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Management Strategies of Successful  
Brookings County Producers

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Management Strategies of Successful

Brookings County Producers

In the profession of farm management, success in farming is recognized as being intertwined with profitable farm management, achievement of established goals, and maintenance of a standard of family living. Prior studies examining the management strategies of successful farming operations have used definitions of success that range from achieving personal goals, to farm survival or growth of the operation, to some financial measure of success such as accumulated wealth or annual profitability (Sonka). Most prior studies have set the definition of success and then examined management strategies of farm operations that seemed to be major factors in achieving this measure.

There is a known interdependence among the identified aspects of "successful" farming. Therefore studies concentrating on a particular aspect are of only limited value to today's producers. This interdependence was evidenced by the

incorporation of the farm family in financial management programming that was initiated during the agricultural crisis of the middle 1980's. Educators and extension personnel realized the successful farming included more than just the business of profitable production.

The need was recognized, and with the assistance of federal special project funds, financial management programs were in essence delivered on a one to one basis. To be consistent with this recognition that each farm operation is as individual as the operator himself, the need existed to approach the concept of "successful" management from the viewpoint of the individual operator. An operator could only be classified as successful if he was able to achieve the objectives and goals that he set forth for his operation. If those objectives differed from the management objective as defined in prior studies, then the conclusions of prior studies would not provide the proper guidelines for management strategies that achieve success on today's farm operations. Thus, this study was conducted to first determine what definition of success actual producers were using and then to examine their management strategies used to achieve this "success".

This study was conducted during the summer of 1988 to gather information on the current management strategies being implemented on "successful" farms. The initial objective of the study was to examine farm level definitions of success including, but not limited to, family life, goal orientation and financial measures. Management strategies and their implementation processes was to be examined on a whole farm as well as individual enterprise basis. An objective of the study was to follow the decision making process of an individual producer through a complete season or cycle.

The study observed "on-farm" situations of several successful family farm operations. The family farm as defined for the purpose of this study included agricultural businesses that are primarily managed and majority of the work performed by the family. Information was gathered from the family through interviews on family history, resources, management of the farm and a questionnaire designed to understand the operator's goals, concept of success and information processing. A broad outline of topics to be explored was developed for use with each farm with the intent to tailor to each farm after the initial visit. Information was to be obtained through personal visits to each farm scheduled 2 weeks apart and lasting 2-3 hours, for a total of 14-21 contact hours per operation.

Research Procedure:

The research procedure was conducted on the farm in a researcher-to-producer (or family) basis to achieve the one to one contact. It was felt that the personal interview would allow for honesty in the questioning and provide the producer an opportunity to give not only his feeling of "success", but also to relate "success" to the researcher through on-farm achievements. A telephone or mail-out survey cannot truly measure a person's vision of "success", whereby personal interviews provide insight to the operator's viewpoint.

A study was conducted over the three month summer period, allowing for six visits per operation. Therefore, only seven producers could be included in the study. With a small sample size the study was not intended to be statistically definitive, but was conducted to gain insight to the validity of prior studies and provide a foundation for future research.

To aid in sample identification the county extension agent was contacted to solicit help in obtaining names of producers he felt would be willing to participate. Once the list of participants was obtained an introductory letter outlining the

study and an invitation to participate were mailed. The definition of success was not defined when we began the project, but those helping to identify producers to participate felt comfortable defining success in terms of income. This defined the population of successful producers to be those who were not perceived as currently experiencing financial stress or those in the middle income level for this area. Operations in the upper income level were excluded from consideration so that financial measures would not overemphasized other factors of "success"; these upper income producers were not thought to be representative of the general farm population. No boundaries were set on income level either upper or lower but were left to the extension agent to define.

The operations selected for this study were all located in Brookings County, South Dakota. Brookings county producers are familiar with the university and researchers are familiar with the area. By using Brookings county as the area of study it was possible to limit the geographic base but remain within a recognized boundary. Brookings county was able to provide a cross-section of producers that was felt to be generally representative of agricultural producers.

The operations chosen for this study ranged in size from two to seven quarters with a variety of types of crop and livestock enterprises and tillage practices. All of types business structures were represented; sole proprietor, partnership, father-son, and family corporation. The sample included a unit recovering from bankruptcy to a unit near the upper income limit set for identification in the study. While the sample was not randomly selected, it was chosen to be representative of producers in Brookings county, SD.

Data Collection Procedure:

Data was collected over a series of visits with the first visit designed to further explain the study and initiate a working relationship between researcher and farm family. Farm visits were built around a flexible schedule giving the producers a chance to reschedule as the farm demands increased. This was especially critical during harvesting of hay, small grains and an early harvest of the large grains.

At the initial visit the history of the farm and family, including as many generations as the operator could recall, and changes that have occurred both on and off the farm were discussed. Farm history was thought to be an important variable

to the operator's perception of success as measured by the continuity of the family's association with the farm. The primary purpose was to get acquainted with the farm family. The secondary purpose was to help the researcher identify past goals, family life, relationships and outside factors that have influenced the family.

During the second visit the farm was toured and current resources inventoried. The farm tour included first hand observation of each enterprise currently in the production process and allowed the producer to familiarize the researcher with his production process. This included a field tour of the land and buildings. An inventory was taken of livestock, feed on hand and grain in storage to gain an understanding of available resources and management processes. The tour offered a chance to observe innovative ideas, animals, and a chance for the producer to "show-off" those parts of the farm he was especially proud of. This provided an insight into those areas producers felt they were especially successful in.

In the third through fifth visits, individual enterprises were examined to observe the management process. With crops this began in the planning or goal setting stage and ended with marketing the finished product. Livestock was analyzed through

one enterprise business cycle for breeding or milking stock and from feeder to finished animals in the case of market animals. These visits provided an opportunity to observe the decision making process and management techniques used through the season. This year gave a prime opportunity to observe changes in primary plans due to the drought.

On the final visit time was allotted to observe record keeping and a final questionnaire was completed to gain an understanding of the type and extent of information used in management decisions. During this visit the researcher questioned methods of record keeping and what prompted the producer to use his system. The final questionnaire was designed to conclude the research project, give the researcher an idea of information processing and the producers concept of success.

#### Study Findings:

While not statistically definitive some general observations were evidenced by this study. These findings will be discussed, first as a general overview of success, and then by the major factors contributing to the operators definition of success.

Success:

Success for both the researcher and for the farm family seemed to be a difficult word to define. Success had different meanings to different operators necessitating them to be considered on an individual basis and supporting the need for this study. Several producers felt success meant having the ability to hold onto the farm for one more year. Each farm could relate to a neighbor that had to sell his farm to pay debts and so, to them, success meant holding on to the farm. In most cases, "family" success and "farm" success, while intertwined, could be identified separately. One producer felt that they were inseparable but noticed that success in one resulted at the cost of the other; time spent on making his farm successful meant spending time away from the family, or vice versa.

Success was also defined in terms of capital, assets and profitability. Being able to keep up with the latest technology and equipment was felt by one producer as necessary to be successful. Success to another meant using his available resources to construct needed equipment in lieu of purchasing. Most agreed that if they were able to show a profit in their operation they were successful. One operator felt that if he

could progress financially while maintaining the family living, he was successful. Definitions of financial success included making enough of a profit to sustain a consistent income level for some, while for others it meant not going further into debt.

Success was also defined in terms of the family, the producer and the community of neighbors. For one producer it meant not having to worry, feeling good about himself and enjoying what he was doing. All of the producers defined their success to some extent in terms of their families' happiness. One felt that if his family was healthy and able to contribute to the farm operation he was successful. One farm producer related success to his relationship with his neighbor. To him it was important to be able to help meet the needs of the rural neighborhood around his farm.

In all cases success was measured more as a feeling of well-being than as something that could be measured in dollar amounts. A primary finding of the study was that a farm operator's perception of success changed over the course of their life cycle. For the young couple with no children, just beginning their operation, success was defined more in monetary terms than in family terms. As the family had children, success was defined in terms of family and less emphasis on the operation. As the

family progressed to the later years, success was defined to include both the family and profit in a more equal distribution. All of the farms considered in the study felt that they were either successful or were becoming successful. No conclusive link was established between success and management strategies as each operator had specific management strategies that he needed to do to achieve his definition of success.

Business Objectives:

Business objectives and goal orientation were factors that each farm showed individually through their operation but could not produce any evidence of in a written form. One producer said that the historic goals of the farm had been to expand the farm and to erect enough buildings to support the animals or machinery on the farm. Since that goal had been met, the only goal he could now identify was making it from planting to harvest without any problems.

One producer, operating the largest farm, felt his goal was to maintain a level of simplicity within their operation. In every change that was considered it would have to meet the goal of simplicity, even before other factors would be considered. For

this producer success was tied with family time and he would not jeopardize his time with the family by implementing a complicated operating procedure.

One producer said that his goal was to get a better hold on his farm's future. He felt that with government involvement and the farm's dependence on credit capital, he had lost a certain amount of control over his operation. Meeting his goal of obtaining more control would generate a feeling of success.

All producers could relate short-term goals which included planting, harvesting and marketing. While these short term goals were not written down most producers could indicate plans for attaining those goals. One producer felt that long term goals were senseless since he wasn't sure if the farm would be here long enough for him to see any progress. Thus, short term goal achievement was success.

#### Family Life:

Considering the history of each farm family, little has changed over the course of the years. Each unit placed a strong importance on family life, however admitted that the increasing demands of the farm have often taken away from the amount of time

spent as a family. One producer said he could see himself becoming much like his father as he grows older; his father believed that the farm came first above everything else and thus has developed no other interests except in the welfare of the farm. When his father retired and turned the farm over to him, his father still came out to help with the farm. The producer would like to spend more time with his family and less time on the farm but because of his fathers involvement, he finds it hard to relax. Thus the feeling of success, or lack thereof, on this operation was directly influenced by the ability to spend time with his family and away from the operation.

To other producers the family came above the farm, however they found it hard to meet the family material needs if they cut back on production. For these producers it is a give and take situation; one comes at the expense of the other. The "successful" solution for one of these families was a part-time job for the spouse which afforded family living needs, while allowing time away from the operation.

For half of the families in this study, the children participated in the chores around the farm. On some of the units their participation was expected but they were excused from chores for participation in a school function or 4-H. All of the

producers who had children of 4-H age said their children were encouraged to participate. Most felt a sense of pride in both their children and animals when they participated in the show-ring. For one producer showing animals has now carried over to open shows where the family shares an interest. During the on-farm visits the children were not excluded from the conversation but felt that they were not a part of the management of the business. In two of the units the operations were either father-son or partnerships and the working relationships seemed to be good. Success on these operations was directly tied to spending time with children and family activities.

Problems seemed to arise when more than one generation was involved in the management of the operation. When offspring began taking over the operation and the elder operator still resided on the farm, the differences in their definition of success caused conflicts within the operation. Therefore, conflicts in management would also be present.

Spouses seemed to participate to some degree on or off the farm to the benefit of the family. In three cases the spouses had either full or part-time employment off the farm. In all but one case the spouses had some input into the operation of the unit and in two cases were a necessity to the smooth, physical

operation of the farm. It appears that they do communicate about problems and have divided some of the decision making processes to relieve some of the pressures. Thus, the role of the spouse should not be discounted when discussing successful farm operations.

Conclusion:

As hypothesized, there is no single definition of success that could relate to the family farm. There were, however, certain aspects of success that were identified for all farm families.

The "income" definition of success seemed to play a minor role in the successful operation of the family farm. Profitability played a role in meeting debts for the young farm family but was replaced with "family-defined" success as their family grew. In later years, with a look toward retirement, the operator's definition of success included both family and income contributions.

Family life seemed to weigh a greater importance in the farm families definition of success than credited in prior studies. Success strongly meant raising a happy, healthy family and providing them with emotional security. With the increasing shift toward technology, larger farm size and increased debt levels greater demands are placed on the producer and influence time with his family. Thus management strategies for future success will have to provide an income base and time for family.

Business organization did not seem to influence the families definition of success. The corporate farm shared many of the same views of success as did the sole proprietorship. Success could be at conflict on those units that were father-son or partnership where there was a "generation gap" among managers.

Some of the producers could relate their concept of success to the attainment of short-term goals. Each felt that success was holding on to their farm for one more season. Long -term goals could not be readily identified in producers plan for success.

This is not a definitive study but has laid the foundation for future research. Care and concern to these issues should be noted by those persons conducting agricultural instructional programs when consulting farm families about becoming more

successful. Family orientation, goals and degree to which success is defined all play a role in a successful family farming operation.

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