Staying in Front of the Pack
Danny Klinefelter

I recently attended Purdue’s Midwest Food and Agribusiness Executive Seminar. It was a great experience. At the end of the program, Mike Boehlje and Allan Gray led a wrap up where the participants talked about their main take aways. The following points came up several times: sustainability requires a continuous learning and improvement culture; effective strategy and decision making require the consideration of multiple perspectives; and it is critical that management is open to and actively seeks input not just from outside, but also from inside the business.

The last point is one I want to focus on in this article. Too many people see these issues as applying just to big businesses; but, I think they’re just as applicable to a government agency or a farm with two employees.

Many family owned and managed operations are good examples. Only about a third have developed a strategic plan. Of those who have, many are a strategic plan in name only. There are two reasons why most haven’t and both result from CEOs who have become too isolated. The first is that the strategic planning process requires sharing information, and the second is that it requires the CEO to respond to the ideas of others and to defend their own ideas. The result is that many threats and opportunities aren’t identified, and the strengths and weaknesses of the business aren’t often objectively or thoroughly assessed.

A couple of years ago, Jeff Magee and I wrote and article for the TEPAP participants about improving organization effectiveness and competitiveness. It was about leadership. Given what I heard at Purdue, I think the ideas we talked about are worth sharing.

As a business grows and becomes more complex, a primary competitive differentiator will be the commitment, involvement, and contributions from employees throughout the organization. Companies that use the old command-and-control management model—in which the “big” ideas have to originate at the top and decision making is highly centralized—are increasingly likely to stagnate and lose their competitive advantage. These businesses usually lack the entrepreneurial culture of ownership and continuous improvement that will be required to reach or remain at the front of the pack.

One key to a business’s success is its ability to cultivate “thought leaders,” people who question the way things are done, propose new initiatives, make wise decisions for the company and help it grow. This ability separates an organization invested in personnel asset development from one that is simply invested in personnel management. Only within an atmosphere that invites participation and success will people and organizations live up to their potential.

It is also vital to build the confidence level of each employee to foster courage and self-motivated initiative. Without confidence and good attitudes, employees will rarely perform at the desired levels. Employees also must clearly understand the objectives and value of the goal
process if the business’s long-term objectives are to be met in an ever-changing environment.

Don’t get me wrong. To be successful, a business needs to have strong, visionary leadership and effective policies, procedures, performance metrics, and monitoring. The challenge is to find ways to create a culture that unleashes the organization’s potential. The point is that dictatorships or bureaucracies tend to kill initiative and innovation because the potential thought leaders quickly learn that the penalty for questioning the status quo or making a mistake far outweighs any potential gain from trying something new or different. Such organizations tend to develop excessively rule-bound, conformist cultures that are hamstrung by the status quo and permeated by mediocrity.

Great organizations not only believe in the necessity of making mistakes, but they also see mistakes as virtually synonymous with growth and progress. Their belief is that if people haven’t failed, they haven’t tried hard enough. The objective is to learn from their mistakes and avoid making the same one twice.

These organizations spend as much time analyzing what they need to stop doing or do differently as they do evaluating new opportunities. Alternative approaches and new ideas are not only allowed, they are encouraged and even rewarded through incentives whenever they produce positive results.

To stay ahead in this rapidly changing world, the internal rate of change inside the business needs to exceed the rate of change in its external environment. If it doesn’t, the business will be falling behind even though it may be moving ahead.

There are reasons that businesses such as General Electric became institutional names for decades, and why others never attain that status. One of these reasons is their emphasis on personnel asset development. They cultivate thought leaders among their employees and ascending managerial-leadership ranks. Creating “Wise Organizational Decision Making” individuals, environments, and groups requires:

- An environment that champions such behavior
- Managers at all levels who encourage and reward the constructive challenge of issues, logic, and decisions
- Individuals who want to learn and mentally grow every day
- Individuals who can fulfill expectations and accept accountability
- An environment that inspires a self-starter attitude and encourages learning, even in the face of mistakes
- And most important, an organization that does not stifle thought leaders through micro- or “only my way” management

An organization’s failure begins with individuals, teams, departments, and managers who smother independent thought. This practice can lead to significant loss: loss in business growth, loss in customer retention and loss in securing new customers. Ultimately, it will make it difficult for the organization to attract, uncover, or retain potential thought leaders, and
encourage those with better opportunities to leave.

Many of the hard-charging owners and executives see these issues as important, but too soft and lacking in a specific process oriented solution. My observation is that it is precisely because it is so difficult and so few do it well, that it makes so much difference in terms of an organization’s performance (effectiveness) and competitiveness.

Ultimately, it is people rather than things that take an organization from good to great. Two pioneering management studies, both published as best selling books, *Good to Great* and *First Break All the Rules: What the World’s Greatest Managers Do Differently*, reached the same conclusion. Organizations become great by getting the right people, in the right places, doing the right things, and then managing them in a way that allows them to perform up to the best of their abilities. Jim Collins, author of *Good to Great*, wrote, “Good is the enemy of great. And that is one of the key reasons why we have so little that actually becomes great. We don’t have great schools, principally because we have good schools. We don’t have great government, principally because we have good government. Few obtain great lives, in part because it is just so easy to settle for a good life. The vast majority of companies never become great, precisely because the vast majority become quite good - and that is their main problem.”

Effective leadership can’t be captured in or implemented by a formula. There are best attributes, but there isn’t one best practice. It is for that reason that many great technicians, theorists, doers, politicians, and hard-asset managers are seldom great leaders. The required talent set is different. To quote Albert Einstein: “Not everything that counts can be counted and not everything that can be counted counts.”

Obviously, many small organizations have been extremely successful even though their leaders treat the employees as basically “hired hands.” There have also been legendary “dictatorial” superstars who have led large organizations to the top of their field. The point is that as organizations grow, become more complex, and have to adapt to change more rapidly on multiple fronts, this style of management is less likely to be successful or sustainable. These organizations are far more likely to fail or experience an unnecessary and potentially catastrophic adjustment whenever a leadership transition occurs. Too often the remaining management team will consist of technical staff and loyal soldiers who have become dependent on and accustomed to being directed rather than leading. They will not have been selected, trained, or equipped to assume the reins. The culture of the overall organization will also not be conducive to adapting rapidly.

Strategic management is all about anticipating, adapting to, driving and capitalizing on change. To quote Bill Gates, “What was isn’t any more and what is won’t be for long.” Add this to increasing levels of uncertainty, and an organization’s ability to learn, anticipate, adapt, and innovate will have as much to do with its long-term success and viability as the operational and tactical skills that have traditionally separated the also-rans from the winners.

I’m not advocating turning the ship over to the troops. But, I do believe that a leadership model that embraces continuous change, and the constructive expression of employees’ ideas
and initiative will be more effective and competitive than one that operates as if the source of all best ideas emanate from the top.

Editor’s Note: Danny Klinefelter is a professor and extension economist with Texas AgriLife Extension and Texas A&M University. He is also the director of The Executive Program for Agricultural Producers (TEPAP) and is executive secretary for the Association of Agricultural Production Executives (AAPEX).