

SIDE paper – Better Productivity through Investing in your People

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Introduction:

Increasingly there is a drive to improve farm productivity by focusing on improving people processes and management. People impact all areas of the farm system, so focusing on improving how we manage our people helps to improve how we operate in all areas of the farm system. The approach Dairy Holdings Ltd has taken to assessing and improving the performance of their people on farm has been the introduction of a people assessment process. This workshop outlines their story.

Dairy Holdings – Investing in their People

Dairy Holdings commenced operations in June 2001 following the purchase of the major Canterbury and North Otago dairy properties from the corporate farming entities Tasman Agriculture Limited and Dairy Brands Limited. Initially operating 30 dairy farms and one grazing block, the Company has grown rapidly over the subsequent years and today produces approximately 14 million kilograms of milk solids from 43,000 cows on 58 dairy farms throughout the South Island. While the farms are spread from Murchison to Winton, most of the operations are concentrated under irrigation in Canterbury and Waitaki. In addition to the dairy farms the Company also operates 15 support blocks that graze all 7,200 heifer replacements, carry 1,400 service bulls and provide winter grazing to 22,500 cows.

The growth and scale of the Dairy Holdings operations has meant the Company has always had strong systems, and been very focused on repeatable and profitable business model. Enabling better operators to be attracted, retained and then progressed within the business has been fundamental to the adoption of a variety of managed, contract milking, variable order and 50/50 sharemilking structures. However, the Company recognised at an early stage that strong systems and a focus on pasture management, weren't, on their own sufficient to deliver repeatable performance – the organisation's culture had to also live and breathe this ethos.

Dairy Holdings first looked at using an assessment process to evaluate the company people management performance in 2005. They joined QFENZ (Quality Farm Employers NZ) who were an independent provider of 'on farm' assessment of people systems.

The first round of assessments resulted in some robust feedback, which identified that although Dairy Holdings was good at planning and had some good systems in place, they needed to be better at giving quality feedback to their people. What surprised Dairy Holdings was how important it was to all staff that they received formal feedback.

Other surprises included how much impact Head Office had on the culture of the organisation. That people really do 'see what you do' rather than 'listen to what you say', that integrity needs to be built through the entire organisation starting at the top. Examples of things that were highlighted included;

- Filtering of communication – each layer within the organisation putting a different spin on information
- Different expectations on what having a performance appraisal might mean – casual chat or formal process...
- Information in the organisation only going one way
- People adopting things differently because they are hearing different things in the message
- Assumptions being made about the skills people at all levels had or didn't have and how they would use these skills

In 2008 QFENZ was pulled from the market. Dairy Holdings had a choice to make, move to an internal HR function or find another third party to continue to assess the business. They had recognised the importance that HR played and they didn't want to lose that focus, they felt one of the risks of having an internal HR function would be the responsibility for the people stuff would move away from the farm operators and supervisors. They had become so committed to the process and the value they had been getting from having a third party critique of their people systems they went looking for a replacement for QFENZ.

As Investors in People (IIP) had initially been involved with setting up QFENZ, Dairy Holdings felt they were likely to be a good fit. Investors in People – Agribusiness was developed with Dairy Holdings input, adding indicators for – Employment Compliance and Resource Management.

As well as reviewing the people systems on farm, IIP focuses on what outcomes are being achieved. For Dairy Holdings working with IIP has put more focus on training, both on and off farm. Job descriptions, orientation processes and performance appraisal processes have been reviewed and revamped across the organisation. Having the same assessors review the business components over the last three seasons has meant that IIP has been able to deliver a consistent approach to assessing and reassessing the farm businesses.

Dairy Holdings has been able to identify what is and isn't working in the business and focus effort on solving the problems. They know "what good looks like". The process has also highlighted that there are three types of operator managing the farms;

1. Those that adopt the systems and perform well,
2. Those that don't adopt the systems but still perform well because of the person driving the business (often smaller operations)
3. Those that just aren't performing at all

In the process of getting operators up to category 1, Dairy Holdings has found itself developing a culture that grows the skills of people throughout the business. The business is bigger than just one person, so capability at all levels is essential. Farms will struggle to perform if they don't focus on growing and developing the skills of all of the people in the business. This has also helped to ensure commitment to the process from the Sharemilkers, they are recognising that sorting the people stuff is their ticket to growing their own businesses. They were only ever going to be as good as the 2IC and team they had working for them.

Other benefits have included new or improved links to other organisations that support the people processes. Examples include; the introduction of a Drug and Alcohol Policy (InStep) and closer relationships with AgITO to grow and develop competency in the staff.

What is the *Investors in People* Standard?

The Investors in People standard is an internationally recognised mark of good practice that focuses on how well an employer creates an environment to support and develop its people. It is very much a pragmatic approach that ensures people understand their role and the impact this has on the performance of the business.

The Standard uses the quality cycle of **Plan, Do & Review** to ensure all systems and processes deliver quality outcomes for the business. It is not a tick box process and does not support doing things for the sake of doing things! It uses simple language and provides recommendations to improve performance when appropriate.

On meeting all the requirements, or 12 Indicators, of the Standard a business is then awarded the accreditation as an *Investor in People*. This accreditation is held by over 50,000 organisations worldwide and is used by businesses as a point of difference to attract and retain the best people. The same principles apply on farm as they do in any sector that employs people and relies on them to deliver at a high level.

It is a requirement of Investors in People that all accredited organisations have regular reviews or re-recognition assessments, to ensure that a culture of continuous improvement is maintained.

The Investors in People Standard has been modified slightly to recognise the particular needs of an agribusiness, and in particular for the dairy sector Indicators 11 and 12 have been added to the core 10 Indicators. The assessor visits a farm, interviews people and gathers evidence to support the meeting or not meeting of the 12 Indicators of the Standard. A report is then written which outlines the findings from that assessment. Where appropriate, recommendations will be provided to guide the farm on actions required to meet any Indicator not met. This section becomes the reference point to create an action plan and implement initiatives to close the gap identified.

Summary:

Dairy Holdings have really bought into the continuous improvement focus that is the heart of the IIP framework. Annual action plans (part of the IIP reporting process) keep farms and supervisors focused on the areas that need improving. Farms that continue to fall short are coming under more scrutiny and managers at all levels are being held accountable for farm performance.

Ultimately it is about having everyone involved in the Dairy Holding business committed to their roles, the farm and business performance. Know and understanding what must happen and being able to fully contribute to making it happen. Quality, skilled, valued people are the future of the business and the industry. The IIP process is helping to guide Dairy Holdings in the achievement of this.

For More Information:

www.iipnz.co.nz