

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, as quoted in *The Breakthrough Company*

Farm business owners and operators have access to continuing education, exposure to new ideas and emerging issues, and opportunities to network through excellent programs such as The Executive Program for Agricultural Producers (TEPAP), the Top Producer Seminar, DTN’s Ag Summit, and the Farm Futures Business Management Summit. Peer advisory groups, however, address a critical missing step in the continuous management improvement process that is not readily available in these venues.

Peer groups can deal with issues related to implementation and follow-through, address problems and opportunities as they arise, and allow group members to investigate thoroughly how to effect change. Essentially, a peer advisory group serves as a reciprocal advisory board. It allows its members to have a team of advisers made up of top producers who are invested in achieving group goals without the fiduciary liability or governance authority associated with a corporate board.

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 eight to 10 top producers who are not direct competitors and do not have 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.

Most producer groups meet quarterly or semi-annually, although a few, such as AACREA (Argentine Association of Regional Consortia for Agricultural Experimentation), meet monthly. Much depends on the proximity of the members and the length of the meetings. The groups that meet less frequently usually have periodic conference calls between face-to-face meetings and password-protected websites for online interaction.

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

- 1.** In closely held businesses, management team members frequently view issues from the same vantage point, even if they don't think alike. Plus, some issues never get discussed because of potential risk and a desire to maintain harmony. This creates blind spots and limits 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 or implementation issues they haven't considered? 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 individuals' 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 day-to-day issues so members can look at the bigger picture.
- 5.** The support groups members offer is often as valuable as the ideas they gain. This may involve encouragement to try a new idea or see something through to completion. It can also help members break out of an old mindset or stay focused during stressful periods.
- 6.** When you are managing an independent, growing business, your friends and family may not understand the issues you face. 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. The 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; tests of new technology; and benchmarking of marketing, production, compensation programs, and financial information can multiply the availability and usefulness of information. Everyone, even the best, has weaknesses, comes up with suboptimal solutions, or runs into problems they're not sure how to solve. It's hard to get better if you don't know what the issues are or what successful people do differently.
- 9.** Peer groups provide an opportunity for needs-based training. A group of producers may decide they need training in some area of personnel management, succession planning, process improvement, financial analysis, options strategies, etc. The type of program they need might involve a time commitment of anywhere from 1 to 3 days, and the level of expertise they require in a presenter might involve charges of \$3,000 to \$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 eight to 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 can open up possibilities and issues that might not otherwise be considered.
- 10.** One of the biggest challenges many business owners face is that there is no one to answer to. There is no boss or supervisor looking over their shoulder to make sure they have followed through. There is no one pushing them to set higher goals and take action to attain those goals. A peer advisory group can provide the accountability needed to improve your business's performance.

The first prerequisite to a group's success is a commitment to openness, trust, confidentiality, and mutual respect for one another's ideas, opin-

ions, and suggestions, even if everyone doesn't agree with them. The real value occurs precisely because people don't see things the same way or think alike. It's often the things you don't want to hear that you need to hear most.

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A key issue in any business is to seek out and interact with the successful people in your industry. 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 inspire you. Unsuccessful people tend to be victims. Everything that goes wrong is someone else's fault. They are jealous of success, tradition-bound, can't see alternatives, and can 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 and don't contribute.

Groups need a procedure for removing members when there isn't the right fit or chemistry. Getting everyone's agreement up front is critical for amicable separations. There should also 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 and a common vision and values are critical. You won't really know until you start working together. 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 makeup of the group.

When starting out, many groups use personality inventory tests such as Myers-Briggs or the

DISC to gain a better understanding of and appreciation for individual differences, to improve communication and working relationships, and have more effective group interaction. Groups also need a clearly defined objective or purpose. In almost every case, the purpose will evolve as the group gains experience and develops the level of trust necessary for exploring issues that might originally have 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 is just as critical. The best facilitators can lead a group, keep everyone involved, and prevent one or two members from dominating the meetings. They work with members to set an agenda and keep the group on track during the meetings. They handle meeting arrangements, identify outside speakers, and prepare and analyze the data being benchmarked, whether it involves field trials, production numbers, marketing performance, or financial information.

In peer groups around the country, it appears that the more traditional the producer, the less

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likely he or she is to participate and stay involved. Those who are most likely to participate are the most progressive and business-minded.

The result is that the gap between average producers and top producers continues to widen even faster than it has in the

past. This accelerated learning curve fosters greater innovation and action to address problems or capitalize on more timely opportunities.

Although there are a number of successful producer peer groups in the United States, the concept hasn't picked up the momentum it needs, perhaps because of the fierce independence and the veil of secrecy that characterizes most farm and ranch businesses. In his presentations, family business consultant Don Jonovic often 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 nonagricultural family and other closely held businesses.

The “hermetically sealed” attitude doesn’t exist in agriculture everywhere. More than 200 AACREA peer groups made up of the top farmers in Argentina have flourished for over 50 years. A main concern about not taking advantage of participating in peer advisory groups is that the United States could 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 farms and average farms, and the increasing rate of change, the timeframe for addressing problems and capitalizing on opportunities is shrinking rapidly. Producers need to actively seek ways to be more proactive and less reactive.

The best managers recognize that, however well their business is doing, someone, somewhere has a better idea or way of doing things. In *The Fifth Discipline*, Arie De Geus, former coordinator of group planning with Royal Dutch/Shell said, “The ability to learn faster than your competitors may be the only sustainable competitive advantage.”

Over time, it will be tremendously beneficial to create a clearinghouse to allow groups to connect with and query other groups. To learn more, read Kayla Doerr’s paper “Peer Advisory Groups in Agriculture: A Resource Guide” at <http://aapex.tamu.edu> and *Farm Journal’s* new Top Producer Executive Network (TPEN) at http://www.agweb.com/tpen/what_is_top_producer_executive_network.aspx.

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