

RANCHING FOR PROFIT

RANCHING: THE NEXT GENERATION

Where will the next generation of management for your ranch come from? In most cases, your gene pool determines your candidate pool. That's a small pond to fish from to find capable management to guide your business through the challenging times ahead.

The ad might read something like:

Wanted: Chief Executive Officer to manage millions in assets. Must make the business financially viable and ecologically stable without changing anything. Only family members need apply.

Even then, it will probably be the oldest son who gets offered the job when Dad finally is ready to let go. Often Dad won't let go until he's 6 feet under and our CEO in waiting has been little more than a hired hand for the past 20 – 30 years with little or no meaningful management responsibility. Setting fence posts, feeding cattle and pulling calves is not a resume that inspires confidence in ability as a CEO.

This all assumes that junior stuck out the long days, hard work and low pay. Many of his contemporaries have left the farm for more secure jobs with shorter hours and higher pay outside of agriculture, or at least off the farm.

Over the past generation there's been a brain drain in agriculture. Making matters worse is the growing complexity of the challenges to overcome if our farm and ranch businesses are to survive, let alone thrive. Generations ago, it may have been enough to know how to grow grass and manage cows. Today it's not. While we are more productive than ever before, today's economic, financial and ecological problems have never been bigger.

The problems require better management than we've had in the past. But we don't pick people based on the talent they have or the skills we need and we don't prepare the people we put in management positions for the challenges that will confront them. Yet their livelihood, our secure future depends on their success.

A big part of our problem is that we organize the jobs in our business around personalities rather than functions and accountabilities. We ask, "*What would they like to do?*" or "*What would they be good at?*" rather than "*What needs to be done?*"

We've got it backwards. When we limit the pool of talent on which we draw it is more important than ever to structure positions around the results that need to be achieved in order to run an effective business. At the very least these positions

will include production, marketing and financial control. You might think if you wear all the hats in your business, you don't need an organizational chart. But the chart can help you make sure that each hat gets worn.

In our Executive Link program, participants map out an organizational chart showing these and other critical functions in their business. On the chart they list all of the responsibilities associated with each position. Only after the jobs are laid out do they assign people to the positions.

This chart is a huge first step to clarify roles and responsibilities and improve communication. Once you've built the chart, draw up another chart showing the jobs you anticipate five years from now. Then show whom you expect to fill each role in the future. This is the first step in building a management succession plan. Instead of the empty promise, "*Someday this will all be yours...*" this plan says "*In five years you'll be running the marketing program.*"

Once we've projected the chart into the future we have one more critical question to answer: "*How will we make sure the next generation has the knowledge and experience to be successful in this role?*" The answer is especially important when the successor to your business is not chosen based on talent or aptitude, but birth order and the thickness of their calluses.

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