

# Peer Advisory Groups: Staying Ahead of the Curve

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**“Human beings, who are almost unique in having the ability to learn from the experience of others, are also remarkable for their disinclination to do so.”**

Douglas Adams, quoted in *The Breakthrough Company*

Programs like The Executive Program for Agricultural Producers (TEPAP), the Top Producer Seminar, DTN’s Ag Summit and Farm Futures Business Management Summit offer excellent venues for continuing education, exposure to new ideas and emerging issues, and opportunities to network. However, I believe that peer advisory groups represent a critical missing step in the continuous management improvement process. Peer groups can address the issues related to implementation, follow through, addressing problems and opportunities as they arise, and allow group members to drill down to the level needed to affect change. Essentially, a peer advisory group serves as a reciprocal advisory board. They allow their members to have advisors made up of top producers who have skin in the game, without the fiduciary liability or governance authority associated with a corporate board.

Most producer groups meet quarterly or semi-annually, although a few, e.g. AACREA, meet monthly. A lot depends on the proximity of the members and the length of meetings. The groups that meet less frequently usually have periodic conference calls between face-to-face meetings and password protected websites for on-line interaction.

Keep in mind that everyone exists in four states of knowledge:

- What you know you know
- What you know you don’t know
- What you don’t know you don’t know
- What you think you know that just isn’t so

Peer advisory groups are typically made up of 8-10 top producers who are not direct competitors or anyone who has a conflict of interest. Their purpose is to help group members overcome the problems and issues that result from the last three bullet points listed above.

The first prerequisite to a group’s success is openness, trust, confidentiality and mutual respect for one another’s ideas, opinions and suggestions, even if everyone doesn’t agree with them. The real value occurs because everyone doesn’t see things the same or think alike. It’s often the things you don’t like to hear that you need to hear most.

It is not a comment that is very politically correct, but flying with the eagles and not scratching with the turkeys is a real issue in any business. CEOs and other managers need to make sure they are seeking out and interacting with the successful people in their industry and not hanging out with the losers. This is essential for stimulation, motivation, and personal growth. Successful people challenge you and force you to think, they cause you to consider alternatives and they inspire you. Losers tend to be victims. Everything that goes wrong is someone else's fault. They are jealous of success, they are tradition bound, they can't see alternatives, and they tend to drag you down to their level.

Peer advisory groups need ground rules, and they need to have planned agendas to keep discussions on target and for everyone's benefit. The members need to be able to give and take. People who can't accept criticism or who can't admit they are wrong are not good candidates. The same is true for people who only take, but don't contribute.

In addition to a confidentiality agreement, groups need to start out with a basis for removing members when there isn't the right fit or chemistry. Getting everyone's agreement up front is critical for amicable separations. There also needs to be a confidentiality agreement, so that all members, even those who leave the group are professional enough to respect the rights of the other members.

Like marriages, partnerships and business mergers, a match that looks great on the surface doesn't always work. The right chemistry, a common vision and values are critical. You won't really know until you start working together. As with anything new, there is always a learning curve. Sometimes you have to recognize that you have the right idea but the wrong people and start over or change the make-up of the group. When starting out, many groups use personality style instruments such as Myers-Briggs or the DISC to help gain a better understanding of and appreciation for individual differences, in order to improve communication and working relationships so there is more effective group interaction. Groups also need to start with a clearly defined objective or purpose. In almost every case, the purpose will evolve as the group gains experience and develops a level of trust to explore issues which would have originally seemed too personal or confidential to share.

As important as it is for a group to be made up of the right people, having the right facilitator just as critical. The best facilitators can read the group, keep everyone involved and prevent one or two members from dominating the meetings. They work with the group to set the agenda and keep the group on track during the meetings. They handle meeting arrangements,

identify outside speakers and do the preparation and analysis of any data being benchmarked, whether its field trials, production numbers, marketing performance or financial information.

Although there are a number of successful producer peer groups in the U.S., I strongly believe the concept hasn't picked up the momentum it needs to largely because of the fierce independence and the veil of secrecy that characterizes most farm and ranch businesses. Family business consultant Don Jonovic says most family farms aren't just closely held, they are hermetically sealed. Yet peer advisory groups run by the Family Business Institute, Vistage, and the Young Presidents' Organization are common among non-agricultural family and other closely held businesses. The attitude doesn't exist in agriculture everywhere. Over 200 AACREA farmer peer groups made up of the top farmers in Argentina have been flourishing for over 50 years. My main concern is that I don't want the U.S. to lose one of its major global competitive advantages - superior management.

With the increasing volatility in input and output markets, the growing profitability gap between the top and the average farms, and the increasing rate of change, the time to address problems and capitalize on opportunities is shrinking rapidly. Producers need to be actively seeking ways to be more proactive and less reactive.

The following are just a few of the advantages a peer group can offer:

1. In closely-held businesses, the management team frequently view issues from the same vantage point, even if they don't think alike. Plus, there are issues that never get discussed because of the potential risk and the desire to maintain harmony. This tends to create blind spots and limit objectivity. Peer groups provide a way to overcome that problem.
2. CEOs and successors need a "sounding board" for their ideas. Have they missed anything, are there alternatives they haven't considered and what are some of the implementation issues that may not have occurred to them? Peer groups can provide feedback on plans and ideas, explore what if questions, and help provide greater insight and objectivity. I see too many people attempting to reinvent the wheel when someone already has a solution.
3. The ability to draw on different individual's strengths can benefit everyone involved. Within a group, people will have

different talents and experiences. Peer groups can be an effective way to overcome weaknesses and complement strengths.

4. Business success takes vision and insight. Peer groups can help turn the focus away from the day to day issues and look at the bigger picture.
5. Support can often be as valuable as the ideas gained. This may involve the encouragement needed to try a new idea or see something through to completion. It can also help in breaking out of an old mindset or offering the support needed during periods of stress.
6. Managing an independent, growing business. Friends and family may not understand the issues that are being faced. However, every CEO in a peer group has the same sense of isolation and can offer support and understanding in a way that no one else can.
7. Peer groups can provide access to the collective membership's network of contacts, sources of information, resources, and expertise. This expanded network can also help in identifying new markets, supply sources, potential employees, and business opportunities. Some of these groups have even served as the genesis for various business alliances.
8. Coordination of field trials, testing new technology and benchmarking marketing, production, compensation programs and financial information can multiply the availability and usefulness of information. Everyone, even the best, have weaknesses and run into issues they're not sure how to solve or come up with suboptimal solutions. It's hard to get better if you don't really know what they are or know what someone who is doing better is doing differently.
9. Peer groups also provide an opportunity for needs-based training. Assume that several producers decide they need training in some area of personnel management, succession planning, process improvement techniques, financial analysis, options strategies, etc. The type of program and level of expertise they need might involve anywhere from 1-3 days, and the quality of the presenter might require charges of \$3000 - \$7,500 a day, plus expenses. Assuming that this type of program isn't available through their state's extension service, the cost for one producer

could be prohibitive; but, shared by 8 - 10 operations, it could be very reasonable, particularly as it relates to timing and benefits received. In addition, the questions and perspectives of multiple participants will likely open up some possibilities and issues that might not otherwise be considered.

10. One of the biggest challenge many business owners face is that there is no one to answer to. There is no boss or supervisor looking over their shoulder making sure that they have followed through. There is also no one pushing them to set higher goals and take action to attain those goals. A peer advisory group can provide the accountability needed for improving your business's performance.

As I have observed peer groups around the country, I have found that the more traditional the producer, the less likely they are to participate or stay involved. Those who are most likely to participate are already among the most progressive and business minded. The result is the gap between the average producers and the top producers continues to widen even faster than it has in the past. Because the learning curve is accelerated, greater innovation is fostered and actions taken to address problems or capitalize on opportunities are more timely.

The best managers recognize that however well their business is doing, someone, somewhere has a better idea or way of doing things. One of my favorite quotes is by Jack Welch, the former chairman and CEO of General Electric, who said "The only truly sustainable competitive advantage is the ability to learn and adapt faster than your competition."

Over time it will also be tremendously beneficial to be able to create a clearinghouse to allow groups to connect with and query other groups. I encourage any of you who are interested in learning more to read Kayla Doerr's paper "Peer Advisory Groups in Agriculture: A Resource Guide" at <http://www.associationofagriculturalproductionexecutives.org> and to look into Farm Journal's new Top Producer Executive Network™ (TPEN). TPEN's website won't be up until the summer of 2012; but, inquiries can be emailed to [TPEN@farmjournal.com](mailto:TPEN@farmjournal.com). A related article I believe is worth reading is "6 Habits of True Strategic Thinkers," by Paul Schoemaker at <http://www.inc.com/paul-schoemaker/6-Habits-of-Strategic-Thinkers.html>.

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