part of the success of the workshop was due to incorporating the four qualities Wlodkowski (1985) identified as necessary when providing adult learning: expertise, empathy, enthusiasm and clarity. The expertise was built into the content of the workbook as well as during the facilitation process. Likewise, the workbook and facilitation contributed to clarity of presentation. Some perceptions of empathy and enthusiasm could have been gained from the wording and layout used in the workbook, but they are not easily incorporated into a written form. Rather, they were injected into the workshop as natural qualities of the facilitators, and this was appreciated by the participants' as comments at the end of the workshop show:

- | | |
|--------|---|
| John B | “I was challenged. I enjoyed the course and appreciated the efforts of the organisers and presenters. |
| Lesley | “It was enjoyable, with a non-threatening atmosphere”. |
| Rob | “It was a very relaxed”. |

Principles of adult learning

Seven key principles of adult learning were summarised by Ladyshefsky (1995). The first two are that the content is important and relevant to the learner; and that the learner agrees with the goals of the learning process. At the workshop introductory session the participants' expectations were aligned with those proposed by the facilitators:

Paul: "I expect to develop my strategic planning ability."

Murray: "I am keen to develop my business management skills."

The next two principles are that the learner is actively involved; and the tasks set are practical and applicable. This happened throughout the "Preferred Future" workshop, however, as discussed previously, if insufficient time was available, then the learning outcomes were not adequately achieved.

The fifth principle is that a 'safe', comfortable environment is provided. This applies not only to the physical setting, but also the emotional environment established by the facilitators. This includes empathy (as discussed earlier), and support in an environment free from threats so that participants feel free to discuss their situation and express their thoughts and feelings. The feedback below confirms this:

James "It was a non-threatening atmosphere. . . . it was non-judgmental".

The last two principles are that the learner is responsible for learning at his/her own pace; and that the learner can see progress towards the learning goals. For the first two and a half days the learners were able to learn at their own pace, but for the last day and a half the volume and type of material (a high density of numerical manipulations) reduced choice about the pace of learning. The learning outcomes and the application of knowledge and skills reflected this (Tables 5 & 6). Given more time and/or a different approach, however, the participants were all capable of achieving these learning goals.

Workshop outcomes

Ideally, to demonstrate the application of knowledge and skills learnt, all participants would have completed and written their strategic plan within eight weeks of the workshop. The results of the post-workshop evaluation show that only two had completed and three had partly completed their strategic plan. Saxowsky and Gustafson (1996) suggested that the primary benefit is not the document at the end of the process but the thoughts that are developed and evaluated during the process; that the purpose of long-term planning is to help farmers better manage their business rather than provide a document for others (such as lenders) to use. They also note, however, that writing clarifies the thinking process and reduces selective recall. A written document also provides a record of the plans which allows for improved communication with family members, staff and other stakeholders, and aids revision of the plan.

The evidence from the "Preferred Future" course supports these comments because all participants indicated that they now thought differently about planning - whether or not they had written their plan. However, those who had written it indicated that this process help to clarify their thinking even further. Furthermore, all participants provided evidence that they were now using some or all of the components of strategic planning in their farm business. Comparable evaluation information from similar workshops is difficult to obtain. The closest information is from The Dairy-MAP (Management And Profitability) programme in Pennsylvania State (Holden 1997), which showed a similar pattern of changed beliefs to those in the "Preferred Future" course.

The results for a series of Farm Finance Workshops in Pennsylvania, Maryland and New York showed that they substantially impacted participants at all levels of (formal) educational attainment (Hanson *et al.* 1998). This supports our experience that a well-designed workshop, good facilitation and a good learning environment enables all participants to learn, gain confidence in their own ability, and enjoy the experience.

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