

## **2020: PLANNING FOR THE BUSINESS MANAGEMENT NEEDS OF CANADIAN FARMERS - WHEN YOU DON'T KNOW WHAT YOU DON'T KNOW**

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### **Abstract**

*The 2011 Census of Agriculture shows the number of farms and farmers in Canada is declining. While the world calls upon farmers for increased productivity, farmers face intensifying volatility from the marketplace, weather and in consumer trends and must manage the social, economic and environmental impacts of farming like never before. As agriculture continues to prioritize production management over business management, farmers will continue to struggle against an increasingly volatile and complex sector. Furthermore, with a reduction in Government programming to manage risk, now more than ever, Canadian farmers will have to rely on their business management skills to not only stay in business, but to succeed. In an ever-changing and complex industry, business management provides a solid foothold for farmers to confront change with confidence, manage risk, seize opportunity and make informed decisions. This signals an opportunity to improve the awareness and adoption of beneficial management practices, and further, to demonstrate the tangible results of adopting beneficial management practices. Indeed, success will be increasingly reliant on the business management skills of the farmer. Farm Management Canada is the only national organization dedicated exclusively to the development and distribution of business management information to Canadian farmers. In fulfilling its mandate to increase farmers' awareness and adoption of beneficial management practices towards the realization of business goals, FMC must be in tune with both the learning preferences and practices of farmers to meet their learning needs with not only the information they want, when they want it, and how they want it, but also the information they need. This paper focuses on a report commissioned by Farm Management Canada titled 2020: Planning for the Business Management Needs of Canadian Farmers and Farm Management Canada's efforts to meet these needs through diverse, multi-faceted and multi-medium knowledge transfer programming.*

*Keywords: farm business management, skills development, Canada*

### **1. Introduction**

The 2011 Census of Agriculture<sup>1</sup> shows the number of farms and farmers in Canada is declining. In fact, compared to 2006, the number of farm operators fell by 33,135 or 10.1% to 293,925, while the number of farms decreased by 10.3% to 205,730 census farms.

While the world calls upon farmers for increased productivity, farmers face intensifying volatility from the marketplace, weather and consumer trends, and must manage the social, economic and environmental impacts of farming like never before. Indeed, compared to all other sectors, in a recent KPMG study<sup>2</sup>, the food and beverage sector ranked not only the highest in risk, but disappointingly, the lowest in readiness (or preparedness to manage risk).

As agriculture continues to prioritize production management over business management, farmers will continue to struggle against an increasingly volatile and complex sector. Further-

<sup>1</sup> 2011 Census of Agriculture. Statistics Canada. <<http://www.statcan.gc.ca/ca-ra2011/index-eng.htm>>

more, with a reduction in Government programming to manage risk introduced in 2013 with the new agricultural policy framework Growing Forward 2, now more than ever, Canadian farmers will have to rely on their business management skills to not only stay in business, but to succeed.

In an ever-changing and complex industry, business management provides a solid foothold for farmers to confront change with confidence, manage risk, seize opportunity and make informed decisions. This signals an opportunity to improve the awareness and adoption of beneficial management practices, and further, to demonstrate the tangible results of adopting beneficial management practices. Indeed, success will be increasingly reliant on the business management skills of the farmer.

Farm Management Canada is the only national organization dedicated exclusively to the development and distribution of business management information to Canadian farmers.

In fulfilling its mandate to increase farmers' awareness and adoption of beneficial management practices towards the realization of business goals, FMC must be in tune with both the learning preferences and practices of farmers to meet their learning needs with not only the information they want, when they want it, and how they want it, but also the information they need.

While serving as the United States Secretary of Defense, Donald Rumsfeld famously remarked:

- There are known knowns; there are things we know that we know.
- There are known unknowns; that is to say there are things that, we now know we don't know.
- But there are also unknown unknowns – there are things we do not know, we don't know<sup>3</sup>.

Since its inception in 1992, Farm Management Canada has derived its success from the realization that the “unknown unknowns” apply at both the organizational level and just as well, to farmers.

In the first instance, we simply don't know what we don't know. And so, we endeavour to ask farmers “What do you want? What do you need? How do you need it?” Enter the second instance, whereby we may wish to ask ourselves – do the farmers know what they need and how they need it?

This paper focuses on a report commissioned by Farm Management Canada titled *2020: Planning for the Business Management Needs of Canadian Farmers*<sup>4</sup> and Farm Management Canada's efforts to meet these needs through diverse, multi-faceted and multi-medium knowledge transfer programming.

## 2. Background and methodology

Farm Management Canada started as the Canadian Farm Business Management Council in 1992 following a Federal-Provincial-Territorial call for a national coordinating body for farm business management activity in Canada that is unbiased and credible.

Governed by farmers and key stakeholders who set the strategic direction for the organization in response to the evolving agricultural sector, FMC is dedicated to the development and dissemination of farm business management information, resources and tools to position Canada's farmers for success.

<sup>2</sup> KPMG International (2012). Expect the Unexpected: Building business value in a changing world. <<http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/Documents/building-business-value-part-2.pdf>>

<sup>3</sup> Defense.gov News Transcript: DoD News Briefing – Secretary Rumsfeld and Gen. Myers, United States Department of Defense. 2002. <<http://www.defense.gov/transcripts/transcript.aspx?transcriptid=2636>>

<sup>4</sup> Maynard, H. and Scholz, A.N. 2020: Planning for the Business Management Needs of Canadian Farmers. Farm Management Canada. June 2012. <<http://www.fmc-gac.com/publications/2020-planning-business-management-needs-canadian-farmers>>

FMC connects multiple, diverse industry stakeholders aimed at achieving collaboration to leverage resources and avoid duplication of efforts.

In 2010, FMC began a thorough review of its operations and activities to embrace a new strategic direction and new ways to engage Canada's farmers in farm business management. In the context of meeting the business management needs of Canada's farmers, FMC commissioned a research project to identify the business management needs of Canadian farmers including content, access and delivery of current programming using existing consultations and assessment efforts, and furthermore, to identify gaps and opportunities both in programming and consultation efforts.

In June 2012, FMC released *2020: Planning for the Business Management Needs of Canadian Farmers* (hereafter referred to as the 2020 Report): a summary report of needs assessments and consultations conducted over the past five years (2006-2011) to share project results including best practices for delivering business management programming to Canadian farmers and recommendations to fulfill identified needs.

### **3. Adoption of business management practices by Canadian farmers**

Adoption of business management practices is preceded by awareness of the benefits of business management and how individual farmers can implement and manage business practices on the farm.

Thusly, we look at the acquisition of knowledge in terms of 3 key factors:

- Content (what's needed),
- Access (where it's needed),
- Delivery (how it's needed).

Overall project findings conclude there is no shortage of content (material available), or major barriers to access information and resources. There is however a noticeable lack of understanding and appreciation for the benefits of farm business management. According to the *Baseline Study on Farm Business Management Planning in Ontario*<sup>5</sup> by the Agricultural Management Institute located in central Canada, 75% of Ontario farmers recognize the importance of planning, however 78% have never undertaken any formal planning (business, financial, succession) and 43% cite 'no need/interest' as the top reason for no formal business plan. And further, farmers do not seem to be translating the information available into adopting beneficial management practices and changing behaviour at the farm level.

The problem thusly lies in lack of uptake, which may equally be attributed to a lack of awareness and promotion of the importance of business management, resources available, and how such resources apply to and can be used by individual farmers.

Therefore, emphasis must be placed on the delivery of information including not only the content, but the promotion thereof to speak to individual needs. Due to regionalization, different production and market structures, variability in farm size, different approaches to program delivery and multi-level program delivery, Canadian farmers represent an overwhelming amount of diversity. The diversity of Canadian farmers is reflected also in learning styles and frames of reference when it comes to adopting beneficial management practices.

With such immense diversity, a coordinated, comprehensive approach to knowledge transfer is needed.

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<sup>5</sup> Agricultural Management Institute. (2011). *Baseline Study on Farm Business Management Planning in Ontario*. <[www.takeanewapproach.ca](http://www.takeanewapproach.ca)>

## 4. Defining business management

### 4.1. To quote Lewis Carroll, we must “begin at the beginning”<sup>6</sup>

While experts agree that over and above production skills, the success of any farm enterprise is directly related to the business management skills of the farm manager, in Canada, business management continues to suffer from an identity crisis whereby there is no set, agreed-upon definition for business management. The 2020 Report authors suggest the following definition: *the function which deals with the analysis of the farming resources, alternatives, choices and opportunities within the framework of resource restrictions, social responsibilities and personal constraints*<sup>7</sup>.

However, in recognition of the lack of consideration for the human side of the farm business, further suggest the following definition of business management as it relates to farming: *a discipline that deals with people, decision-makers and organizations in respect of farms and agricultural production. It is a people-oriented focus and function rather than a production focus on crops or livestock*<sup>8</sup>.

Whereby the latter definition dichotomizes management in terms of people distinct from crops and livestock, business management’s place in production management is neglected. Perhaps the optimal definition moving forward is to marry the concept of human resources to resources in the first instance whereby farmers and agricultural stakeholders as a whole must be conscious of the resources – human, financial, social, environmental, etc. – available and how best to utilize and manage such resources for maximum effectiveness and efficiency in managing the farm business for sustainability.

Rather than a separate entity, business management must co-exist and underlay production management as managerial concepts distill to their fundamental elements – managing resources to sustain practice.

Farmers and industry stakeholders alike must firstly be able to see, and secondly, create the link between production and business management before real change will take place.

## 5. The business management needs of Canada’s farmers

Key findings from the 2020 Report indicate that Canadian farmers desire skills related to acquiring, organizing and accessing information to make confident business decisions. Thusly, skills development does not only relate to the content (for example, having a business plan), but further, to effectively acquiring and using knowledge (learning how to create, implement and manage the business plan, and what other resources are available and become relevant to incorporate along the way). This supports our earlier supposition that emphasis must be placed on the delivery of information including not only the content, but the promotion thereof to speak to individual needs.

Indeed, current knowledge transfer systems only work well for those farm managers who are self-motivated and/or skilled self-learners. We must therefore take a look at our information delivery systems including learning formats as they relate to the learning preferences and practices of the individual farmer - not only the information they want, when they want it, and how they want it, but also the information they need.

<sup>6</sup> Carroll, L. (1865) *Alice's Adventures in Wonderland*, London, England: Macmillan Publishing Co.

<sup>7</sup> Adapted from <<http://krishiworld.com/2012/06/15/maximizing-profits-from-the-farm-business-using-farm-management-part-1/>>

<sup>8</sup> Adapted from <<http://krishiworld.com/2012/06/15/maximizing-profits-from-the-farm-business-using-farm-management-part-1/>>

Question – *do the farmers know what they need and how they need it?*

Rumsfeld’s “unknown unknowns” in relation to the things that we do not know that we don’t know become increasingly important in knowledge transfer and skills development as we must evolve beyond the “one-size-fits-all” format to the provision of highly individualized farm business management resources, tools and information.

## **6. Meeting the business management needs of Canada’s farmers – a look at current practices**

General Report findings divide business management educational programming into 3 categories:

- Formal Programs,
- Informal Programs,
- Informational Programs and Services.

Formal Programs are defined as programs offered by an educational institution that provides some kind of accreditation upon completion by way of degree, diploma, or certificate. While there is a wide range of agricultural programs in Canada, very few include substantive farm business management content, and fewer focus on topics outside of financial analysis and profitability.

Informal Programs are defined as programs that have some form of training but are not accompanied by a formal accreditation process; generally these are a series of individual courses or an aggregation of workshops. There are very few programs of this kind in Canada. And, less now than in previous years. However, of the programs that currently exist, such as the George Morris Centre’s Canadian Total Excellence in Agricultural Management program, registration and completion rates remain high, and such programs are highly regarded by participants.

Informational Programs and Services are programs that raise awareness and improve understanding through resource materials, websites, conferences, webinars, etc. By and large, this type of educational programming is most prominent in Canada, especially as a mechanism for lifelong learning and continuous education following graduation from a formal institution in one’s formative years.

Given that resources are limited both in terms of dollars available to develop business management learning resources and the time available for Canadian farmers’ to take advantage of such learning opportunities, it is vitally important that educational programs connect and correspond. Furthermore, farmers are expressing a desire for a navigated path through the educational resources available as they express the need for skills related to acquiring, organizing and accessing information.

Not only is it vitally important for such programs to offer adequate educational programming in farm business management, but to also instill a culture of lifelong learning and continuous education in Canada’s farmers so that they are driven to be entrepreneurial leaders, driving excellence in Canadian agriculture throughout their farming career.

## **7. Best practices for farm business management skills development**

The 2020 Report identifies a handful of recommendations concerning farm business management skills development.

- Communicate tangible benefits reaching beyond economic to environmental and social goals that respond to the personal values of farmers.

- Start small, but get started – simplify skills development into bite-size pieces for easier digestion and comprehension.
  - Provide a navigated path to achievement – establish small sequential steps with closer goals for instant gratification to build the momentum for continuance.
  - Forget a one-size-fits-all approach – the sector is too variable (farm size, type, region, etc.) – provide targeted information and delivery to which the audience can relate (ex. farmer to farmer).
  - Incentify through accreditation, recognition and tangible return on investment
  - Embrace communication technology and innovation to reach new audiences in new ways (ex. social media).
  - Encourage group activity for collective intelligence and healthy competitiveness through benchmarking and comparison.
  - Ensure an element of implementation and follow-up providing continuance and commitment, including use of professional and personal support (advisor, facilitator, mentor etc.).
  - Incorporate a learning program for ongoing, multi-stage development and continuous education.
- Turning attention to the international farm management community garners further best practices including:

- Embracing agri-food value-chains (more successful internationally than in Canada).
- Using hired external ‘general managers’ to run the farm (Canada’s average farmer is owner/operator/manager). Canada is beginning to embrace using Boards of Directors and Advisory Councils.

While all of the above best practices specifically relate to how educators can seek to succeed in business skills development for the agricultural sector, one must also observe that these best practices are ground sustainable practices; a sustainable development program for the farmer akin to a sustainable growth and development program for the farm business.

## **8. Business management: FMC’s coordinated, comprehensive approach**

Following the conclusions and recommendations of the 2020 Report, Farm Management Canada now consciously operates as a knowledge-based organization, i.e. an organization whose core competency resides in the collection, development and transfer of farm business management knowledge, to ensure its availability to and create value for farmers and other industry stakeholders, as well as advocate for the adoption of beneficial management practices.

While the ultimate target group for business knowledge transfer and skills development is farmers, by providing information and services to those who provide support services to farmers, FMC can extend its reach and impact, and work towards coordinating industry efforts. Furthermore, in an effort to appeal to individual needs and values, information provided by and through a familiar source such as a local farm organization may result in better receptivity of information.

Given the breadth and scope of farm business management, farmers oftentimes feel overwhelmed, do not know where to start, where they are going and where they will end up, and... if it is where they want to be. Using a comprehensive, coordinated approach to learning coupled with diverse learning formats provides a specialized, navigated path to skills development.

Over the past year, FMC has adopted a learning architecture framework (Figure 1) to identify the skill areas required by farm managers and map those requirements to existing resources both in content and format, to address the acquisition of knowledge in terms of content, access and delivery.

This learning architecture provides farmers with a navigated path through business management starting with business planning, situated at the forefront of business management as the focal point and key element of farm business management that ties all other components together. The



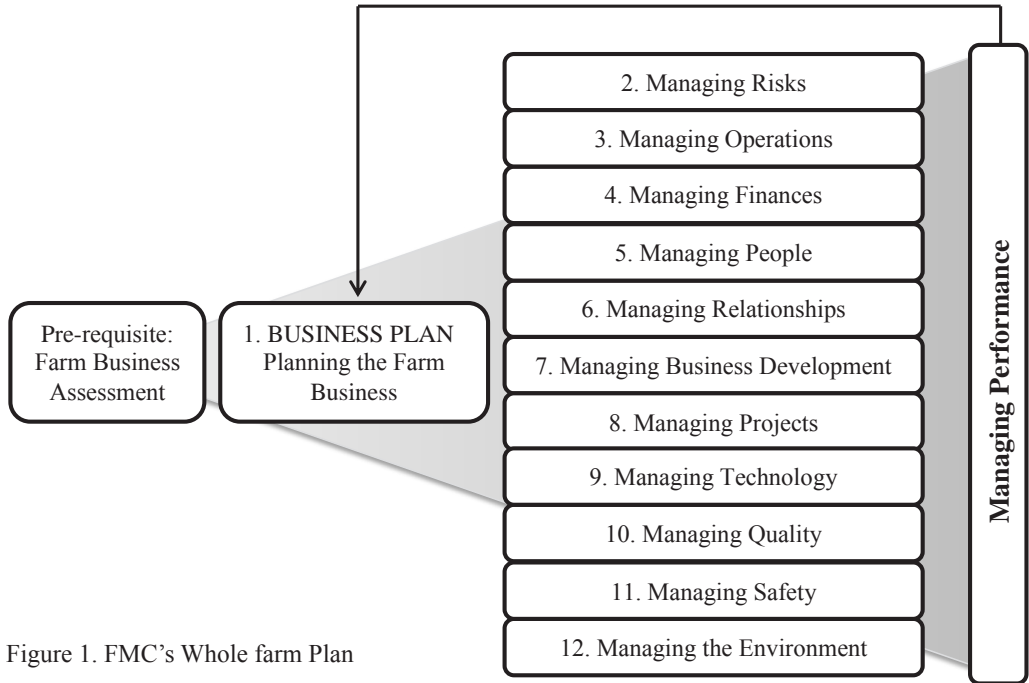


Figure 1. FMC’s Whole farm Plan

learning architecture has precipitated FMC’s Whole Farm Plan, which takes a comprehensive approach to connecting all of the facets of business management into a single management system.

FMC is on a steady path to updating existing and creating new resources in new formats to meet the learning preferences, practices and needs of Canada’s farmers.

### 9. Something for everyone

If our ultimate goal is to change behaviour at the farm level (ex. enhance farm management skills) we must embrace the Barnum Principle (something for everyone) not only recognizing the farmer, but also those who train, educate and advise farmers through “train the trainer” techniques.

Through its multi-medium learning program, FMC can package and present information, resources and tools in delivery formats suited to different learning styles, availability, and personal interest, reaching stakeholders from all demographics, crossing production sector, farm size, and business stage in Canada’s official languages, from coast to coast to coast.

This diverse audience including a vast partnership network of farmers, advisors, academics, government, corporations and fellow organizations, helps build a nationally-coordinated effort to increase the business management skills of farmers, and ultimately, change behaviour at the farm level.

### 10. FMC’s integrated, multi-medium learning program

Since 2010 and the completion of the 2020 Report, FMC has been on a steady path of developing a multitude of learning platforms that allow for complementary learning that extends beyond a single initiative or learning event. FMC’s knowledge management and transfer mechanisms use multimedia, including but not limited to:

- Social Media: Twitter, Facebook, YouTube,
- Smartphone, Mobile Technology,
- Online Repositories/Databases,
- Webinars from Industry Experts,
- Bi-Monthly Magazine sharing Farmer Success Stories,
- Online Weekly Newsletter including Announcements, Events, Opportunities,
- Resources/Publications/Tools,
- Mentorship Program,
- Scholarships,
- Speaking Engagements/Industry Presentations,
- Research, Reports, Analysis,

Any topic can be run through these channels, creating a multi-medium learning experience that meets the learning preferences and practices of diverse stakeholders.

As an example, a Business Planning learning program can use a combination of a hardcopy resource, information webinars, a dedicated Twitter chat, web articles and an online database of sample business plans to not only raise awareness of the benefits of the management practice, but also walk farmers through the “how-to” towards adopting the business practice. Furthermore, FMC could work with a specific regional or commodity group to increase the relevance of that particular learning program to a specified target audience such as blueberry farmers on the West coast.

## **11. Redefining relationships, creating conversations**

For all of the learning opportunities and those dedicated to lifelong learning and continuous education, sharing best practices and resources, information and tools, communication technology is making the world a smaller place and it is becoming much easier to connect and stay connected, building a network of like-minded people around you and your business. This is true for farmers, much as it is true for Farm Management Canada. Social media brings information exchange into a new era of instant gratification, responsiveness and immediate feedback from places like the Twitterverse. Farmers are using it to seek best practices from fellow farmers who have “been there, done that” and have valuable lessons to share, while organizations have a new way to interact with stakeholders with a timeliness like never before.

## **12. Conclusions and outcomes**

In the context of business skills development and changing behaviour at the farm level, the ‘unknown unknowns’ become the discrepancy between what one thinks they do versus what actually happens, which translates into a discrepancy between what they may want versus what they need. In order to ensure relevant programming and services, FMC evaluates its activities on an ongoing basis within the context of market trends and opportunities, including farmer preferences and practices.

It is in the course of stakeholder engagement and evaluating products and services over the past 3 years that FMC has devised a navigated path from awareness to implementation (Figure 2) of beneficial management practices. FMC will continue to redefine business management using a comprehensive framework while raising the profile of business management within the context of agriculture and production management, linking management to personal values, lifestyle, and everyday farming.



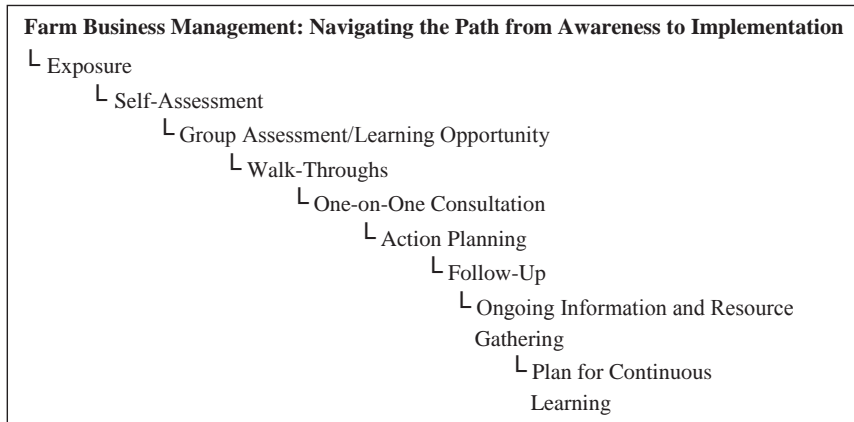


Figure 2. Navigated path from awareness to implementation of beneficial management practices

In fulfilling its mandate to increase farmers' awareness and adoption of beneficial management practices towards realization of business goals, FMC will continue to embrace communication technologies to stay in tune with both the learning preferences and practices of farmers to meet their learning needs with not only the information they want, when they want it, and how they want it, but also the information they need.

### 13. Farm Management Canada Funding

Farm Management Canada is funded in part by Agriculture & Agri-Food Canada under the Growing Forward program, a federal-provincial-territorial initiatives, and a growing number of partners. With this support, FMC is fulfilling a significant role in nurturing a thriving Canadian agriculture industry.

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