Stepping up Your Management Game: How to Train and Keep Great Employees

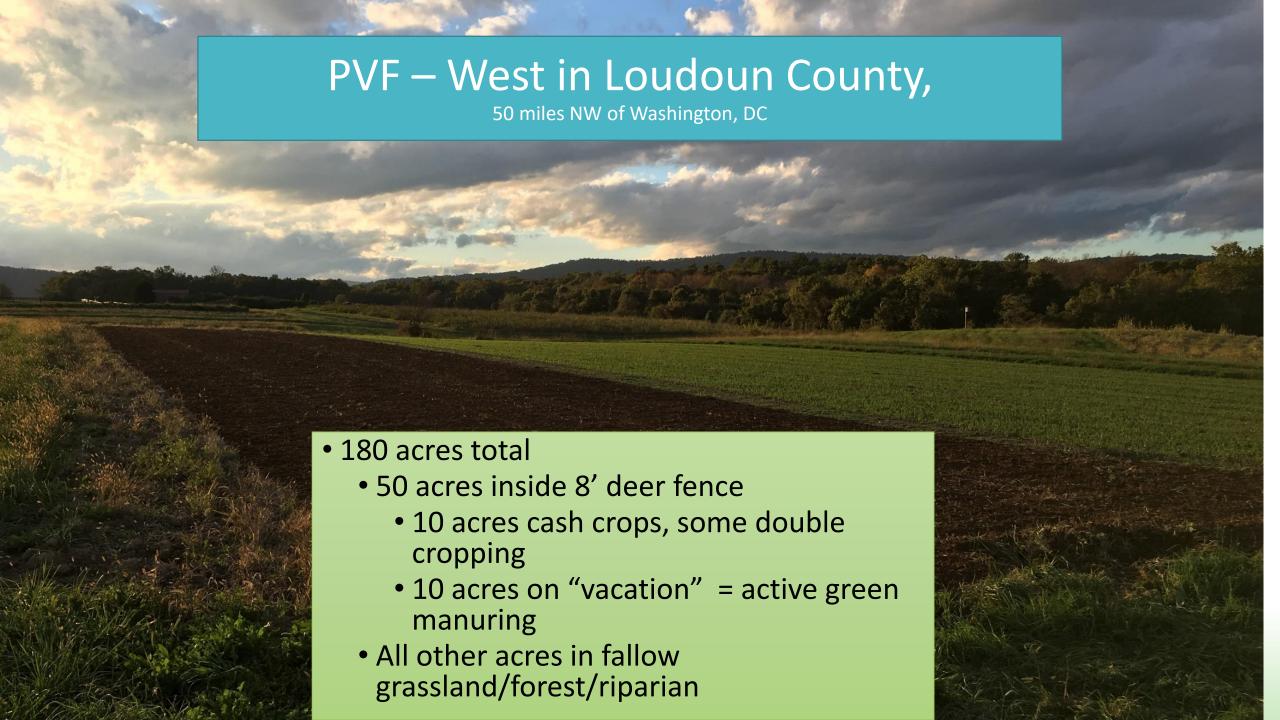


Let's Grow Better, Together
Ellen Polishuk
Ellen@planttoprofit.com



Potomac Vegetable Farms

- Northern Virginia (DC area)
- 2 Farms
- 4 owners: Hana, Hiu, Ellen, Carrie
- 2 permanent FT staff, 2 permanent PT staff
 - Many seasonal staff around 40
- Ecoganic Methods
- \$1 million gross sales





Crops

- Vegetables (92% of income)
 - tomato family
 - Greens/brassicas
 - cucurbits
- Lots of culinary herbs (6% of income)
- Tiny amount of cut flowers
- Greenhouse grown plants for market (2% of income)
- 200+ tons CMC compost for farm use only



Financial Status

- S Corp, all are W-2 employees
- SEP-IRA for owners and anyone with 3 years of service
- Health insurance for permanent workers
- No grants, gov't payments or serious off farm income floating the boat
- Only farm debt is for managers house we bought (\$100,000 mortgage)

Big Patches, Lots of People









Equipment at work









PVF Core Values

- 1. Fun (high quality of life is a Must)
- 2. Gotta make a Living
- 3. Low or No Debt
- 4. We like people
- 5. Keep investing in capital assets
- 6. Machines are cool
- 7. Organic Practices



Is the cost of labor ever going to go down?

Not if California and New York set the stage for the rest of the US

New minimum wage laws
New overtime laws

3 choices on reducing labor expense

Either spend less on Labor

Or

Substitute capital/equipment for Labor

Or

Get more out of every Labor dollar spent

How do you spend less on labor?

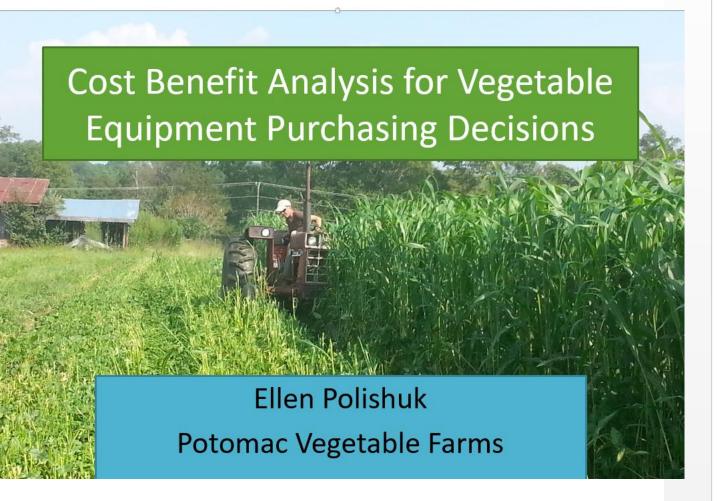
- Pay lower wages ☺
- Cut hours ⊗
- Don't pay for labor get volunteers ☺

Okay so that's not gonna work

Substituting Capital/Equipment for Labor?

Run the numbers to see when it will pay off.





https://vimeo.com/146802968

Project Cost Analysis for Waterwheel Transplanter

Figure out the Annual Depreciation Cost of the Improvement or Equipment		
	ı	_ine
Total cost of equipment	\$2400	Α
Resale or Salvage Value	\$800	В
Value Expected Economic Life (how long it will last)	_10 years	С
Annual Depreciation Cost		
total cost of equipment minus resale value ÷ how many years it will last	\$ <u>160</u> /per year	D
Line A minus B divided by C		

Annual Budget for Improvement or Equipment Increase (decrease) Additional Revenue (how much more crop production in \$\$) \$ 0 Multiply by Gross Margin 40% Additional Gross Margin (Line 1 X Line 2) \$ 0 Annual Depreciation Cost (subtract Line D, cost per year) (160 Interest Expense (subtract cost of borrowing money for project) \$ Operating Costs: Available at http://www.ngfn.org/ Thanks Gary Matteson Tractor Usage: Net Income (subtract lines 4-10 from Line 3) 318 Calculate Return On Investment 13% 12 Net income + cost of equipment X 100 = % return on investment Line 11 ÷ Line A X 100 = ROI%



People quit bosses not jobs

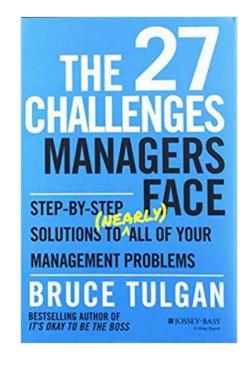


BECOME A BETTER MANAGER – stop acting like this is less important than fertility or tillage



Get a Coach of Your
Own

Study



Seminars,
Continuing
Education,
Management
Training,



Managing <u>is a job!</u> One boss per 6-8 person crew





What is a Manager's #1 Job?

Job #1 is to develop your people – Your job is to help them do and be better than they thought possible

Folks want to do well.

Help them do well.

Have the right decision be easy to make.

Managing People is about Leadership and Creating Culture

- Understanding how people work their world, their motivations
- Not taking it personally get your ego out of the way
- Knowing how to bring out the best in others

Teams

Teams are now the fundamental unit of organizations around the world

If a company wants to outstrip its competitors, it needs to influence not only how people work but also how they work *together*.

Groups tend to:

innovate faster
see mistakes more quickly and find better solutions to problems
achieve better results
report higher job satisfaction

What makes Teams Work Well?

Google's Work Project found these were the most critical two elements:

Psychological Safety

Taking Turns

Add these to clear goals, metric and communication and you will have SUCCESS!

What is Psychological Safety?

Psychological safety is a sense of confidence that the team will not embarrass, reject or punish someone for speaking up

It describes a team climate characterized by interpersonal trust and mutual respect in which people are comfortable being themselves

Psychological Safety: The History, Renaissance, and Future of an Interpersonal Construct, Amy C. Edmondson

Rules for Leading:



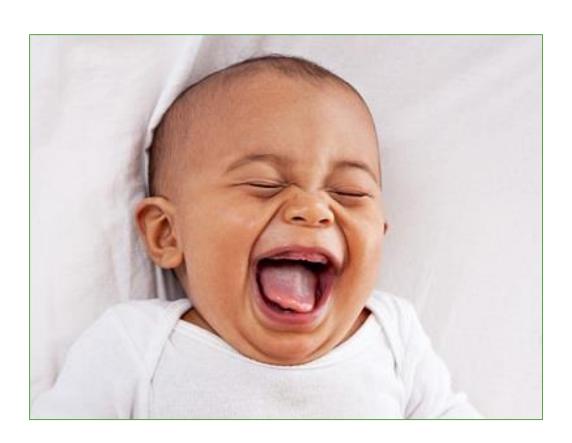
Be likeable (don't be an asshole)
Give and receive feedback
Ask about their lives = Care
Don't gossip
No public criticism

7 criteria for effective feedback:

- 1 The feedback provider is credible in the eyes of the feedback recipient
- 2 The feedback provider is trusted by the feedback recipient
- 3 The feedback is conveyed with good intentions
- 4 The timing and circumstances of giving the feedback are appropriate
- 5 The feedback is given in an interactive manner
- 6 The feedback message is clear
- 7 The feedback is helpful to recipient

Being in a good mood helps people take in information effectively and respond nimbly and creatively.

"Laughter is serious business."



https://hbr.org/2008/09/social-intelligence-and-the-biology-of-leadership



Be grateful and recognize effort and results

- Bonuses
- Raises
- Power sharing
- Praise
- Share of the food
- Acts of kindness
- Profit sharing



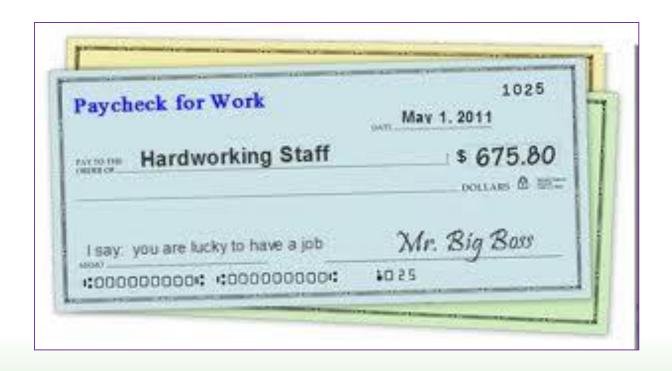




Be humane – breaks, gloves, time at one job, water, shade



Pay better to attract better people, and to keep the good ones around longer



Be Generous

- Food/produce
- housing
- meals
- off-farm education,
- on-farm training
- time off leave without pay
- Interest-free loans



Why should someone work harder and faster?

- 1. Because it's fun
- 2. Because it's expected
- 3. Because it's appreciated

People want these things:

Power/Authority
Money/Time Off
Appreciation/Respect

Trying to Keep Folks for Years?

How much more is a second year worker worth?

Double?

Then why not offer a minimum of a 20-30% raise?

For *Real Adults* to live on, what do they need?

Good Wage

Paid vacation,
Health insurance,
Sick leave



Get Your Mind Right

You can't expect employees to be you or to do the things you do for as long as you do them

It's up to you to set the stage for your employees to succeed

Folks want to do well.

Help them do well.

Have the right decision easy to make.

Make sure

1. Priorities are clear

2. Metrics are clear

3. Rhythm of communication is set and attended to

Be Clear About Expectations

"So.... what are you going to do?"

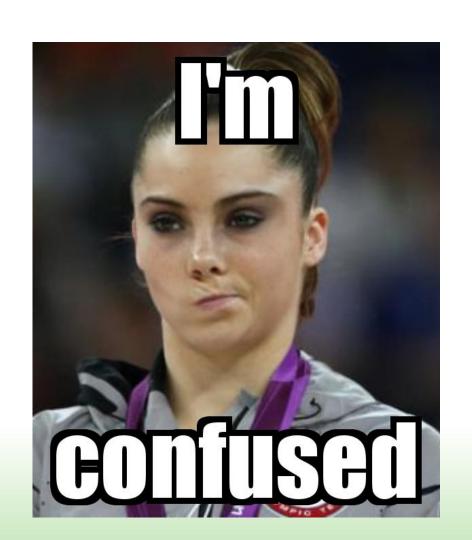


Earth Spring Task Ticket 2019 Date:	
Task:	Employee Section
Name:	Start Time:
Expected Hours:	Finish Time: Total Hours:
Section, Bed #	Cheat Sheet:
Description:	
	Initial When Totally Complete:
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Show them what success looks like EXACTLY



People dislike CHAOS Don't change the plan over and over again



Systems remove emotion from management

Let the systems run your business not your emotions

Let the systems run your business not your employees emotions

Train Your People

Write Up Your Standards of Operation





Teach them how your systems work

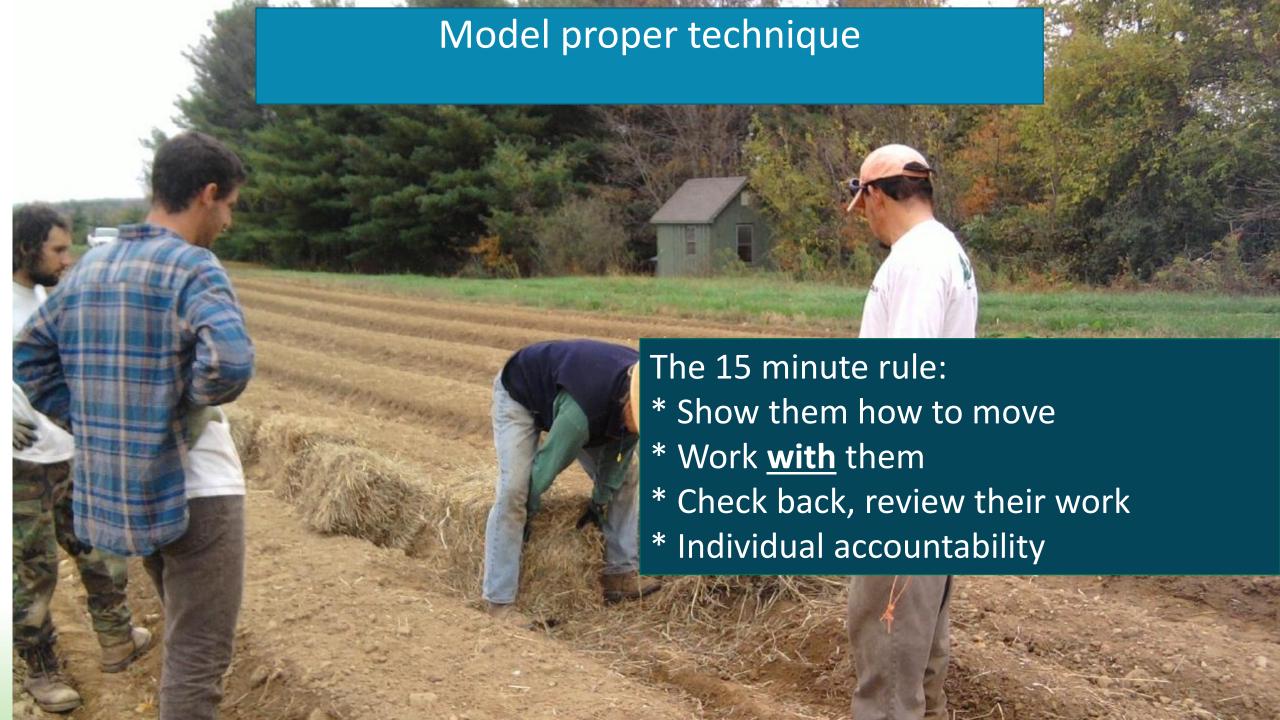




Teach them about how bodies work









It's up to you to set the stage for your employees to succeed

Folks want to do well.

Help them do well.

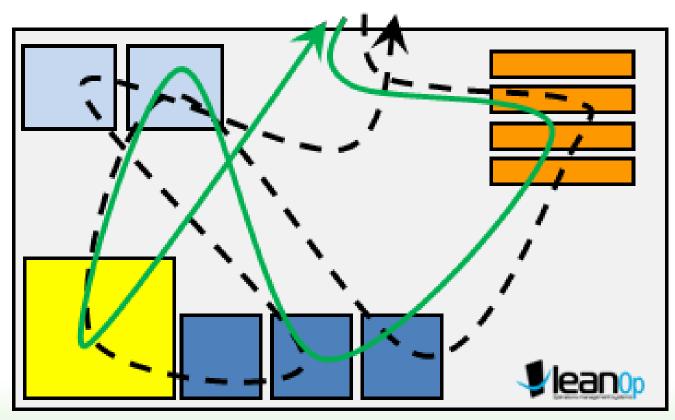
Have the right decision easy to make.

Don't waste time looking for things = Tools are ready to work





Examine Workflows Are folks inefficient because they have to go in circles to get the job done?



Lean Op @ 2012 Copyright



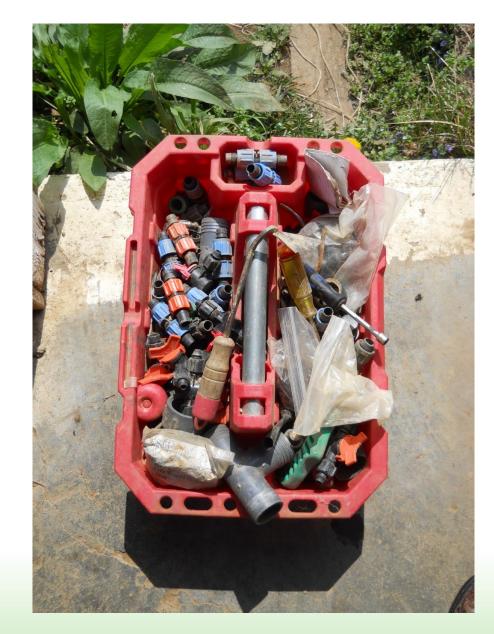
Tools and Supplies

- Have enough tools to go around
- Safety supplies



Organize, Organize, Organize





Rule making = cell phones, sitting on your butt, music





How do you communicate benchmarks or expectations to your employees?

Communicating benchmarks in an effective manner; motivation methods

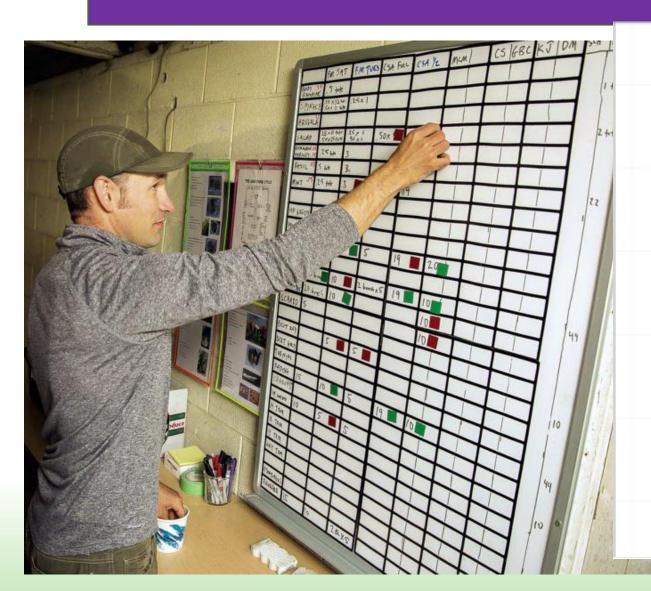
 Track progress from week to week throughout the season where employees can see it; that will provide a reinforcing feedback loop for your team

Why should they work faster? More efficiently?

Why should someone work harder and faster?

- 1. Because it's fun
- 2. Because it's expected
- 3. Because it's appreciated
- 4. Because that's what we do here

Methods of communication – white board, blog, text, email, phone, paper







Tuesday, October 15, 2019

In VIENNA we will meet at 9:30 but you can start when you want before that: Nina, Olivia Abdul

STAND: Olivia, Abdul, Nina

Tours: Hiu, Olivia

Unload pumpkins

Hoe/weed spinach in Well Rows (urgent)

Plant garlic

Set up CSA room

Handweed next lettuce mix bed

In LOUDOUN at 8:00: Cam, Foster, Simon (AM), Jess, Thea, Ciara. Susi will come later. Who would like to cook lunch?

Pick 3 crates MQ, 3 crates kale from beds in Diagonal in the way of garlic, 3 crates arugula from same place

Continue planting in tunnels (all are spaded)

Plant garlic (Jess is up to date)

Weed carrots (everyone has to do at least a half an hour apiece)

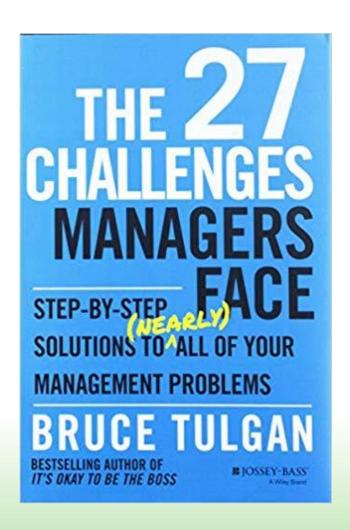
Water carrots (move irrigation gun) — Foster and Michael

Disk up Pond tomatoes — Michael

Management 101 by Bruce Tulgan

Effective communication means this:

- High-Structure
- High-Substance
- Ongoing
- One-on-One Meetings



What Does Lean say?



- Use a picture to show people what you want
- not a list or long prose

5S Clean out your arteries

5S Explanation

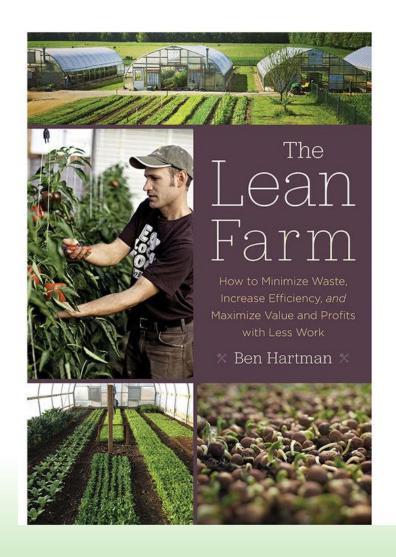


When in doubt, move it out – Red Tag technique

A place for everything and everything in its place

Clean and inspect or Inspect through cleaning

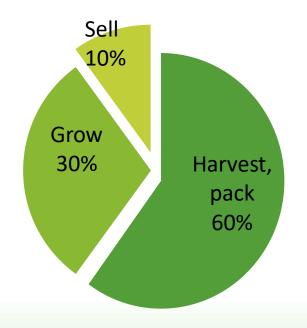
Make up the rules, follow and enforce them Part of daily work and it becomes a habit



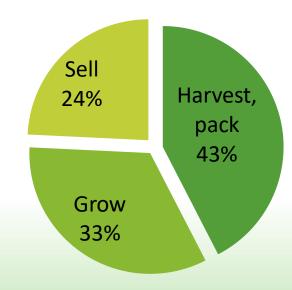


Just what are your people doing? Swag versus real data

Non-management Labor
Distribution on Successful Farms
from Midwest



Non-management Labor Distribution at PVF



Create and Maintain Systems: Little things add up

Streamline the harvest by being super organized and delegating the right person for the right task





Harvest tools and, how many bunches?



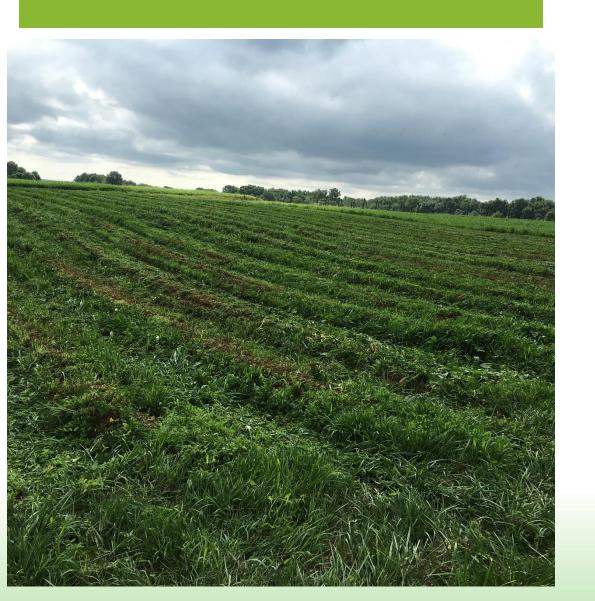




Is it your fault harvest takes so long?



Weeds get in the way





Yellow leaves get in the way: did you fertilize properly? Clean as you go





Benchmarks in Efficiency: Harvesting

Strawberries

Yield	¾ pint per row foot at 10,800 pints per acre (in a dry year)	
Value	\$2.50 per pint at \$27,000 per acre (in a dry year)	
Standards	Harvesting: 15 Quarts or 25 pints per person per hour @ approximately 400- 450 hrs per acre	
Tools needed	Black boxes with pint baskets & netting. Bowls to pick in are optional	

Ready to Harvest Indicators and Quality

- Berries are picked when they are light red and firm.
- Ripe berries are discarded as they do not hold up until time of delivery.
- Berries are free from blemishes or eating damage. Minor bulging due to tarnished plant bug is acceptable.

Harvest Procedures

- Each person takes one row of strawberries, picking into the bowl or directly into pint baskets.
- When the bowl is filled pour the berries into the pint containers in the small black
- Fill the nint containers until



Roxbury Farm Harvest Manual

Any improvement in wash/pack area should improve efficiency and gets you closer to food safety regs





Do you use benchmarks for labor on your farm?

If so how?

What Big Metrics do we have to measure success?

Wages as % of Gross Sales

Dollars generated per acre gross sales

Dollars generated per FTE (full time equivalent)

Labor hours per acre

CSA Farm Benchmarking Study

Compare Results to Benchmark

	% of Sales	Per Acre
Net Profit	13% - 15%	\$2,400 - \$2,600
Interest (overhead)	1% - 2%	\$300 - \$350
Rent (overhead)	2% - 3%	\$325 - \$375
Repairs (overhead)	5% - 6%	\$850 - \$1,000
Insurance (overhead)	1% - 2%	\$300 - \$350
Total Overhead	24% - 26%	\$3,900 - \$4,300
Gross Margin (after COGS)	40% - 42%	\$6,600 - \$6,900
Total Cost of Goods (COGS)	58% - 60%	\$9,500 - \$10,000
Hired Labor Expense (hybrid)	33% - 35%	\$6,200 - \$6,500
Crop Inputs (COGS)	15% - 17%	\$2,500 - \$2,700
Purchases for Resale (COGS)	7% - 9%	\$1,200 - \$1,600
Sales		\$18,000 - \$20,000





Data from UW Study of Small Vegetable & Market Farms

Farm Size Average Gross Sales per Acre	<3 acres		3 to 12 acres \$11,121		>12 acres \$10,810		PVF 10 acres \$36,700	
	9,000	28,000	7,059	15,262	6,712	16,687		
Average Labor hours per Acre	1,957		850		554		1365	
Range	592	3,021	349	1,870	166	729		
Net Cash Income per Acre (no owner pay included)	\$5,664		\$4,679		\$3,757		\$7100	
Range	-1,886	17,269	466	9,792	779	10,120		



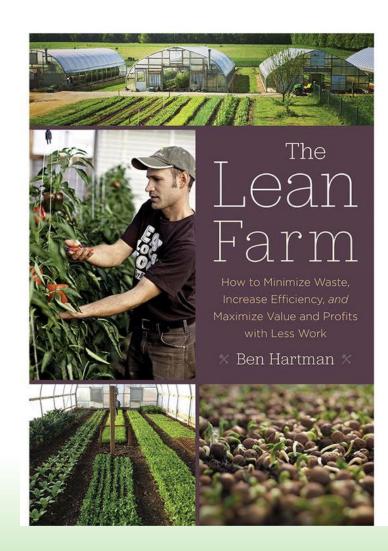


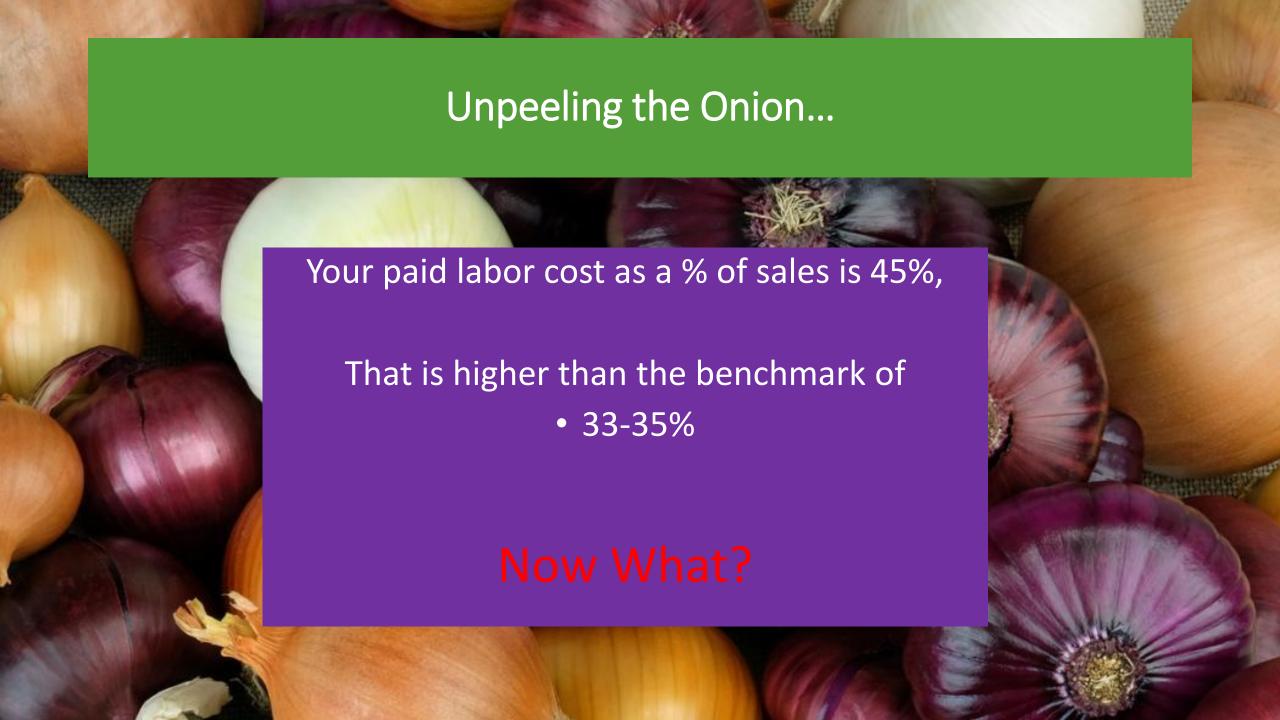
What Task Metrics do we have to measure success? Output Bench Marks

Minutes/Hours per task
Bunches, baskets, pounds per hour
\$ of product harvested per hour

Ben Hartman's Metrics

- Yield of \$2.50 per square foot or better
- •\$35 of veg per tote minimum (thus no winter squ or melon)
- Harvest activities to wash to cooler needs to be \$100 an hour of product handled (for washed crops this means that harvest per hour must be around \$125-150 worth of veg!!)
- Selling activities must gross \$100/hour minimum





What are possible reasons for high labor cost (as a percent of sales)?

Problem = High Labor as a % of Gross

Cost of Worker Equivalent

You are spending \$30,000 per FTE

Benchmark is \$30,500

Conclusion: this is not the problem

Problem = High Labor as a % of Gross

Hours worked per Acre

You now average 1350 hours per acre

The Benchmark is 1000-1300 hours

Conclusion = You are on the high side, can this be managed?

Problem = High Labor as a % of Gross

Sales per Worker Equivalent

Your workers generate \$50,000 of sales per FTE

The benchmark is \$75,000

Conclusion = Your labor \$ is not being converted to sales \$

What are possible reasons for < \$75,000 in sales per Full time equivalent worker?

Yield problem?

Sales problem?

Price/Crop problem?

Remedies for We're not Selling Enough?

Yield problem? Examine production practices, soils etc

Sales problem? Boost sales efficiencies

- Add value
- Change product mix
- Channel analysis, new channels?
- Train staff

Price/Crop problem?

- Increase price
- Stop growing stupid stuff

Do you track labor on your farms?

How?

Labor Tracking on Farm

•	By Activity (sales, production,
	pick/pack/wash)

• By Crop

Some combination thereof

NAME	
Week of	

Date	Production	Pick/Pack/Wash	Selling	Misc	Total Hours



Labor – Let's take our management role seriously!



- More acreage, more product, more profit?
- Camaraderie
- Quality of life
 - Time off during the week
 - Physical relief
 - Time away vacation



THANK YOU

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- @planttoprofit_farmerellen

