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The Boss

We've Always

Wanted

by Gordon Bethards

This article is from a speech given at the American Bankers Association National Agricultural Bankers Conference.

When I first was married I tried to manage my wife and I never found much peace at home until I gave up that impossible task. Charles de Gaulle, when he was president of France, said something like this, "How can you manage people who make 346 kinds of cheese?" Well, my wife is French and she has eaten every one of those varieties of cheese — she totally rejects any hint of being managed.

I must say that when I gave up trying to manage her I did not sense any change in the orderliness of the house nor in the quality of the food and drink. I learned to hold my tongue when it was not mandatory to speak and found that life became pleasantly peaceful. I ate as well, drank as well and slept better.

What I've learned about good management developed from watching mismanagement.

Though I didn't mean to get into it so soon, you might write that down as the first law of good management: Marry the best and don't meddle. Or, to put it in business terms, hire the best person you find for the job, give them the authority they need to do it and keep out of the way.

A large part of what I've learned about good management developed from watching mismanagement. Inept management is much easier to see when you are looking at it from the bottom up than when you are on top looking down. CEOs tend to focus on results and ignore methods. I'm not suggesting the CEO should dictate methods, but they should know the methods their subordinates are using.

Satisfying results can hide inept management. As president of your bank the loan volume and the yield may please you, but you also should ask yourself if it is as good as it could be. Is the leader of your loan department employing management techniques that bring the best out of his team? Are they getting all the profitable business available?



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Learn The Business

Where do you start? Let's say the president just appointed you to manage a group of people working in a function that is foreign to you. It happens. There are those who say if you can manage one function you can manage any function. While that may be true, you can't do it until you understand the new function. That seems like a simple truth and yet I've seen managers fall on their face when moved from one function to another because they tried to impose their will before learning the business.

The first job of any successful manager is to learn the business. Talk to the people involved. Find out what they are doing, how they are doing it and what ideas they have. Take copious notes. Don't criticize and don't make any changes until you have talked with everyone and have a firm grasp on what is going on and why work is being done the way it is. As the wise farmer said, "Never take down a fence until you find out why it was put up."

There is, of course, a side effect to learning the business. You cannot successfully manage a group of people unless they respect you and they will not respect you if you do not know the business.

Job Descriptions

When I was thinking about the elements to discuss with you I hesitated to get into job descriptions because it can be a dry subject and so many people have already said so much about it.

However, I don't know how you can exclude job descriptions from a discussion about the boss we've always wanted. Job descriptions are an integral part of good management.

Here are the specifications for an instructive, useful job description:

1. It tells what the person is to do in language he or she understands.
2. It is all inclusive but not wordy. It does not indulge in ramifications, enlargements nor extensions.
3. It does not explain how to do the job.

4. A job description does not state standards of performance.

Most job descriptions can be set down on a single typewritten sheet or less. If it is longer than that, take a critical look at it. You may have two or more jobs wrapped into one title, but it is more likely you have committed the sin of stating how to do the job or how well the person is to do the job. Brevity and clarity will go a long way in promoting understanding.

Here are the benefits of having job descriptions:

1. You can lower costly employee turnover through more precise matching of candidates to jobs.

2. You can reduce the time spent in employee supervision – they have on paper all the work you expect them to do.

3. You know the training needed; therefore your people will more rapidly develop the skills that will permit them to do their best for you.

4. You can have fruitful discussions of performance leading to ever-higher levels of accomplishment.

Performance Appraisals

Very few people, especially managers, like performance appraisals.

Why is that? Because they have taken on more of a negative than a positive connotation. Employees don't like them because there is a section called "Areas For Improvement" and they really don't want to hear about that. This implies criticism and most of them are very happy doing what they are doing the way they are doing it.

Managers don't like performance appraisals because they are hard work and time consuming. It is much easier to do nothing. You avoid confrontation and most of the managers I've known have an intense dislike for confrontation. That is too bad, but true.

However, performance appraisals don't have to be difficult and distasteful. If a manager thought about the personal development of each employee all 12 months of the year, and kept notes on each contact, the annual performance appraisal would

be nothing more than a summary of what had transpired during the preceding year — a summary backed by facts, not just vague recollections. Appraisals, by the way, don't have to be annual. They can be done anytime that suits your needs and the employee's needs.

Douglas McGregor in *An Uneasy Look At Performance At Appraisals* published in the Harvard Business Review some years ago proposed that the employee set short-term performance goals for himself that he and his supervisor agree to. At the end of whatever period they decide the employee makes a self appraisal related to these goals, discusses it with his or her supervisor and sets new goals for the next period.

McGregor's technique puts the spotlight on the results of the employee's effort and keeps the personal characteristics in the shadows. Feelings about a person become unimportant as you, together, analyze the results and set new goals. That is not to say you never bring up personal characteristics in the discussion. The place for them is solely where you can document, with more than one example, that a personal characteristic stood in the way of achieving an objective.

Reinforce Strengths

Personnel specialists are universal in saying you gain more through praise than criticism. You obtain a higher level of performance and get it more quickly by identifying and reinforcing an employee's strengths than by attacking weaknesses. When you focus on strengths, the weaknesses are either self-corrected or lose importance.

In spite of the recognition of the value of identifying and complimenting an employee on his or her strengths, I doubt if there is a single appraisal form that does not, in one way or another, require the supervisor to identify areas for improvement and spell out a plan to accomplish it. If you get into it, you cast a pall over the uplifting effect of having told them about the commendable performance. Unless you are about to announce termination,

the goal of a performance appraisal should be to send the person away feeling good about himself and ready to soar to new heights. I would get into areas for improvement only if the employee asks and, through questioning, you determine if he or she really wants to know.

Do All Small Tasks Right

As the boss it is up to you to know all the elements, all the small details that go into the several functions under your supervision. Then you train your people to do each small task to perfection. Indeed, you also discipline yourself to do all your own tasks to perfection.

If every single grain of corn that goes into every bushel is of high quality and free of contaminants, you do not have to

If every grain of corn that goes into every bushel is of high quality, you do not have to worry about the quality of the carload.

worry about the quality of the carload you are selling to the feed mill. As a regional manager for DuPont's crop protection business I spent my entire energy training my district managers in how to train their sales representatives in all the details of their jobs. I spent no time worrying about sales and profits in this quarter or the next except to glance with pride at figures put in front of me periodically.

When all the inputs are high quality you don't have to worry about the results of your business. If the goal is attainable it will be attained. Give your full attention to the inputs and the results will take care of themselves.

In training your people to do tasks right you are also setting high standards of performance for the entire organization. Employees react enthusiastically to high performance standards. It makes them proud of themselves and proud of the

bank they work for and that produces superior business results.

Share Results

Intelligent workers want to know the effect of their work on the business. You should nurture an entrepreneurial spirit in each person. This means you have to reveal the financial status of the business and their segment of it. Better that your people know the facts than to let them guess how well the business is doing. Being in-the-know has a positive influence on productivity.

Who Works For Whom?

Ask the head of any organization, the president of your bank for example, to give you a short description of his company and his or her position. Somewhere in the recitation you'll hear words like, "And I have 25 people working for me." Technically that is correct. She or he did hire them and pays them.

However, if you want to have the most productive organization you should adopt the attitude of helping. One of your roles as CEO is to facilitate the work of the employees. You are there to help them, not them to help you. Your role is to identify and remove impediments to their performance – to make it as easy as possible for them to do the job you hired them to do.

Any manager, from first line supervisor to president, should be the most dispensable member of his group on a short-term basis and the least dispensable on a long-term basis. You train your people well enough that they can get along without you short term while your vision and leadership is indispensable long term.

When attending conventions such as this one, it always amuses me to see the people rush for the telephones at every break. I've purposely placed myself within earshot. The conversation is with people in the office back home talking about details the people at the office should have the authority and knowledge to decide for themselves. The conventioneer usually

ends the conversation with, "Are you sure no one else needs to talk to me?" It pains them to think the people back at the office can get along without the boss for a day. That is not management.

Hire Good People

There is no manager on earth, not even Peter Drucker, who can run a successful business with inept or disinterested employees. Furthermore, one outstanding employee is worth more than two mediocre ones and costs less than the two combined.

This brings us back to job descriptions. A primary reason for a job description is to help you hire the right person. From the job description you can draw a profile of the ideal person for that job and start a

A manager should be the most dispensable member of the group in the short-term and the least dispensable in the long-term.

search.

Construct three lists: Must Specifications, Preferred Specifications and Personal Characteristics. The "must" list is short. It is not more than five specific, measurable items. They are the skills and experiences a candidate must bring with him to the job. The "musts" are non-negotiable, minimum items. The absence of a "must" means automatic elimination.

You limit the "must" list to four or five items because if it is longer you rule out the entire population. On the other hand, if you have no "must" specifications, anybody can do the job.

If you want to hire an ag loan officer for your bank, your "must" list might include: a) farm reared, b) BA degree in accounting or finance, c) analytical ability and maybe a reference to personality or something else you deem necessary.

You might view the list of "preferreds"

simply as a spill-over from the "musts." What is not an absolute "must" becomes a "preferred." The list can be any length, though if you make it endless you will begin to catalog insignificant items.

Personal characteristics is the third list. Kurt Einstein, a headhunter, says 87% of the people who fail on the job do so not because of capability but because of personality. Words such as honest, initiative, persistent, articulate, judgment and others may be on your list. As with the first two lists the personality characteristics should be clear and job related.

If after interviews and reference checks you have doubts about a person, take a pass. Generally speaking the perfect candidate will stand out in bold relief.

What you see is what you get. Don't bet on change. Through training and development you may affect the ultimate

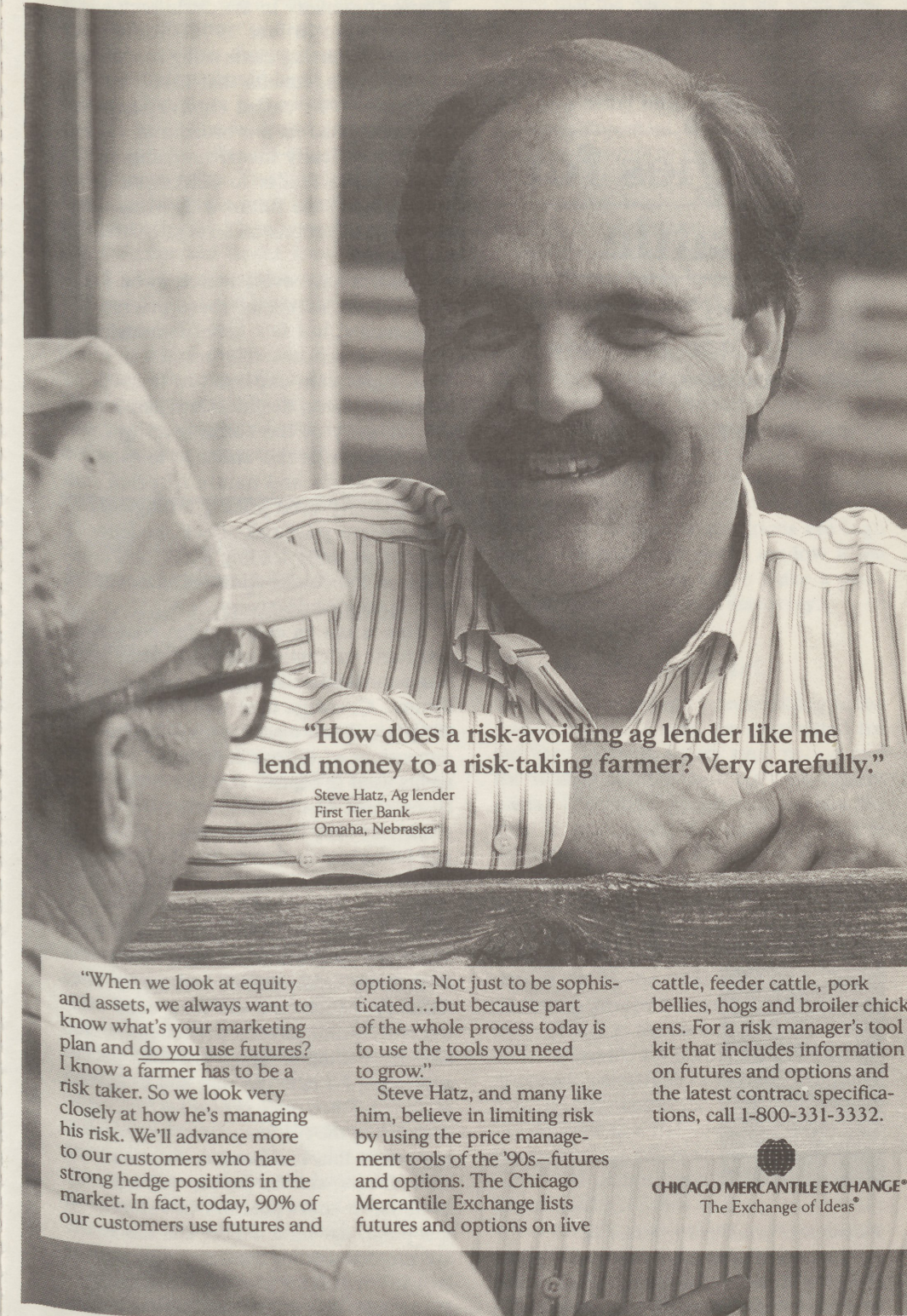
performance of a person, but in only rare cases will you change the person.

Hiring good people may have a greater impact on the profits of your bank than anything else you do. It is worth your time to do it right. If you don't have the skills or the time to do it, find someone to do it for you.

Summary

We have talked about eight topics: Learn the business, job descriptions, performance appraisals, reinforcing a person's strengths, doing all small tasks right, sharing results, facilitating employees' work and hiring good people.

If you take away from our discussion today only one new thought that will either save you some money or make you some money, you spent your time well. ▲



**"How does a risk-avoiding ag lender like me
lend money to a risk-taking farmer? Very carefully."**

Steve Hatz, Ag lender
First Tier Bank
Omaha, Nebraska

"When we look at equity and assets, we always want to know what's your marketing plan and do you use futures? I know a farmer has to be a risk taker. So we look very closely at how he's managing his risk. We'll advance more to our customers who have strong hedge positions in the market. In fact, today, 90% of our customers use futures and

options. Not just to be sophisticated...but because part of the whole process today is to use the tools you need to grow."

Steve Hatz, and many like him, believe in limiting risk by using the price management tools of the '90s—futures and options. The Chicago Mercantile Exchange lists futures and options on live

cattle, feeder cattle, pork bellies, hogs and broiler chickens. For a risk manager's tool kit that includes information on futures and options and the latest contract specifications, call 1-800-331-3332.



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