

Leading a farm or ranch can be a lonely business. Employees and family members rely on you to make the right decisions for their economic security and their welfare. And, no matter how long you've been farming, there comes a time when you need to seek advice.

Some will hire consultants while others may turn to their more knowledgeable friends and family. But in recent years there has been a resurgence in the use of peer groups as a way to crowd-source agribusiness answers and ideas on topics from finance to family dynamics.

Lance Woodbury is a consultant with Ag Progress, a Garden City, Kansas, firm that serves as a facilitator for various agriculturally focused peer groups.

"The idea of peer groups has been around in many other industries for many years," Woodbury explained. "Banks, construction companies, car dealers. The idea is to gather up people in a certain industry together to share their benchmark progress and their struggles and brainstorm ways to success." More importantly, it's non-competitive and confidential, he added. And that's critical in the farming community with its independent business owners and sociological challenges of tight-knit rural communities.



Journal photo by Kylene Scott.

As farms grow in acres managed and numbers of employees, farm owners have to balance much more than just family dynamics in putting in a crop, he explained. Many farmers focus on the physical act of farming and raising livestock, but as a farm grows they need to also consider topics like human resources, risk management, legal entities, finance and more. And, they do so in good and bad farm economies.

“They have to manage people, manage their risk, try to be more efficient or become more lean and there’s a chance with a peer group to benefit from a fresh set of eyes of people who are doing things differently than you,” he said.

Balancing those management concerns with the needs of partners or investors, as well as familial relationships and you could wind up with a situation of conflict and strife.

And when that happens, where can a farmer turn?

Beyond the neighbors

A peer group may sound like some new age touchy-feely hokum to many farmers, but it’s not like sitting around the coffee pot at the local COOP, commiserating about the latest bad weather or depressed farm prices. Woodbury said viable peer groups have a structure. That structure can vary depending on the participants and their business interests, but typically they are composed of participants from a broad swath of the country who have all signed confidentiality agreements and agree to the concept of open and honest feedback and continued learning.

“What we’ve found, the best peer groups that people are likely to stay in, are the ones they have a hand in designing,” Woodbury explained. “So that first meeting is to figure out, meet each other and see if they even like each other.” There’s not a cookie-cutter approach, but a facilitator can help keep the group on track with its goals and the logistics of the peer group meetings.

“You can be sitting in a board room or in someone’s farm office and you’re sharing your successes and your failures around the table,” Woodbury said. “Or, as I describe it, we share the wins and lessons, not losses.” For farmers who are used to keeping family and business matters private from their neighbors, this can be the most challenging and yet the most freeing aspect of a peer group.

Dave Dvorak, a farmer in eastern Iowa, has participated in a peer group facilitated by Woodbury's firm for many years. (Because of confidentiality agreements, Dvorak spoke to us in general terms about his individual experience with the peer group.)

"My main goal was to make my farm better," Dvorak explained. He started farming in the early 1980s, survived two farm downturns and has evolved his operation to raising specialty value-added corn and soybeans for organic and food grade markets. He made those decisions based on knowledge he gleaned from his participation in a peer group.

"I tend to think differently than a lot of farmers and even my peers," Dvorak said. "I wanted an honest evaluation on what are my blind spots? What are things I can do better? Part of this gives me benchmarks. By meeting with the same people you build up a trust and we go to each others' farms and have some idea of what they're doing and where they're coming from."

Confidentiality appealed to Dvorak about a peer group.

"In our peer group, we're from all over the country," he said. "And we've signed confidentiality agreements so that we can be really open with each other. We are trying to learn from our peers, so I share a lot more with them than I do my banker. And I sure share more with them than I would with my neighbors because I'm a pretty private person. But it's a safe environment to ask questions."

Woodbury said that the most important part of getting something out of a peer group is going into one with the open mind of sharing and learning from others who share.

"You have to be vulnerable," he said. "This will not work if you want a pat on the back. When you are vulnerable with someone, the feedback you get and the support you get is 10 to 100 times more powerful than when you aren't."

"I'm probably more open and vulnerable than a lot of people in my group," Dvorak said. "This has been a fall that never ended and a spring that never ended." Personally and professionally it's been challenging for Dvorak with family concerns and weather that's kept him from planting his corn and soybeans.

"This year, I planted half of my corn and 90% of my soybeans," he said. In his group, members are tasked with writing updates on their farms so that members can help each other. In his case, the process of writing about his struggles on and off the farm has been a catharsis, Dvorak said.

“A lot of farmers have fairly negative attitudes when they see each other,” he said. “They talk about how bad things are, the markets, the weather. I can remember one farmer around here who was always positive. I always felt better talking to him.”



By Neta Wall, Ulysses, Kansas.

Topics of conversation

Woodbury said that each peer group’s meetings are individualized to that group’s needs and concerns at that time.

“If they’re focusing on operational improvements, they might bring their farm managers or key employees too,” he said. “If we’re meeting around how do we ensure the survivability of the family business? Then they may bring their family. If it’s ownership issues, we might just have the owners.”

To prepare, participants should have a good handle on their financial performance, their entity structure, their key employees or an organizational chart, a list of their strengths and their weaknesses, and even their marketing strategies.

“We’ve had some groups talk about risk management strategies, banking and loan information so that they can compare interest rates and things,” Woodbury said. “Often they bring in some information on their equipment lineup, for strategy in terms of replacing and programs they use to do that. They’ll talk input pricing, labor rates, salary and hourly wages, and more.”

Dvorak said in the first meeting of his peer group, there was a farmer who set the tone for the rest of the group.

“He shared all of his financials, all of his plans, he was just so open,” Dvorak said. It surprised them that a farmer would be so open with his information, but he quickly realized that farmers who share in the group get better in their operations because these peers have all seen the situation at some point and have ways they dealt with it.

The benchmarking aspect from his peer group has lifted a weight off Dvorak’s shoulders as the head of his farm.

“I run older machinery,” he explained. “Some in my group have very new machinery and trade a lot. But, I got some validation when they came to my farm, looked at my operation and my financials and said, ‘hey, your model really does work.’”

“You have someone giving their honest opinion, good, bad or indifferent,” he continued. “A lot of paid consultants give their opinions. Some farmers may have jealousy and other factors in their opinions. Here, in the peer group, you just get an honest opinion.”

“I’ve seen people make strategic hires based on the feedback they found in the peer group,” Woodbury said. “Or, conversely, let go because of feedback. They’ve had family conversations that they wouldn’t have had otherwise because of feedback. Some groups come together and buy a volume of product as a group, or educate themselves about insurance programs. It runs the gamut. But at the basic level they almost always take home ideas to improve their businesses and their families.”

Finding a fit

Peer groups can come in all shapes, sizes and areas of interest. Some can form organically on their own, others can come through paid facilitation services like what Woodbury’s firm offers.

“I encourage farmers to try to do this themselves, give it a shot,” he said. “But someone has to take on the logistics and the process.” Woodbury said lenders and accountants are some who might fit that facilitator function, or seed and input salespeople.

“The key is to focus on the process of helping the group interact and not pushing a product or service,” he cautioned.

Woodbury advised producers who are interested in joining a peer group to do their homework first.

“Are they selling a program or are they selling a process?” he explained. “If they’re trying to tell you that if you just buy this and just show up and it’s the same thing every time, be wary. Find someone selling a process who’s willing to help the peer group evolve to provide ongoing learning to members in whatever form they need.”

And keep asking the question, “is this working for me?” That self-evaluation is what turns a farmer into an innovator and someone who can find opportunities that can ensure the farm’s survival.

Woodbury said that for him, the most rewarding moment in facilitating peer groups is when farmers look at each other and realize that they aren’t the only ones dealing with a particular stressful situation in the business or in the farm family.

“C.S. Lewis said that friendship is born in that moment when one person says to another: ‘What! You too? I thought I was the only one,’” Woodbury said. With peer groups, farmers can see that they aren’t alone.

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Growing a farm business

As farms grow, from a one-person operation to multiple generations and then into potentially an ownership model with shareholders, partners and more, the confusion and potential for conflict there exists.

There are four stages of a family business life cycle, Woodbury tells farmers. Each stage can benefit from a peer group to share ideas and feedback about the challenges and opportunities farmers face.

1. The Survival Stage, where the farm business is just beginning and everything is a struggle for financial stability. The farmer is just trying to get established professionally and may be establishing a family too.

2. The Stable Stage, where the farm has been profitable for a number of years and the farmer continues to re-invest and grow, and may have some key employees. This is usually a life stage that sees some offspring choosing to return to the farm.

3. The Professional Stage is where we start to see the business grow more complex. Typically there are multiple generations or other family dynamics at play. At this stage conflict usually comes from the need to formalize policy and roles and balance nonfamily employees and management with family needs.

4. The Institutional Stage is even more complicated in both the activity of farming and the business needs. There may be a mix of family and nonfamily shareholders, and dividend income. Typically at this stage more family live off the farm than on the farm, and that can present more complications.

What makes a good peer group?

Ag Progress lists five points of a good peer network that farmers should consider:

1. A common place—whether that's geography, demography or business issues. What are you dealing with in your farm and family?

2. Similar purpose—whether it's a mission, vision or goals. What are you trying to accomplish?

3. A set process—including confidentiality, sharing, attendance, speakers. Every group has to have ground rules and commitment to following them from the members.

4. Personality—the participants must have the right attitudes and demeanors for helping each other. Do you respect the other members and their experiences?

5. Vulnerability—Every member must own his or her weaknesses, and commit to being transparent. The point of a peer group is to admit you don't have all the answers and you're asking for help. You're open to other perspectives and people genuinely like to help others when they know they can benefit.

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Peer Group

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Dave Dvorak

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