

# The principles of dairy management

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**M**anagement principles of most successful businesses can be identified as:

- Organise work to maximise efficiency and productivity.
- Train and motivate workers to implement work systems.
- Monitor both the work and work systems to ensure desired results are attained.

As dairy farms become larger and utilise new technology, organising work to maximise productivity and efficiency becomes an ongoing challenge. Historically, dairy farmers trained and motivated their employees by demonstration, by 'just doing it'. Other methods of employee training are now needed. Motivating employees, finding ways to 'get them to do it right', requires extraordinary efforts to communicate the results of the work being done.

Monitoring work systems and workers is the management principle most difficult to adapt to modern, large dairy business management. Historically, information was compiled on dairies to evaluate animal performance. As a result, most dairymen have mounds of records, but little information regarding analysis of work systems or workers. The resulting mountain of information can paralyse managers to inactivity.

Motivating employees is integrally involved with all three management principles. It is impossible to motivate without organising work, training and monitoring. Conversely, organising, training and monitoring results will not improve farm operations if employees are not motivated.

## Operational organisation

'Who motivates whom?' is not a trivial question. The size of the dairy, number of employees and employee position determine the best techniques to motivate employees. A dairy owner with two employees will use a different approach compared with the owner with 10 employees. The dairy owner with 10 milkers will motivate the parlour supervisor or head milker differently from the rest of the milkers. In fact, the dairy owner motivates the parlour supervisor and then he/she in turn motivates the team of milkers.

Developing an organisational diagram for farms with several employees is necessary before implementing motivational efforts. The organisation diagram serves three purposes:

- Clarifies worker roles and positions; identifies teams and team leaders.
- Allows goals to be set for individuals or teams. This establishes performance standards.
- Defines record system frameworks so performance can be monitored.

Every employee's name should appear on an organisational diagram. Each team of workers must be clearly identified. Team leaders need to be appointed unless they are obvious by their position. Goals for results can be established for each team.

Motivational techniques require some degree of interpersonal communication. Motivating individuals or groups ultimately boils down to 'affecting the individual'. Astute motivators recognise that a technique to affect one individual may not be appropriate for another, very different personality.

Therefore, talking to workers is essential. Dairy owners accustomed to working with cows often find it difficult to take time to simply talk to their workers.

## Motivation principles

A motive is an inner drive, impulse and intention that causes a person to do something or act in a certain way. Every employee has some motive; the most basic is to survive. Some individuals simply work for a paycheck on which to live. Others are driven to excel.

To motivate is to create an environment where people work toward a predetermined outcome. The motivator, through interpersonal communication, determines to what extent employees are motivated – either positively or negatively. Successful managers motivate positively. Unsuccessful managers either fail to identify that lack of motivation or incorrectly and often inadvertently, un motivate their team members. Awareness of employees' attitudes and simply using common sense produces positive motivation results.

Managers influence workers to act and perform by controlling their environment and identifying their motivating factors. But, there are factors the manager cannot influence. Some of these include the employee's personal background, his/her self esteem and previous work experience. Dairy managers do well to identify these factors in employees and adapt motivational efforts accordingly.

Appropriate motivation for a worker with poor self esteem, for example, may be to continually praise him when performance meets or exceeds expectations. Managers cannot change the worker's history, but they can build from previous experiences.

The key is communication.

Extrinsic motivators that managers can control are:

- Compensation and hours.
- Job description.
- Recognition and incentives.
- Feedback.
- Knowledge, training and skill.

A manager can modify the job environment by adjusting these five factors to influence employees to work towards a predetermined goal.

## Compensation and hours

Employment is a contract between owner and worker. Compensation is established at the beginning of employment; generally, this should reflect local or regional average rates for similar jobs. Labour laws must be obeyed and compensation should be fair to both employer and employee.

Compensation is often not much of a motivating factor for workers; a classic study showed compensation ranked eighth out of 10 factors that influenced worker performance.

## Job descriptions

Managers can influence workers in a positive way by clarifying job expectations and setting clear performance standards. Written job descriptions make standards clear for both managers and employees.

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Job descriptions for dairy employees should contain the following:

- Description of animal groups and any employees the position is responsible for.
- Specific responsibilities of the job.
- Key performance indicators and goals for the position.

## Recognition and incentives

Recognition can be a powerful motivational technique for employees with strong intrinsic motive. Incentives are a form of recognition; usually taking the form of financial compensation for outstanding (or some-

times just acceptable) performance. Paying incentives is often erroneously equated to motivating employees. Positive results of incentive programmes include:

- Forces managers to set goals.
  - Performance must be measured against goals.
  - Sets clear performance standards.
  - Rewards extra work and effort.
- Negatives in incentive programmes:
- Can deter teamwork.
  - May encourage employees to circumvent systems.
  - Programmes are sources of frustration when workers cannot control factors which determine success – can be de-motivating when extraordinary efforts do not produce

good results because of factors beyond employee's control.

- May lead to the impression that workers are paid more to do their expected job.
- Workers who receive a bonus once may come to expect it as 'normal' compensation.
- There is not always a direct relationship between effort and desired results.
- Solutions directed at earning an incentive may not be profitable or correct for the entire dairy.

Recognition is a powerful motivator, but incentive payments are a difficult form of recognition to implement. Most employees on dairies are entry level workers with little input into decision making and work routines. As a result, they frequently feel hostage to incentives when they do not understand or control factors affecting their compensation.

## Feedback

Feedback is the number one motivator for employees with a deep intrinsic drive.

Feedback focuses employees because:

- The owner or manager sets goals for results.
- Both the owner and the employee(s) collect information to measure results.
- Employees see and identify with their efforts to achieve results – the communication requirement for this process creates confidence, assists in timely identification of problems and builds teamwork.

Feedback to employees occurs at two levels – during one on one conversations and at employee meetings. Middle manager meetings are essential on large dairies with many employees. These meetings should then be followed with team meetings at which each middle manager and his/her team members participate.

## Training

Training is always necessary but is successful only when workers are engaged in the process.

Training establishes procedures for each farm and each position on that farm. Confusion or ambiguity over job procedures is the result of a management error. This common mistake can negatively impact employees' motivation.

Training farm workers is most effective when they 'hear it, see it and do it'. Most dairy owners train 'by doing' and workers learn by example. As dairy farms expand and management becomes further removed from cow-side work, training by example becomes more difficult and less effective. Owners of larger dairy farms with many employees need to develop training programmes utilising their off-farm consultants to assist with technical training.

Principles to train workers are well documented; these are:

- Prepare the employee.
- Tell the employee exactly what is expected and what he/she will do.
- Demonstrate the job task(s).
- Have the employee do the job under guidance of another.
- Summarise the job tasks and expectations.

## Information management

To be useful, information must flow through a four step process. Information must be collected, then analysed, interpreted and finally used for management action.

The first step, collecting data to manage work and workers, is often absent, abused or unstructured.

Unless dairy managers take an active role to define what must be collected, data to judge work and worker performance is simply not available for the next step of information management.

Analysing information is the second step. It is simply moving collected data into a format to allow interpretation, which is the third step.

On today's dairies, managers depend upon software programs to arrange data into reports, spreadsheets and graphs for further use. Unfortunately, no single software program integrates all collected information into one report for managers to assess work and workers.

Interpreting data requires judgements about work and workers from the collected data. This interpretation is impossible without standards.

Standards are goals established by dairy managers and are the expected results. Data interpretation is easiest when 'results' are presented adjacent to 'goals'.

## Key performance indicators

Key performance indicators (KPI's) are used throughout businesses and industries to monitor work systems and focus workers.

In the dairy business, KPI's are:

- A small number of strategic measurements.
- Collected from each area of the dairy.
- Representative of general performance.
- Can be measured and monitored frequently (daily).

Key indicators are determined by owners and/or managers and should reflect the efforts of workers as much as possible. Feedback to workers regarding KPI should occur on a routine basis. Good results motivate workers and give them confidence in 'the system'. When results are undesirable, solutions can be developed on a timely basis.

Successful use of KPI's to improve dairy business management begins with the dairy owner or farm manager organising the business into departments.

He/she then selects KPI's to measure and

establish goals for each indicator. Second, the owner/manager sets systems in place such that essential cowside information is collected as it occurs. This may require using customised, preprinted forms to guarantee that appropriate information is collected.

Third, information must be put into a form so computations can be made easily.

This is important because if data cannot be collected easily and computed accurately, it is of limited practical use.

Finally, reports must show results compared with the goals established for each indicator in each department.

When this information, a 'dairy report card', is available daily owners and managers can immediately prioritise their activities to

focus on tasks and workers that are out of compliance. Feedback to workers is available immediately, daily, weekly or at monthly meetings to motivate workers and build their confidence.

Good 'cow people' can become excellent dairy managers by implementing the KPI concept in their businesses. They will do well to remember:

- The primary use of KPI's is to measure worker performance.
- KPI's are not a perfect measurement and must be interpreted with people impact and cow variation in mind.
- KPI's can be used to focus employees when used to provide feedback to them. ■

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