

# Stepping up to take a Step Back

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*What do you need to do to successfully hang up your gumboots?*



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### 3. Executive Summary

*"It's time I got out of the cowshed. What is the best way to do this?"*

Questions similar to this have often come up in my conversations with farmers. The information available tends to be fragmented, focussed on processes and procedures, and more often refers to family succession. While this information is relevant, more targeted information specific to farm owners employing sharemilkers for the first time is harder to find.

I undertook a literature review focussing on effective leadership in general then I refined my reading to specifically focus on leadership and governance in farming situations.

To gain an understanding of the topic from different perspectives, I carried out 9 semi-structured interviews, with three rural professionals, three dairy farm owners and three sharemilkers. I used the qualitative research method of thematic analysis to identify common themes that were identified as important for a successful change in a farming business structure.

As a result of reading relevant literature on leadership, and interviewing farmers and rural professionals who have experienced transitional farming situations, I believe there are four steps to consider before making such a change to your farming business.

The first step involves taking the time to consider why you want to take a step back and what life is going to look like once you have.

The second step is choosing the right people, who share in your vision, to become part of your farming business. It came through clearly in the interviews that attitude and compatibility are the very important.

Step three is about building a working relationship that is collaborative and long lasting. The ability to see things from the other person's perspective and strong communication skills develops trust which then helps to facilitate the difficult task of delegating decision making.

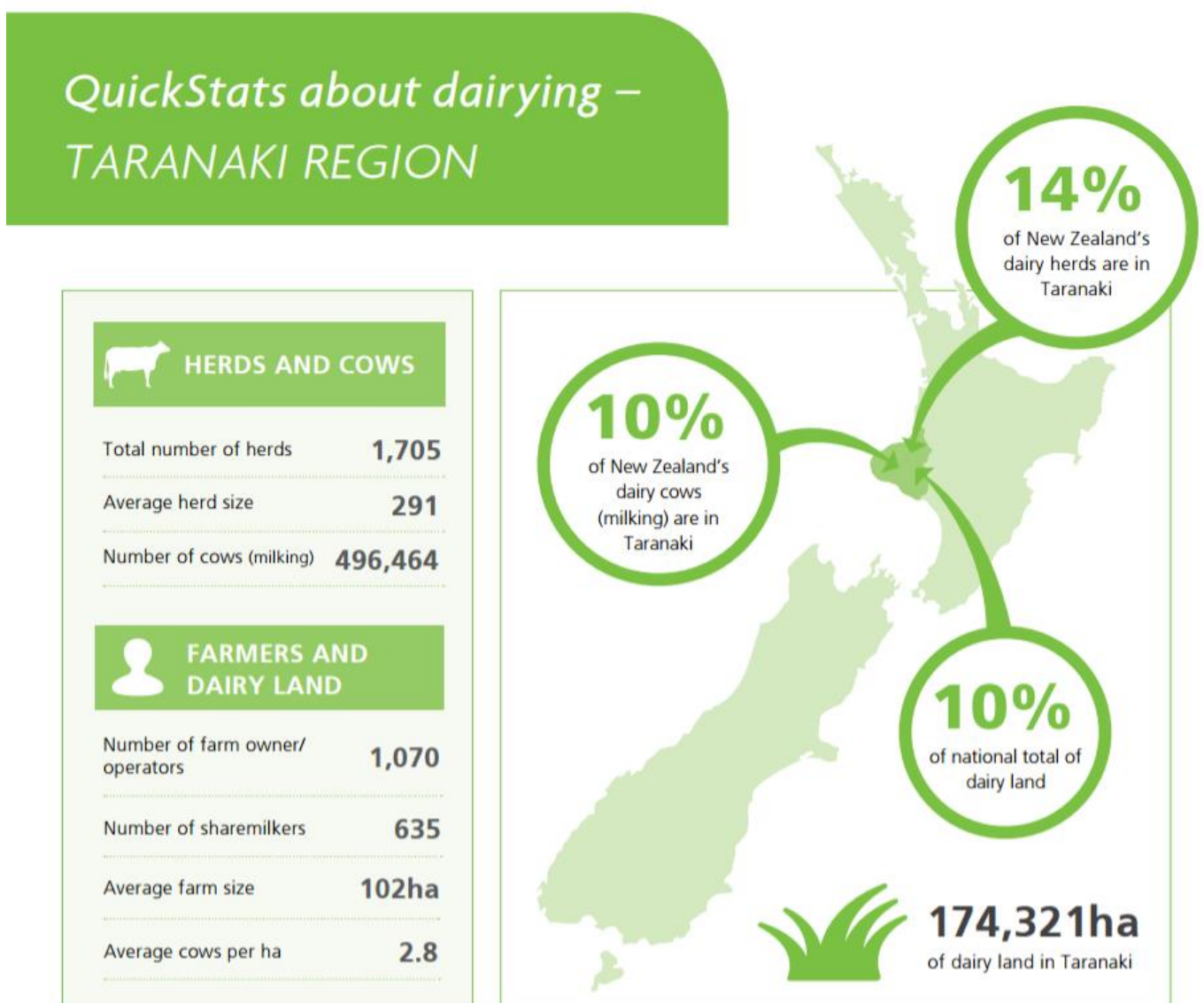
The final step covers the advice, training, policies and procedures that are vital to ensuring clarity of roles and a smooth transition from day to day farm management to a governance role.

In my opinion to take a step back you need to step up. This involves becoming an effective leader and being surrounded by good people who share your vision.

#### 4. Introduction

Taranaki dairy farming consists of a large number of smaller farms in a relatively tight geographical area. Second only to Waikato, Taranaki has 14.2% of New Zealand's dairy herds but only 9.9% of the cows (NZ Dairy Statistics 2014/15, 2015).

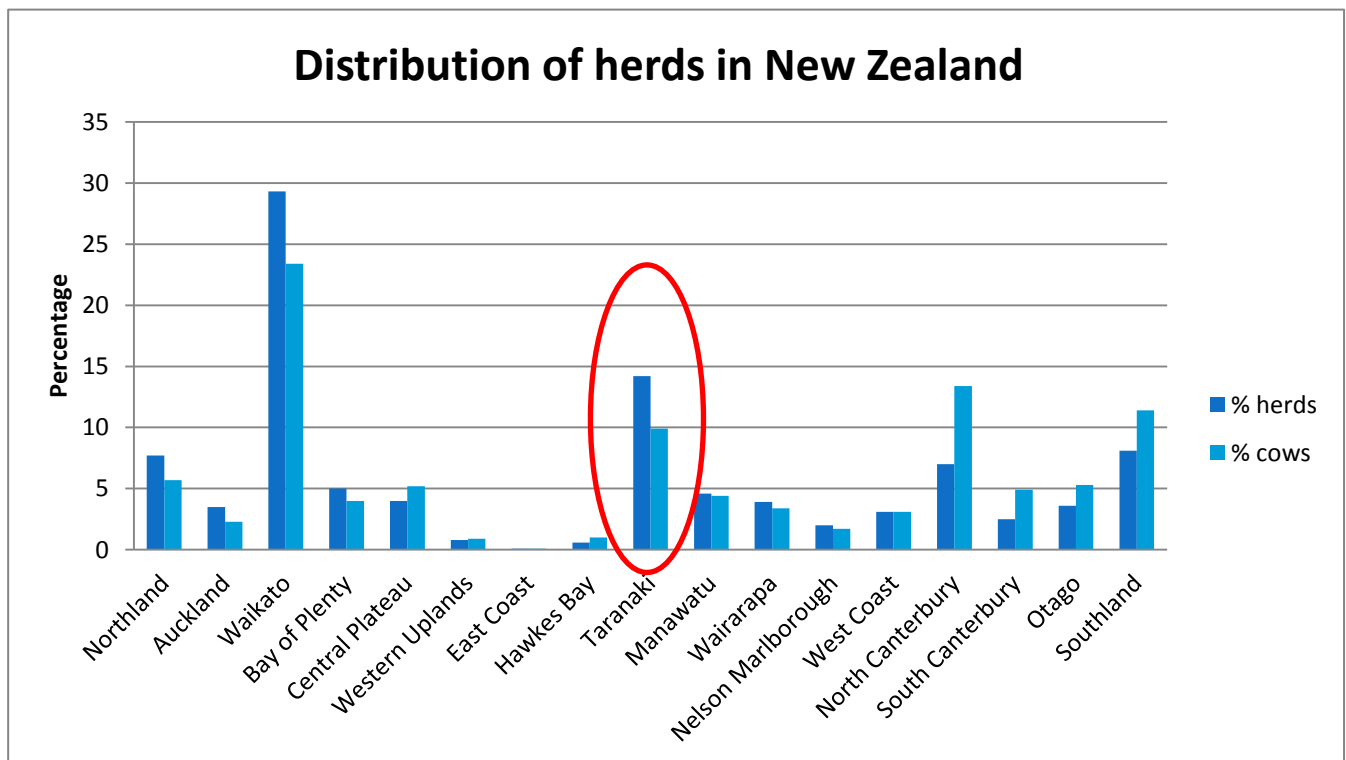
Figure 1: Taranaki Quick Stats about Dairying, Source DairyNZ Website



The average herd size in Taranaki is 291 compared with the New Zealand average of 419. 62.7% of Taranaki herds are classed as owner-operator. As these farmers look to step back from the day to day management of their farming business they are confronted with choosing a business structure that will suit their situation. There is a need to take on leadership and governance roles in their business as well as build relationships with staff and sharemilkers. For some this comes easily, for others this is new territory.

The aim of this study is to establish what a dairy farm owner needs to consider to successfully take a step back from the day to day management of their farm.

**Figure 2: Distribution of herds in New Zealand**



Source: NZ Dairy Statistics

As part of the Kellogg experience we were given the opportunity to listen to and speak with many leaders. They were leaders in a variety of businesses and organisations both within and outside of the agricultural industry.

I noticed during these sessions that common themes and words were emerging. Words and phrases like; vision, values, “surround yourself with good people”, “know your people”, care, collaboration, developing a culture, self-reflection, sharing of learning, trust, authenticity and integrity. The leaders spoke about what they hoped to achieve rather than the process, or how it would be achieved. People featured highly, ahead of process or techniques. There was a clear distinction between managerial and leadership qualities.

I identified that to step back from the day to day management of your business you have to step up as a leader.

I wanted to see whether the ideas I had gleaned from the leaders were backed up by the literature.



## 5. Literature Review

The concept of Simon Sinek's (2009) "Golden circle" resonated with me and I was drawn to the simplicity of this model. I borrowed from this model and added to it, to form the framework for my literature review and outline the steps to stepping back.

The four steps begin with the "why", and developing the vision. The next step involves the people in the business, the "who". The "how" demonstrates what needs to occur to foster and maintain the relationship and the final step, the "what", examines the technical aspects including processes and policies.

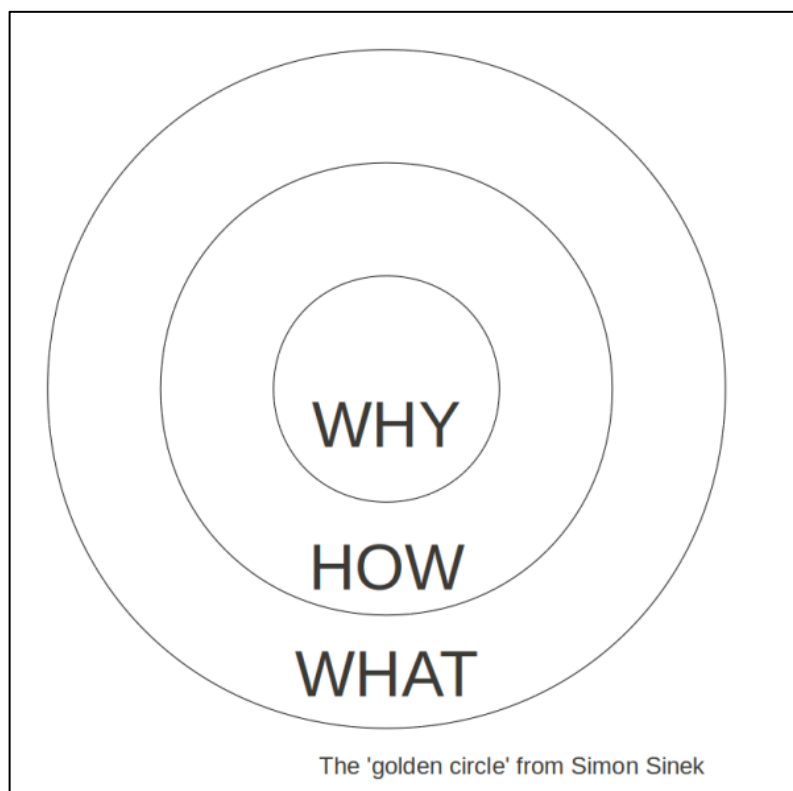
### 5.1 Step 1 – The Why

The *why* is the purpose or vision of your organisation or business.

#### 5.1.1 Vision

Simon Sinek (2009) in his Ted Talk titled "*How great leaders inspire action*" spoke about how the leader establishes the tone of an organisation. While many people and businesses can articulate what they do and some can tell you about how they do it, not all can articulate why they do it. Sinek developed a model he calls the *Golden Circle*. The golden circle has the "why" at the centre radiating outwards towards the "how" and the "what". Sinek maintains that inspired leaders start from the inside and work out.

**Figure 3: The Golden Circle, Simon Sinek (2009)**



Warren Bennis (2009) refers to a *guiding vision* of great leaders and Bill George (2008) talks about your *True North* which are your beliefs and values. George also states the importance of a vision or purpose which an authentic leader pursues with passion. Authentic leaders have solid values which are evident in what they do. They are caring and realise the importance of establishing relationships. The final dimension of an authentic leader is that they demonstrate self-discipline (George 2008).

Through this review of literature, trust is emerging as an important factor in effective leadership and Sinek (2009) maintains trust is formed when values and beliefs are shared.

Leaders therefore require a clear and well defined vision that is shaped by their values. Sharing belief in the vision and values is a vital step towards forming trust.

## **5.2 Step 2 – The Who**

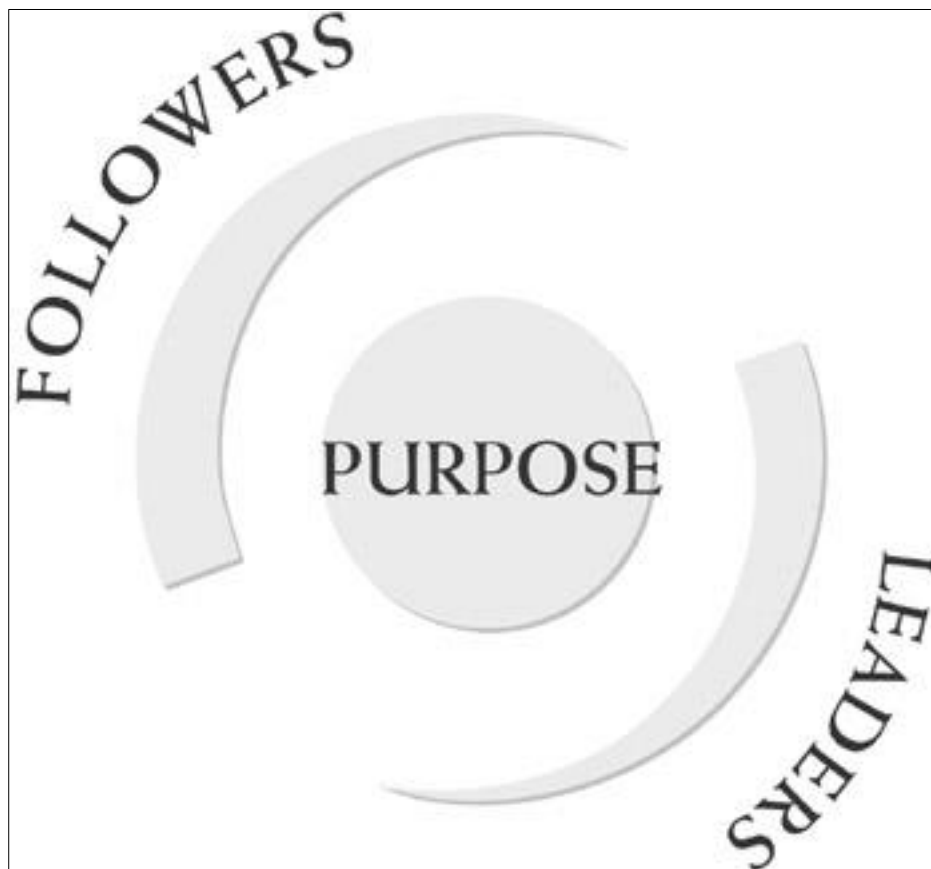
*Great companies don't hire skilled people and motivate them; they hire already motivated people and inspire them. (Simon Sinek, 2009)*

At the heart of the second theme are the people, which I have called the “*who*”. Sinek (2009) talks about belief in your vision, and surrounding yourself with people who believe what you believe.

### **5.2.1 Leadership and Followership**

Karen Brosnan (2014) notes that the leaders interviewed in her study all held guiding principles. She identified the competencies of self-leadership and shared leadership. Self-leadership refers to leading and managing one-self. Shared leadership is the ability to lead and be led by others. This introduces the concept of followership. By follower I don't mean someone who follows the leader but who supports, challenges and shares the vision of the leader (Chaleff, 2001). The courageous follower revolves not around the leader but around the common purpose. Figure 4 best illustrates this relationship.

**Figure 4: Model of Followership**



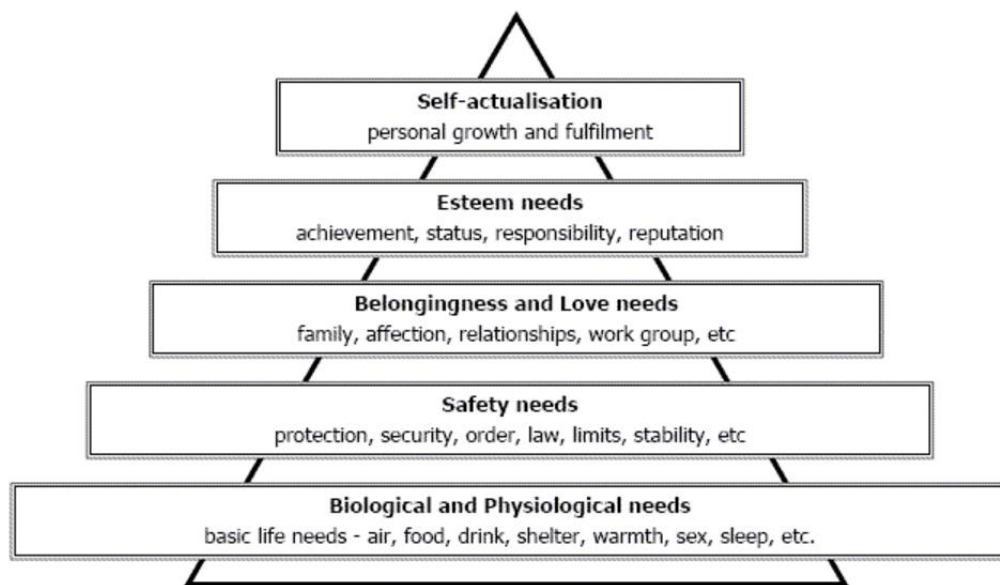
Source: Chaleff (2009)

In this case the purpose is not just that of the leader or organisation but that the follower believes in it as well. The attributes of a courageous follower include the courage to take on responsibility (Chaleff, 2001). It may mean using initiative and working outside their comfort zone and extend their capability all the while working towards the common purpose. The follower's strengths complement those of the leader and there will be times when the follower needs to stand in for the leader. A common theme that also came through about the follower is the courage to challenge. They need to speak up when they feel the leader or organisation is moving away from what they believe is right. To be effective the follower should recognise the need to change and participate in this to achieve the common purpose.

### 5.3 Step 3 - The How

Once the leader has a clear vision and has a team of good people how do they go about making this an effective relationship for both parties?

Figure 5: Maslow's Hierarchy of Needs



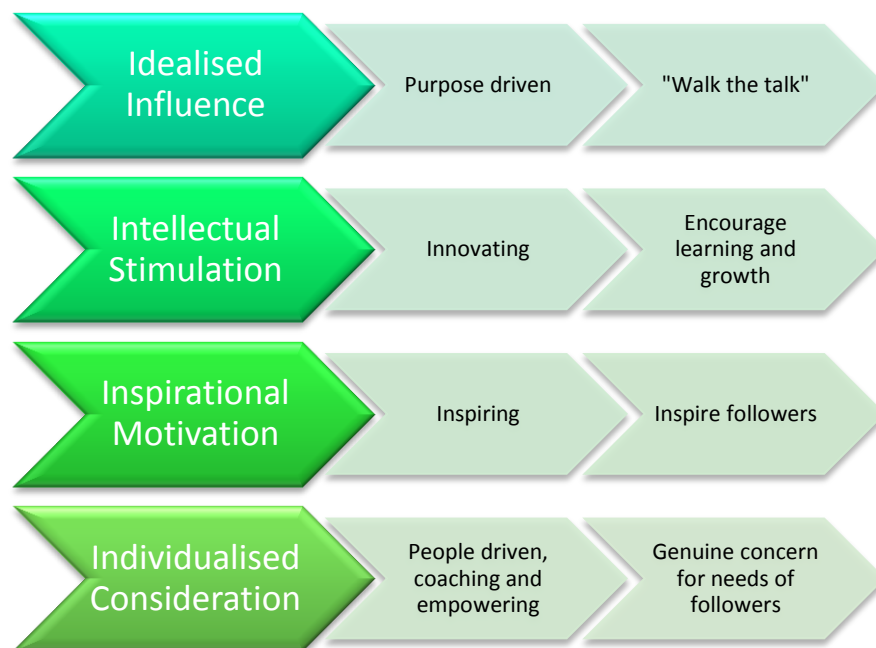
Abraham Maslow (1943 cited Research History, online 2016) developed a theory of human motivation. Maslow's *Hierarchy of Needs* assumes that the most basic human needs have to be fulfilled before the next level can be reached. The lower most basic need relates to survival, food, and shelter followed by safety. When a person reaches the topmost level *self-actualisation* they have enhanced creativity resulting in the ability to resolve philosophical conflicts. In a work environment Maslow is proposing that a person cannot reach their full potential if they are feeling unsafe or feel they do not belong to the group.

James Burns (1978, cited by Shelton 2012) speaks about transformational leaders who emphasise the relationship. In other words they place importance on their employees that extends past their own self-interest. Burns also talks about building relationships by listening, caring, and being genuine. Transformational leaders aspire to improve

followers, which in turn increases their motivation. Burns states that “true transformational leaders” move above Maslow’s self-actualisation to a level called idealised influence. In some models this is called *transcendence* meaning helping others to self-actualise.

### 5.3.1 The Transformational Leader

Figure 6: The Transformational Leader, based on Burns (1978)



Stanley McChrystal (2011) in his Ted Talk, *Listen, learn...then lead* stated “a leader isn’t good because they are right; they are good because they are willing to learn and to trust”. Relationships are important and he advocates getting to know your people. Listening builds trust. This is also reflected by Burns who says transformational leaders trust their followers. They see the potential of followers and therefore have the ability to delegate responsibility. Gensler (2015) notes that being ethical builds trust which then leads to inspiration.

Kouzes and Posner (2012) defined five leadership practices. The first is *model the way* and describes the notion that your behaviour is what employees will follow. Modelling involves clarifying values. This leads into the next practice of inspiring a shared vision.

To do this effectively the leader needs to understand who their employees are and what is important to them. This reflects what many of the leaders we spoke to talked about when they said “know your people” and “put yourselves in their shoes”.

The next step is *challenge the process*. This is not about being disrespectful or getting rid of what is working. It is more about innovation and finding better ways of doing things.

Kouzes and Posner’s last two practices, *enable others to act* and *encourage the heart*, reinforce the care and commitment to employees and colleagues which provides a safe environment. In these situations the commitment and care from the employer if genuine is reciprocated with commitment and accountability from the employee. These models are similar and common themes of trust, authenticity and integrity keep appearing.

**Figure 7: Five practices of Exemplary Leadership (Kouzes and Posner 2012)**



### 5.3.2 Communication

Building working relationships and sharing a vision requires effective communication to occur. Clarity and simplicity are important as is brevity to reduce confusion. Focus on *leave-behinds not the take-aways* (Myatt, 2012). This means focussing more on the other person's wants rather than your own. Keep an open mind especially when faced with an opposing view as this is a great opportunity to learn. Lastly the most important, listen. It is important to strike the balance between talking and listening (Headlee, 2015). However, this does not always come naturally.

*"Most people do not listen with the intent to understand; they listen with the intent to reply."* Stephen Covey (1997)

## 5.4 Step 4: The What

*What* else do we need to make this work? Although this is called step 4 much of this step needs to be in place early in the transition process. It is about being prepared and having policies and procedures in place well in advance.

### 5.4.1 Additional Learning

*Governance*: thinking about strategic issues, rather than the operational day-to-day running of the business (IOD, 2016)

It is advised that farmers undertake some reading on leadership and governance and consider attend leadership and governance courses (DairyNZ, 2016). This is particularly pertinent when the farmer is a first time employer. Building a relationship with employees and sharemilkers then becomes another dimension to transitioning off farm which in itself can be fraught with guilt, feelings of not being needed and trying to maintain connection with the business and industry.

There are courses available, such the *Rural Governance Development Programme* which is facilitated by Business Torque Systems Ltd in partnership with DairyNZ. This course is specifically aimed at the rural sector and includes business and succession planning, governance frameworks, and decision-making.

### 5.4.2 Recruitment

There is a wealth of free information for dairy farmers on the DairyNZ website ([www.dairynz.co.nz](http://www.dairynz.co.nz)). Information ranges from fact sheets and case studies on governance, employing, building teams and recruitment. There are also some very

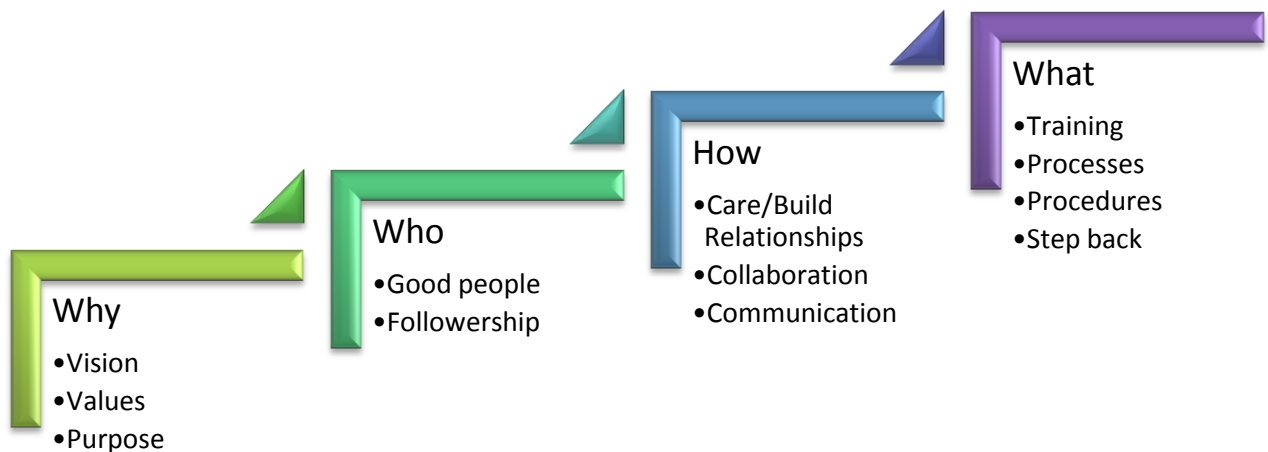
useful templates and step by step instructions for recruitment, team development and compliance. Information is constantly being updated and added to. Browsing through the people section of this website is good place to start when seeking information.

There are also some very good recruitment agencies that cater specifically for farming. These work best when the employer has already developed their vision and values and can articulate them.

## 5.5 Steps to stepping back

To summarise the literature on the steps to stepping back I have devised the diagram below. The first step focusing on the why is probably the one that requires the most thought and it is often the one that gets the least. Step two refers to getting the best people for your business and this depends on how well you have completed step one. Attitude and motivation are important as skills can be learned. The how focusses on building and maintaining relationships through effective communication and delegation. The final step deals with the processes and procedures to ensure that everything continues to operate smoothly over time.

Figure 8: Summary of Literature, Steps to stepping back



The literature does tend to back up the themes I noticed when talking to leaders. My next question is, is this reflected in farming situations? As a result of the interviews, I believe the answer is yes. The themes are reflected in those relationships that are successful. Where relationships are not working well, the themes are noticeable by their absence.



## 6. Method

The initial conversations with industry leaders led me to focus on literature discussing leadership in the wider sense. I also undertook a review of DairyNZ resources as they are specifically tailored to dairy farming.

To gain some insight on the transition process from the perspective of the farm owner, the sharemilker and independent rural professional, I completed a series of interviews. I was seeking their opinions and thoughts on their experiences. I decided to use the qualitative research approach, thematic analysis, to examine the data. Thematic analysis is a “method for identifying, analysing and reporting patterns within data” (Braun & Clarke, 2006). The interviews were semi-structured and a set of questions was provided to guide the conversation. Examples of the questions used can be found in the Appendices. Much of the value of these interviews was in the conversation, so all of the interviews were recorded and the recordings transcribed to ensure information was not missed. The main ideas were highlighted, collated, and patterns identified. While this report reflects the opinions and experiences of the interviewees, due to the nature of this method I cannot say whether it is representative of the wider dairy farming community.

I chose to interview three farm owners, three sharemilkers, and three rural professionals from the Taranaki region.

The farm owners interviewed were, at one stage in their career, owner operators and had transitioned out of the day to day management of their dairy farm, employing staff or sharemilkers to do so. The farm owners also retained some interest in the dairy industry and on their own farms. The farm owners were chosen because they had, in my opinion, successfully managed the change on their farm. One of the farm owners employed staff and the others employed sharemilkers. In this section I will refer to sharemilker/employee. In the rest of the report I will refer to sharemilker only.

The sharemilkers had worked for a variety of farm owners. The sharemilkers I chose did not work on family farms and were in my opinion, skilled at dairy farming, good communicators and were committed to dairying and the agricultural industry.

The rural professionals interviewed had extensive experience working with dairy farmers. Their dairying knowledge meant they understood the unique needs and complexities of the decisions being made. They could view the situations from an independent stand point and their insights have proved invaluable to this project.

## 7. Interview Results

The important themes around vision, building relationships, communication, delegation and trust were evident from the interviews, whether it was because an aspect was being demonstrated or because it was absent and thereby causing problems. The responses also indicated that using a third party during the planning phase of any change to the farming structure was a good idea.

### 7.1 Rural Professionals

The rural professionals I interviewed gave their opinions based on the culmination of their experiences working with a wide range of farm owners, sharemilkers and farm staff. Their insights have been valuable, providing an unbiased view of the transition process.

#### 7.1.1 Vision and Purpose

Those farmers that transitioned well had spent time thinking through the proposition beforehand. They had defined why they wanted to take a step back and considered the possible pitfalls. Some of the farmers had undergone governance training or had sought the assistance of a rural professional with recruitment, developing a plan, and working through the structure that their farming business would take. They had contemplated how they would use the free time that would become available.

- *...most people understand that this (developing a vision) is important but don't execute it well*

Often their vision was based on information gained from an accountant or neighbour and they hadn't developed it for themselves.

- *They do have a vision from a reference point (neighbour or accountant) but their vision doesn't work unless they have a replica of themselves*

At times there was difficulty in communicating their vision to their employees and sharemilkers. While the vision may not be communicated well at the start and the number of partnerships that appear to be aligned is low initially, often over time this improves as partners get to know each other better.

### **7.1.2 Surrounding yourself with the right people**

The rural professionals felt that recruitment is very important and takes time but it is often not done well. If the farm owners are not experienced or confident with doing their own recruitment then getting a third party to assist them may be a solution. However, they will still need to know what and who they are looking for and they will have the final choice. Those that had the best results had undertaken self-reflection and knew their limitations. Their planning then took this into account and they would employ someone who had complementary skills and compatible personality styles.

- *Technical capability and attitude are good but if not compatible then don't go there*

### **7.1.3 Building relationships**

Leadership qualities that the rural professionals believed were important to a successful transition were:

- *Ability to listen and understand the other person's point of view*
- *Ability to identify the strengths of the employee and build on them*
- *Ability to recognise the importance of empowering others*
- *Give praise*
- *Self-awareness*

The key to a successful relationship, in the opinion of the rural professionals, comes down to regular, transparent communication and mutual respect. If the communication is lacking little issues can grow into much larger ones quite quickly. Therefore having the difficult conversations in an appropriate manner is vitally important. Planned regular meetings that are reasonably formal seem to work best. Resist the temptation to give advice on the spot. Give the sharemilker time to complete tasks and avoid impatience, for example expecting a job to be done now or doing it yourself. Praise for work well done was also mentioned as important by the rural professionals.

Getting to know the sharemilker and taking an interest in them and in their family shows that the employer cares. Ensuring accommodation, facilities and machinery is appropriate and well maintained makes a difference to the sharemilker. It was noted that remuneration should be fair and reflect the type of contract and level of responsibility.

Maintaining a working relationship rather than a friendship was mentioned several times. The trick is to get the balance right between showing interest and being too involved as there can be a tendency to blur the lines between home and work.

From the sharemilker's perspective finding out that key thing that makes the farm owner happy (eg it may weeds, pasture management, trimmed gateways, clean and tidy farm dairy) is a good start to a successful working relationship.

#### **7.1.4 Delegating**

One of the main issues identified by the rural professionals was delegation or the inability to do so.

The sharemilkers had the expectation that they would have more responsibility than an employee in the day to day management of the farm but in some cases the farm owners had difficulty letting go of these decisions. While there was a genuine desire on the part of the farm owner to delegate decision making in reality this was hard to do. The relationship can become strained when the farm owner fails to compromise or recognise there are other alternatives. Just because a task has been done a certain way for many years doesn't mean there isn't another way of doing it.

There were often a variety of reasons given for this. Sometimes the sharemilker was in a situation that was beyond their capability and the farm owner has realised that they need assistance. Depending on how this is portrayed it may be perceived as interference. Those newer to sharemilking may fail to realise that they can still learn from the farm owner. Sometimes it is the farm owner's responsibility as they may have employed someone who does not have the capability for the job. At other times it may be that it is a stressful situation, for example weather or financial conditions that puts pressure on the relationship resulting in relationship breakdown.

Another issue in this vein is that the farmer owner hasn't thought about what they will do with their time. They may think they will still help around the farm but aren't as busy as they used to be.

#### **7.2 Farm Owners**

It was interesting to note that the farm owners I interviewed all had a similar approach when working with their teams. They were all active on the farm at some time during the season, used coaching and teaching techniques, had a calm approach when dealing with staff and contractors, and accepted the need for their employees or sharemilkers to take on responsibility.

### **7.2.1 Vision**

The farm owners I spoke to had clear idea of what they wanted from their farming business. They knew what their involvement would be and how and when they would delegate decision-making on their farm. The structure they implemented then took this vision into account. Some had spent some time earlier putting together a business plan and identifying goals. All of the farm owners spoken to had some form of involvement in other agricultural industry roles while still maintaining close interest and involvement in their own farming business. For some the off-farm activities helped during the transition process.

The farm owners I interviewed thought it was important to communicate their vision for their business and how the farm is run at the interview stage. They also established what the employee or sharemilker is wanting to achieve to see if it would be a good fit for their position. Personalities and attitude are very important as in some cases they have to fit in with other employees. Attitude featured highly as a selection criteria more so than experience. Where possible they would tailor the structure of the position to account for this. Another criteria that farm owners mentioned, was that they wanted people who genuinely wanted a career in dairying rather than just a job.

Recruitment played a big part in getting the right people for the job and the farm owners followed a robust process.

### **7.2.2 Leadership attributes**

The point that struck me during the interviews was that the farm owners identified remaining calm as very important especially when things go wrong. They encouraged others to stay calm too then worked through solutions together and without criticising.

Communication is a big part of building relationships with sharemilkers/employees from a farm owner's perspective. Regular meetings and being readily available if needed seems to be the key. Taking the time to talk and listen was identified as essential. At times the need to encourage sharemilkers/employees was noted especially during busy times of the year.

- *Notice and praise the good things they have done*

The farm owners believed in letting the sharemilkers/employees know that they are working together and if anything goes wrong dealing with it calmly and finding a solution works best. They advised clearly identifying areas that are important to the farm owner (eg pasture management) and never drive a wedge between yourselves and your sharemilkers/employees. A common thread when things go wrong is to avoid criticism and use the situation as an opportunity for growth.

- *Never criticise and even when things go wrong try to look for ways as to how we could prevent the problem happening again*

Being positive was also a leadership trait that all farm owners endeavoured to accomplish.

### **7.2.3 Building Relationships**

It is important to be welcoming. Like any other workplace consider having a social event from time to time doing something the sharemilkers/employees like doing. While it is important to take an interest in your sharemilkers/employees the farm owners made it quite clear that there needs to be a distinction between working together and being friends. They don't cross that line as it can complicate the relationship. Sharemilkers/employees need to have a clear definition between home and work life which can be difficult during busy periods. The farm owners I spoke to all helped on the farm from time to time and one comment they all made was that they lead by example and wouldn't expect sharemilkers/employees to do anything they wouldn't do themselves.

### **7.2.4 Delegating**

The farm owners agreed that this wasn't easy and the level of delegation varied depending on the farm structure.

It was vital to have trust in your sharemilkers/employees. Some farm owners provided clear parameters for the sharemilkers/employees to use when making decisions. Other farm owners relinquished the decision making over time as they gained confidence in their sharemilkers/employees. This may depend on the skills and interest of the sharemilkers/employees.

When delegating decision making it is also essential to make sure they have the information and background to make a good decision. Allowing sharemilkers/employees to make mistakes is good learning for them although not easy to do.

## **7.3 Sharemilkers**

Communication and delegation were the two areas most mentioned during the sharemilker interviews. The sharemilkers I interviewed all expected more responsibility on the farm than if they were employees. They had a clear vision for what they wanted to achieve and saw themselves more of a business partner than an employee.

### 7.3.1 Vision

It was during the recruitment process that the farm owners shared their goals and vision for their farming business with their prospective sharemilkers. From a sharemilkers perspective this varied with some farm owners being very open and specific about what they expect and others were rather vague. What caused the most frustration for the sharemilkers was when what was communicated during the interview didn't materialise as promised. All of the sharemilkers I spoke to had at some stage presented the farm owner with a scenario or range of scenarios for some sort of on-farm change with a view to working towards the common vision. Usually, but not always, this was met with a positive response.

- *As a 50/50 sharemilker when we ask for capital development we have to remember that the farm owner only gets the same income as us*

### 7.3.2 Leadership attributes

Leadership attributes that are valued by the sharemilkers include communication especially listening. The ability to communicate their vision and to see the sharemilker as part of the business partnership rather than an employee is another leadership quality.

- *gives you guidelines and then lets you go for it*

The sharemilkers generally preferred meetings to be planned and more formal especially when discussing important issues. Day to day discussions while okay are not always convenient for the sharemilker.

### 7.3.4 Delegating

The sharemilkers agreed that they stepped up to sharemilking and more responsibility as a result. The sharemilkers expected that the day to day management would be their responsibility.

The issues seem to arise when the farm owner found it difficult to delegate the day to day management. If communication was poor then it became a bigger issue for the sharemilker. While the sharemilkers generally were open to help from the farm owner for some there was a fine line between help and interference.

What one sharemilker did was kept an open diary or whiteboard to communicate jobs to do so that the farm owner could see that it had been noted and will be attended to. This alleviated some issues that the farm owner may have had if something hadn't been done as soon as they would have liked. Feelings of being watched over the fence and not trusted to do the job properly occurred when trust and communication were not evident.

## 8. Discussion

The results of the interviews reflected the literature that I read. On the whole the rural professionals, farm owners and sharemilkers agreed with what they perceived and experienced as good leadership.

Farm owners tended to prefer more input into the management of their farm, than the sharemilkers sometimes liked, though they realised the need for delegation. It was agreed that if a farm owner decides to employ a sharemilker then the amount of delegation would need to be higher and the amount of farmer input less. However this occurs, it is the way it is communicated that makes the difference. Sharemilkers generally wanted more responsibility and while most are open to advice and support from the farm owner it was observed by the rural professionals that there was at times resistance on both sides. Striking the right balance, communicating effectively and making sure you have the right people and structure from the outset made the difference.

It was my observation that the rural professionals had a balanced view of both sides of the relationship. Seeking some support when making a plan would be a good place to work from.

### 8.1 Rural Professionals

- *Plan to leave – don't just let it happen*

All of the rural professionals stressed the importance of having a plan of how the change on their farm and in their business will work. At the initial stage think about what advice, support or training they will need to go through the process and seek that advice early on. Affordability may not always line up with their vision so the structure decided on has to be affordable for the farm owner while being fair to the sharemilker.

- *How will you communicate with your sharemilker?*
- *What you are going to do with your time and what input you will have?*
- *Plan how you are going to delegate and let the sharemilker make decisions*
- *Remember the sharemilker is a business partner not just an employee - take the attitude of "lets run this business together"*
- *Have robust goals, strategies, policies in place*



- *Get to know your sharemilker and show that you care by ensuring facilities and repairs and maintenance are up to scratch*

It was suggested that some sort of peer discussion group around this topic would be a good way for farm owners to share ideas from those who have already successfully taken that step back.

There were a couple of comments that advised caution with too many incentives or where had been instances where farm owners had been too generous and had been taken advantage of. Obtaining the right balance and ensuring you have the right person is essential to a successful relationship.

## **8.2 Farm Owners**

The farm owners I spoke generally honed their skills working with people over a period of time. They understood what it is they wanted to achieve and how much leeway they were prepared to relinquish. I found that all of the farm owners I spoke to had a good understanding of governance through other roles. It also showed in their willingness to let the sharemilkers/employees make decisions and take control of the day to day management.

Their comments include:

- *Give sharemilkers/employees some autonomy but accept some loss in productivity in early stages*
- *Sharemilkers will make mistakes from time to time as you did early in your career and it is important they get that opportunity for learning and growth within reason*
- *On the other hand, sharemilkers need to be aware that the farm owner has a big investment in a large asset so it is important that they are confident the sharemilkers are capable*

The farm owners found that people who are keen to learn and have a passion for dairying were more likely to accept advice from farm owner.

Using a consultant was a good idea to get an independent perspective and the farm owners advised engaging someone who all parties are comfortable with.

Effective communication again seems to be the key to a successful relationship. All of the farm owners were contactable and available to help sharemilkers when asked.

There was some discussion around remuneration and ensuring that it is fair for both parties. In some cases remuneration was based on experience and length of stay. An example of this was a contract milking situation where the remuneration or percentage would increase each year they stayed on the farm to reflect experience and loyalty. All of the farm owners stipulated the farming system, pasture management and level of feed inputs at the interview stage. There were also varying levels of reporting required but generally recording and reporting was a priority.

### **8.3 Sharemilkers**

Some of the biggest issues from a sharemilker's perspective stem from poor communication and expectations that were either misunderstood or not realised. The sharemilkers I interviewed had all experienced very good relationships. However, some had either experienced times where there was frustration or knew other sharemilkers who had a bad experience. Their comments are below:

- *Ask yourself is the sharemilker getting a fair and equitable return for skills and would they do the job themselves for that money*
- *There needs to be trust*
- *Be upfront with expectations – clarity*
- *Are you ready to step back?*
- *Under promise and over deliver*

The common themes emerged early on in my reading and were reinforced during the interviews. To transition out of the day to day management of the farm take the time to reflect and plan. Acknowledge the need to be a leader and what that means for you. Seek the help of an adviser or rural professional. Follow the steps to find the right people and build trust in those relationships through effective communication.

## **9. Conclusion**

By stepping up to step back the farm owner is more likely to hang up their gumboots successfully.

### **Step One: The Why**

The literature clearly espouses having a clear vision of what you want to achieve. The farm owners interviewed had all taken the time and some stage to develop goals, a business plan and they knew what they wanted from their farming business. The rural professionals backed this up from their experience. Those farm owners who had spent the time in reflection and planning, experienced more successful transitions out of the day to day management of their farms. From the sharemilker perspective, if the farm owner is clear on what they want then the sharemilker knows from the outset what to expect and whether the position is right for them

Step one is all about preparation. It involves analysing the reasons behind the change examining values and purpose, and becoming self-aware.

- Spend time understanding why you want to make the change
- Talk to those involved and seek help from an adviser at this stage
- Develop your leadership capability, take part in courses and read widely
- Undertake some self-reflection so that your individual leadership style is understood

### **Step Two: The Who**

From all of the interviewees' perspectives the relationship was more likely to break down if the people involved had differing priorities and goals. Ensure that each parties' visions are aligned from the outset and that the personalities can work together. Keep attitude and compatibility in mind when recruiting. Ensure you are well prepared and take the time to make the right decision.

To quote Simon Sinek (2009), "surround yourself with people who believe what you believe".

### **Step Three: The How**

Take the time to build quality relationships. Put yourself in the other person's shoes and show you care. By being genuine and authentic, trust will start to develop.

Encourage followership by working together towards a common purpose. Above all communicate that purpose or vision.

Delegation was identified as difficult by the farm owners, wanted by the sharemilkers and according to the rural professionals not always done well. Working out a way to work collaboratively with the sharemilker from the outset is important. Establish ahead of time how the communication will happen in the business and maintain open, honest and respectful communication.

If you are employing a sharemilker you are essentially partners in the business on a day-to-day basis rather than employer-employee relationship.

#### **Step Four: The What**

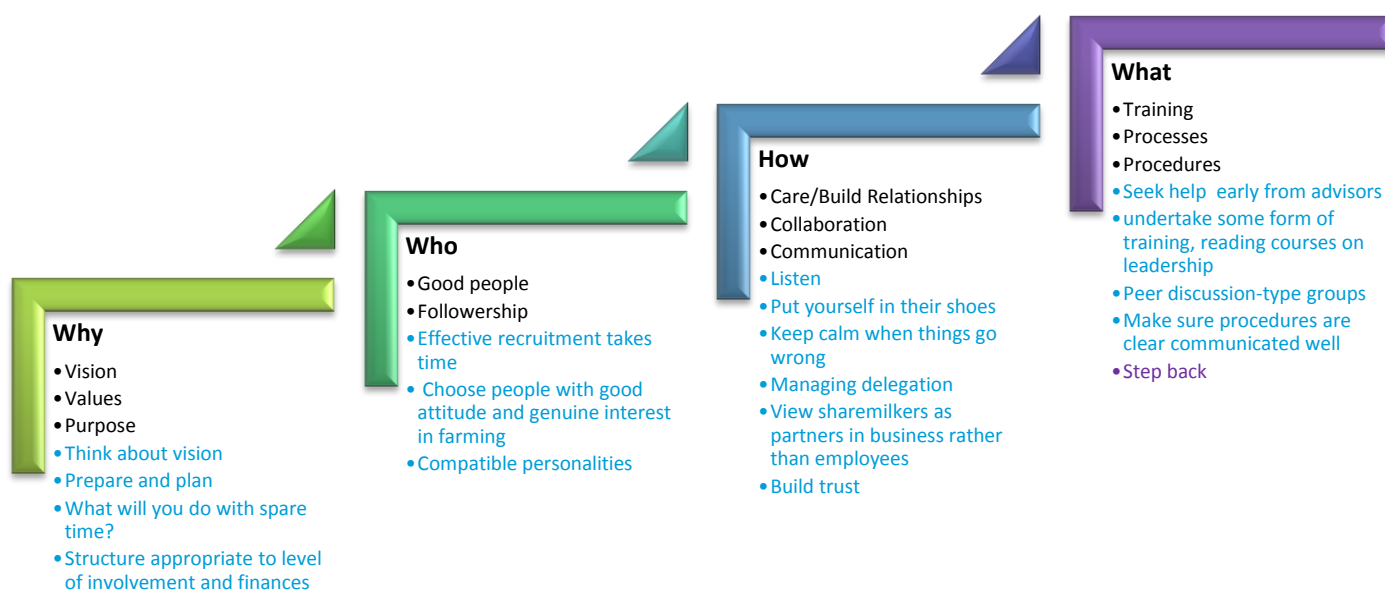
All of the farm owners and sharemilkers interviewed had good processes and procedures for their businesses. Take advantage of the many resources available on the DairyNZ website to help with planning and implementation. There are rural professionals and advisors that can assist with farm plans and recruitment. Involving them early can help to clarify

There seems to be a gap with regard to local peer groups where farm owners could discuss options and listen to how others had transitioned out of the day to day management. During the interviews I personally gained a lot of insight in the process of stepping back from all points of view. To have some sort of farm owner discussion group where guest speakers or industry leaders could assist would certainly be beneficial and was also a need identified by one of the rural professionals.

## 10. Recommendations

My recommendations can best be described in the following diagram. I have gone back to my “Steps to stepping back” diagram and have added in blue what I learned from the interviews.

Figure 9: Steps to Stepping Back with interview comments



For Farmers I suggest they follow the four steps to stepping back, spending time in the “why” reflecting, planning and preparing for the change. It is also important to take the time to find the right people then build and maintain meaningful and effective relationships. The “what” are the processes and resources to help you along the way.

In my opinion there is a need for the industry to facilitate a discussion group for farm owners who are at this stage in their farming career. This could provide a platform for support, education and development in the leadership skills they will need for the next change in their farming business.

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## **Appendix A**

### **Kellogg Project Questionnaire – Rural Professionals**

#### **Stepping up to take a step back**

Thinking of farm owners who have transitioned out of the day to day management of their farm in your opinion:

1. How did the farm owners communicate their vision to you as a rural professional and their employees/sharemilkers?
2. What leadership qualities did you observe in those situations that worked well?
3. What did the farm owners do to ensure they had the right people for their business?
4. What are farm owners doing to build a successful relationship with their employees/sharemilkers?
5. What are the main issues for farm owners in these situations?
6. What support/training/education do you think is needed for farm owners wanting to take a step back?
7. What advice would you give to a farm owner considering transitioning out of the day to day management of their dairy farm?

Thinking of sharemilkers/contract milkers/ managers in your opinion:

8. How well did they understand the vision and values of the farm owner?
9. Were their expectations with regard to responsibilities and decision making aligned with that of the farm owner?
10. From their point of view what did you observe to be the key to a successful relationship?
11. What were the main issues for the sharemilkers/employees?
12. Is there anything else you'd like to comment on?



## **Appendix B**

### **Kellogg Project Questionnaire – Sharemilkers**

#### **Stepping up to take a step back**

1. How did the farm owner communicate their vision/strategy for his farming business?
2. How did you communicate your own vision/goals/strategy?
3. How well were your values/vision aligned with that of the farm owner?
4. How did you build a relationship with the farm owner?
5. What effective leadership qualities did your farm owner display?
6. What were your expectations when applying for the position? Were they achieved? Why/Why not?
7. How was the decision making delegated? What decisions do you /did you make?
8. What have you seen that works well?
9. What are the pitfalls/issues?
10. What is your best advice for a farm owner considering transitioning out of day to day management of the dairy farm?

## **Appendix C**

### **Kellogg Project Questionnaire – Farm Owners**

#### **Stepping up to take a step back**

1. What level of on farm involvement do you currently have in your business/industry?
2. How do you communicate your vision/goals/strategy to your employees?
3. What do you do to ensure you get the right people for your business?
4. What do you do to build a successful relationship with your employees?
5. How do you delegate decision making?
6. How does communication work in your farming business?
7. How would you describe your leadership style?
8. What outside advice or training have you sought?
9. What are the main issues that arise when employing?
10. What advice would you give a farm owner considering transitioning out of day to day management of their dairy farm?
11. Is there anything else you'd like to comment on?