

# RANCHING FOR PROFIT

*Putting Profit into Agriculture*

**Newsletter #72**

**July-August, 2001**

## ***Ranching for Profit School Dates Set***

The 2001-02 Ranching for Profit School schedule kicks off September 16 – 22 in North Platte, Nebraska. You'll find the complete school schedule on the back of this newsletter. This is a great time to take a refresher course (repeating the school is still only \$100) or send others from your business through the school. As always, your recommendation is our best promotion. We always appreciate you telling your friends and neighbors about our programs. (Your friends and neighbors appreciate it too!)

## ***North American Ranching for Profit Conference***

We've picked Wichita, Kansas to resurrect the North American Ranching for Profit Conference June 19 - 21, 2002. Join us to hear addresses by Stan Parsons, Wes Jackson and other forward thinkers who will challenge your paradigms and expand your thinking.

The first day and a half will be exclusively for Executive Link board meetings. The conference's educational program, which will be open to all Ranching for Profit School alumni, will begin at noon on Thursday. The focus of the first afternoon will be economics. Both Stan Parsons and Allan Nation are scheduled to participate in what is bound to be a no-holds-barred discussion with pearls of wisdom on everything from the cattle cycle to opportunities for new enterprises. We'll devote day 2 to ecology & grazing with speakers like Wes Jackson of the Land Institute. That afternoon we'll tour the Ferrell Ranch with special focus on Pete's innovative management strategies. Pete uses herding and temporary paddocks and very little permanent fencing. We'll also have sessions on riparian area management and stream health. That evening we'll enjoy a barbecue and entertainment at the ranch. On day 3 you'll be treated to "Pathways." Pathways is an organization conducting programs on improving relationships. Several RFP alumni and EI members have attended their outstanding and challenging programs and I am delighted that they'll be working with us at the conference.

Block out the days now. You won't want to miss this very special event.

## ***John Is Right***

About a month ago John Cozad suggested that when we talk about creating a "vision" and an action plan to achieve it at the Ranching for Profit School, we may be missing something. John told me that he felt before we could create a vision of what we want, we ought to identify why our businesses exist in the first place. He told me that reading *Built To Last* would give me a bit more background on his perspective. I read it and I agree with John.

## ***Built To Last***

*Built to Last* is a book about "visionary companies." The authors, James Collins and Jerry Porras, describe visionary companies as premier institutions in their industries. They are widely admired by knowledgeable business people, have made an indelible imprint on the world, survived several generations of management and product life cycles and are at least 50 years old.

The 18 visionary companies they studied were identified from a survey of 700 CEO's. Each visionary company was compared to a company founded in the same era, producing similar products for similar markets. For example, IBM, Motorola, Disney, American Express and Merck, which were identified as "visionary," were compared to Burroughs, Zenith, Columbia Pictures, Wells Fargo and Pfizer. The comparison companies are highly successful companies themselves. But consider this statistic. If a person had invested \$1 in a general stock market fund in 1928, and reinvested all of the dividends, the return on the investment in 1990 would have been \$415. A dollar invested in a fund of the comparison companies would have grown to \$955! But a dollar invested in a fund of the visionary companies would have grown to \$6,356! The authors wanted to know what it was that made the visionary companies stand out. Let's see if you can tell by completing this true/false test:

		T	F
1.	Most great companies start with a great idea.		
2.	It takes charismatic, visionary leaders to build a visionary company.		
3.	The top priority of the most successful companies is profit.		
4.	Successful companies share a common set of "correct" values.		
5.	The only constant in a successful business is change.		
6.	Visionary companies play it safe.		
7.	Visionary companies are great places to work for anyone.		
8.	Visionary companies make their best moves through strategic planning.		
9.	Companies should hire outside CEO's to stimulate fundamental change.		
10.	Successful companies focus primarily on beating the competition.		
11.	The key to becoming a visionary company is creating a vision statement.		

Running through the answers to each of these statements, which according to the authors are all false, will give you a good feel for the key elements that separate visionary companies from the rest of the field:

1. Very few of the visionary companies started with a "great idea." They focused more on building a business that works than specific products and services. Their ultimate product was their company.
2. Charismatic leadership can actually be detrimental to a company's long-term success because it can make management transition more difficult. The authors compared the founders of visionary companies to the founders of the United States, who focused on building an enduring institution rather than being great individual leaders.
3. Profit is to business as breathing is to life. We must breathe to live, but breathing isn't the point of life. Likewise, a business must make profit, but profit isn't the point of business. People aren't motivated to reach for the stars by money. They are motivated to reach for the stars, because the stars excite them. Visionary companies have purpose beyond profit. This core purpose and a passionate drive to fulfill it may be the most important distinction between the visionary companies and the rest of the field.
4. The visionary companies did not share a common set of "correct values". What they did share was a deep conviction to live by what ever values they did identify. They did not ask, "What should we value?" but "What do we value?"

5. While products and services come and go, some things never change. The core purpose and values held by visionary companies usually stayed constant from the founding of the company.
6. Visionary companies occasionally “bet the farm” on what the authors call “*Big Hairy Audacious Goals*.” These “BHAG’s” appear daunting and risky (especially to outsiders) but create excitement and motivation within the business that stimulate progress.
7. Someone once told me that the only thing in the middle of the road are yellow stripes and dead armadillos. It appears that it’s that way at visionary companies too. Visionary companies have unique cultures. People that fit the culture and believe in the company’s purpose and values usually thrive in this environment. People who do not share the philosophy or the values generally are miserable and don’t last long. There is no middle ground.
8. Strategic planning is critical to the success of these companies but some of their best moves were the result of trial and error, opportunism and even accident. The authors compared the development of visionary company’s to the evolution of a species. Visionary companies encourage exploration and experimentation (mutations) keeping those that increase the fitness of the company and moving beyond those that don’t.
9. Visionary companies were six times less likely than the comparison companies to hire outside CEO’s. They found that it was more important to develop leaders from within who “grew up professionally” with the companies culture and core values. Since that culture included experimentation and exploration, they didn’t need to look outside the firm for new ideas.
10. While all of the visionary companies beat their competition, their focus was on beating themselves.
11. While visionary companies had vision statements, the key was living the ideals embodied in the statement.

I am encouraging all of our Executive Link members to use the first part of the ICA procedure demonstrated at the school to define the purpose of their business. (If you have an old set of school notes call us. We’ll be happy to send you an updated set of notes on the ICA process.) Use a focus question like, “What do I want this business to be known for?” or “What would the world lose if we quit?” After you’ve grouped the responses name the clusters of cards by completing the sentence, “The purpose of this organization is...” Unlike the ICA process for developing a vision statement an action plan, you’ll need to prioritize and cull the statements to boil down the essence of the purpose down to one or two ideas. Finally develop the idea into a sentence that clearly states your mission.

In addition to the mission statement, which describes an organization’s “purpose,” many companies find it useful to develop a second statement outlining their “core values” or guiding principles.

In spite of what each of us might say we want out of business, research shows, money is not a very powerful motivator. The things that get our juices flowing have more to do with a sense of accomplishment, responsibility and recognition. Ironically, but predictably, one of the keys to “Ranching for Profit” is identifying and pursuing a purpose beyond profit.

### ***The Winners***

“Thank you!” to those of you who helped us out in our newsletter survey. The winners of the audio tapes on management intensive grazing were Ray Morrison from Oklahoma, Charles Gould from Alberta and Debbie Yowell-Farley from Texas. Thanks for your help.

### **UPCOMING RANCHING FOR PROFIT EVENTS**

#### ***RANCHING FOR PROFIT SCHOOLS***

North Platte, Nebraska	September 16 - 22, 2001
Klamath Falls, Oregon	November 4 - 10, 2001
Colorado Springs, Colorado	December 9 - 15, 2001
Calgary, Alberta	January 13 - 19, 2002
Billings, Montana	February 3 - 9, 2002
Amarillo, Texas	March, 3 – 9, 2002

#### ***EXECUTIVE LINK PROGRAMS***

Redding, California	July 30 - August 1, 2001
Billings, Montana	October 22-24, 2001
Colorado Springs, Colorado	November 12-14, 2001
Devon, Alberta	November 26 - 28, 2001
Kerrville, Texas	November 29-December 1, 2001

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