



“Building for the Successful Transition of Your Agricultural Business” Fact Sheet Series

# Developing Goals for the Agricultural Business

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Goal setting is a critical step in the strategic planning process of any agricultural business. While a mission statement steers the direction of the business, it tends to be rather abstract. Goals are more concrete and are therefore easier to comprehend and to act on. Ultimately, goals will be the standard by which we will measure our progress in the agricultural business, so goal setting deserves the utmost attention.

## SMART Goals

An acronym commonly used to describe effective goals is SMART. Goals must be Specific, Measurable, Action-oriented, Realistic, and Timed in order to be useful management tools.

Goals should be:

**Specific** — Goals should focus on a specific problem or need.

**Measurable** — There must be some means of tracking achievement of goals.

**Action-oriented** — Actions will be the pathway to achieving goals.

**Realistic** — Aim high, but keep goals within the realm of possibility.

**Timed** — Goals are only useful when they are current. They should include a realistic timeline and a completion date.

Goal setting should include a specific action, an evaluation process, and, if needed, refinement of the goal. In this respect, the goal-setting process closely resembles the scientific method. Goal setting is purely an internal function intended solely to benefit your operation or in some cases, just the manager.

Developing and refining goals for any operation may be challenging; however, the process should be enjoyable for those involved. If goal setting becomes tedious or exhausting, take a break from it and come back to it at a latter time. There is no finite time frame for goal setting — it is a fluid process that will evolve as an operation grows and changes. Since goals are intended to guide a specific agricultural business, the manager has great latitude in goal setting and the chosen approach to achieving those goals.

From a manager’s perspective, there are three types of goals that are crucial to the agricultural business. They are the manager’s personal goals, production goals for a specific enterprise, and operational or business goals for the operation as a whole.

### *Three Types of Management Goals*

1. *Personal Goals*
2. *Production Goals*
3. *Operational or Business Goals*

## Personal Goals

Personal goals involve the ambition and dedication of a single individual. Several people may share the same goal, but it is a goal for them individually. Personal goals often pertain to the advancement of a person’s career or to the allocation of scarce resources, particularly time. A manager’s personal goal might be to own the operation, which he or she currently manages, within the next five years. Another could be just to attend his daughter’s spring concert next Thursday, even if it means finding someone to cover his normal duties. Personal goals will come in all sizes, but the take-home message is that they must be

communicated to others within the business because the manager's personal goals can have a profound effect on the outcome of business goals.

## Production Goals

Production goals involve improving a process within the operation. Production goals are much narrower in scope than operational goals because they pertain to just one piece of the much larger puzzle that is the agricultural business. Agriculture as an industry embraces production goals but many times at the expense of operational or personal goals that are equally important.

If you are a dairy manager, a good production goal might be to increase the rolling herd average by 10 percent over the next two years. This goal will never be realized if it is not communicated to the right people within your operation. A goal of this scale is likely to require several improvements in the day-to-day operation of the dairy. As the manager, it is your responsibility to educate your employees on specific changes that they can make to help the team achieve this production goal.

## Operational or Business Goals

Operational goals are usually grander, both in scope and scale, than production goals. While operational goals are still focused, they pose a good opportunity for the managers of an operation to dream big and challenge themselves in the future. While commonly overlooked, operational goals are essential for long-term growth of any operation.

A common operational goal is to accommodate the income needs of the next generation by expanding the operation. Again, the initial step in seeing this goal to fruition requires good communications. Why should the operation expand to support the next generation if the next generation has no plans of ever joining the operation on a full-time basis? A good manager will convey to the other employees of the operation the importance of operational goals and what their role will be in the process of achieving the goals.

In many cases, one set of goals is directly dependent upon another set of goals first being achieved. For example, an operational goal may be to expand an operation by 50 percent in the next two years. This goal would probably be dependent on achieving reasonable production goals over that period. Likewise, if the manager has personal goals of earning more money, this may hinge on the proposed expansion. Assuring that goals within the operation do not conflict is another responsibility of the manager.

## Building a Consensus

Goals that a manager hopes to achieve in his or her farm business need to be communicated directly to those who can help achieve those goals. This communication could take any of several forms, but in most settings, talking directly with key people or meeting with employees in a group setting will help build consensus among the people who will make goals attainable. Without the universal support of your employees, the chances of accomplishing your goals will be greatly reduced. Striving for universal support of a farm's goals is an ongoing management task and a critical step in seeing goals to fruition.

Good managers surround themselves with intelligent people who have their finger on the pulse of the operation. If key people in the operation do not offer support of established goals of the business, then consider that there may be aspects of those goals that have been overlooked. Ask for their input, but be ready for the possibility that the response does not parallel your viewpoint. Working through this dialog will help to refine the goals for a business and make strides in building consensus among its employees.

In many farm businesses, a consensus would mean getting only two or three people to agree. At times, this can be more difficult than getting support from a room full of people. Even if a manager is only in charge of one other employee, setting goals without seeking that person's input will usually prove ineffective. One very effective approach is to offer a goal as a suggestion, let the idea simmer for a few weeks and then bring it up again. By that time the goal will either have gained momentum or it will just fade away. This is particularly effective in small and/or intergenerational operations.

## Goals Reflect Persistence

Let's look at a real-farm example of a practical production goal. A father and his two mature sons operate a successful grain and hog operation with the help of two very dedicated full-time employees. One son provides leadership to the farrow-to-finish operation while the other son manages the grain production. All five people work in both segments of the operation when needed.

The son managing the hogs realizes that the operation experiences poor performance in growing pigs following the move from nursery to finishing floor. His hunch is that the growing pigs would make the transition to the finishing floor more efficiently if they were a bit larger, say 37 lbs. instead of 34 lbs. as they had averaged in the past. The manager makes this a goal of the hog operation for the

next few months. He brings up the idea at the morning coffee break which doubles as a morning meeting for the entire operation each day. The group discusses it briefly, and they all go their separate ways. No formal action was taken, but the seed of a production-improvement goal has been planted.

### Strong Operations Make Goals Happen

Just one discussion was enough to prompt the people in this operation to spend a few more minutes each day to ensure that the nurseries were as comfortable as possible so that the pigs grew just a little faster. In just two months the operation increased the nursery weights to 37 lbs. and ultimately the operation reduced the days from farrow to market by three days. Six months later, no one in the operation could agree where the suggestion came from, but all agreed that the young pigs were making the transition to the finishing floor more smoothly than ever.

In this example, the goal was specific, measurable, realistic, action oriented, and had a time element. Even more important is that the goal was subtly stated, and as a result, the team accepted the challenge and worked toward attaining the goal without having to commit extraordinary time or resources. As far as no one remembering who should get the credit — that is a great example of a work team achieving a shared goal.

### Summary

Goal setting is a management duty, but it should be an enjoyable experience. Goals help challenge those involved in the business, but more importantly, goals can get everyone

in the organization working for the betterment of the operation. Many goals will never be realized. Some will spawn new ambitions. Others will be achieved and surpassed, but the process of goal setting should continue for the life of your business.

### References

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