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TOP PERFORMING FARMERS ARE INFORMATION RICH CASE STUDIES OF SHEEP AND CATTLE FARMERS IN THE SOUTH ISLAND OF NEW ZEALAND

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ABSTRACT

The purpose of this study was to investigate the management behaviours of six top performing sheep and beef farmers from the South Island of New Zealand. Information was obtained through interviews using grounded theory qualitative research methodology.

All six farmers were found to be information rich. They source information widely and with a discriminating behaviour. They read widely, typically about one hour per day. They participate in discussion groups but only when relevant information can be obtained. They regularly visit other farms and tend to associate with other high-performing people. They have well developed networks. They have challenging, relevant and achievable goals and targets. All six farmers plan well ahead but with a strong focus on flexibility. They are early adopters rather than first movers in relation to new technologies. Having decided that an innovation has merit they usually test it in a small way before making any major commitment that cannot be reversed. All were benchmarking their operations against other top operators, both formally and informally. They were particularly interested in the reasons why other farmers were achieving success, and hence liked to have direct contact with these people. All of them were interested in the financial benchmark comparisons obtained from their accountant. These top performing farmers have well developed management frameworks such that the process of planning, implementation, monitoring and reflection occurs on a daily basis. Farming is a passion as well as a career.

Keywords: benchmarking; farm management; sheep and beef cattle farmers; grounded theory; New Zealand; decision-making process; information sourcing.

INTRODUCTION

It is common knowledge that there are large differences in performance among sheep and beef cattle farmers worldwide. Some farmers struggle for business survival, while other farmers make large profits and are acknowledged by their peers to be outstanding performers. The purpose of this study was to explore whether there are common managerial behaviours amongst top performing farmers. The project was undertaken as a research dissertation for the Masters of Applied Science degree at Lincoln University (Veríssimo 2001).

APPROACH

The Principal of a specialist rural accounting business in the South Island of New Zealand was asked to identify from his practice six sheep and beef cattle farmers whom he considered were consistently amongst his best performing clients. This accountant is well known within the farming community as someone who provides benchmarking information plus associated advice to his clients. His client base is generally considered to comprise forward-thinking farm-

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ers, and he has a reputation for encouraging poor performing farmers to go elsewhere for their accountancy services. The six farmers identified came from a client base of 350 farmers from across the South Island of which 142 were sheep and beef cattle farmers. Of the six selected farmers, five were male and one was female.

The six farmers were interviewed on their properties. The interview process was guided by the principles of grounded theory (Glaser and Strauss, 1967; Corbin and Strauss, 1990) such that farmers were asked to explain the 'what, how, and why' of how they managed their farms. The farmers were asked to talk about specific events rather than generalities, and were questioned in depth so as to elicit both the behaviours and the underlying reason for these behaviours. Rather than testing explicit hypotheses, the aim was to start from a totally open-minded perspective.

RESULTS

The key finding was that all six farmers were information rich, a term that appears to have not been previously used to characterise top performing farmers. The farmers used a broad range of strategies to acquire and filter information, and all were interested in benchmarking. This benchmarking comprised both formal and informal analyses to compare their performance with other top performing properties. They were not interested in how they compared relative to average performers, instead they wanted to compare themselves only to the best. They also had well developed processes for analysing and reflecting on what they read and saw, and then for testing strategies on their own properties.

Information Gathering Techniques

All six farmers read widely, typically about one hour per day. The lowest was 'a couple of hours per week'. One farmer described himself as 'not a great reader' but still spent 1.5 hour reading per day. All farmers were discriminating in what they read, with time available being a limiting factor. Several farmers managed their reading time by storing up written material for the winter. They recognised that not all information is quality information and were critical of 'warm fuzzy stories' or stated high performance levels that do not provide the reasons why. Three of the farmers read or 'flicked through' scientific and conference proceedings.

All of the farmers tended to associate with other top people, both on-farm and off-farm experts. Expertise was gained from accountants, veterinarians, farm advisers, solicitors, bankers and stock agents. Farm advisers were used not only because of their technical expertise but because they are a source of ideas gained from their visits to other farms.

Other sources of information come from discussion groups, conferences, field days, and seminars. Four of the six farmers were currently members of discussion groups and the other two had previously been members. Five of the six regularly attended field days (up to nine per year) and five of them also went to conferences (from one to six) each year. On average they visited about 15 farms per year with a range of 4-30. Two farmers frequently ring other farmers seeking information, with one saying he does this about 10 times per year. Social events can also be an important source of ideas and information. One farmer's wife said that their children called their dad 'Side tracker' because whenever they travelled anywhere as a family Dad was always diverting down side roads so he could look over the fence and see what was happening. Another farmer described how when he sold stud animals he always subsequently visited the purchasers not only to see how the animals were performing, but because he also picked up good ideas from visiting these farms.

Some of the farmers were widely travelled, and two had visited South America to look at



farms. Another farmer actively sought out information from the dairy industry because he felt dairy farmers were superior at the grazing management of pasture.

A key feature of their information gathering is in the selection of information that is of value. All farmers talked about an overload of information and the need to sort the 'wheat from the chaff'. All of the farmers use judgemental processes to consciously filter the information that they need.

Decision making processes

In all cases, the decision making processes were built on having sound information. None of these farmers could be described as 'first movers' but all were early adopters. Having seen what other people were doing, and actively looking for innovative practices being undertaken on these farms, they would then assess how the practice might work on their own farm. But rather than making an impulsive decision they would 'brew it over' in their minds before deciding to act. Once having decided that the innovation had overall merit, they would typically test it on a small part of their farm before making any major commitment that could not be easily reversed.

All of the farmers had computers. However, most were not using the computer themselves, getting family members or a secretary to do this.

All farmers felt a need to do better, and most had specific targets such as improved lambing percentage or target sale weights for animals at a particular time of year. Physical benchmarking tended to be against local benchmarks for the district. Most farmers were prepared to share financial information about the prices that they receive for their products but they regarded overall profit and also borrowings as being confidential. The accountant provided summary information to all of his clients showing how they have performed relative to his other clients, using a range of financial benchmarks. This was the main source of financial benchmarking. None of the farmers appeared to have benchmarked their information gathering techniques and overall management processes of how they plan, implement and monitor their operations against what other farmers were doing.

All of the farmers had risk management strategies in place. Diversification was a key element of this, with five of the six having at least three sources of income (beef, sheep, meat and wool). Two of the farmers also had deer. Other risk management strategies included irrigation and having stock classes that could be easily sold in the event of a drought.

All of the farmers had a preference for keeping the farming system simple rather than complex.

All of the farmers showed evidence of delegation and understanding their role in the operation. For most of them, without delegation they would have become farm-bound. One farmer employed a tractor driver from a machinery syndicate, and most seemed to recognise by their actions that they understood and accepted that they did not personally have to be expert at everything. However, meticulousness was identified as a key personality trait for two of the farmers. Three of the farmers demonstrated they were team people and liked to make the big decisions in close association with their accountant, farm adviser, lawyer and bank manager.

All of the farmers plan well ahead. Three of the farmers plan ahead 2-4 years, two make five-year plans, and one plans ahead even further. But for all farmers flexibility is the key. For instance, one farmer said, 'you need to be flexible but still need to be thinking into the future'.

All of the farmers showed a passion for their job, with several saying that it was a hobby as well as their work.

CONCLUSIONS

Consistent with the principles of qualitative research (Patton 1990), the aim of this study was to explore, to understand and to obtain insights as to both the commonality and diversity of behaviours of a group of top performing farmers. What was remarkable from this exploratory research was the extent of commonality in regard to their overall approach, i.e. all six had sophisticated mechanisms to ensure they were 'information rich'. However some of the specifics of these information gathering strategies differed according to the specific situation of each farmer.

It was also notable that all six farmers demonstrated well developed frameworks for planning, implementation, monitoring and reflection. Plans provided a flexible and modifiable framework for action. The overall process of planning, implementation, monitoring and reflection was continuous and a 'way of thinking'. It was occurring every day and much of it was occurring out on the farm as well as in the office. Farmers were not necessarily fully aware that they were following a structured process.

All farmers had strategies for benchmarking against other top operators, with a particular focus on how these other operators were achieving their top performance. However, none of the farmers appeared to have benchmarked their managerial behaviours against other farmers. Rather, it was an intuitive rather than a learned behaviour.

The information provided in this paper is essentially exploratory in nature. There are three major insights. The first is that a key attribute of these top farmers is that they are 'information rich'. The second is that these top farmers have well developed management frameworks such that the process of planning, implementation, monitoring and reflection is iterative and ever present. The third is that although physical and financial benchmarking is common, benchmarking of managerial behaviour is less common. Yet it is these managerial behaviours that characterise these farmers and which other farmers may wish to emulate.

We suggest that these insights may provide useful guidance for operators across a diverse range of agricultural industries who wish to be top performers, and may also provide useful guidance for farm management researchers.

ACKNOWLEDGEMENTS

The authors acknowledge Pita Alexander for identification of six top performing clients from his rural accountancy practice.

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