



Connecticut Farm Risk Management and Crop Insurance Program

Managing Human Resources Risk

INTRODUCTION

PEOPLE ARE A SIGNIFICANT SOURCE OF RISK TO THE STABILITY AND SUCCESS OF ANY BUSINESS, ESPECIALLY YOUR FARM. HUMAN RESOURCES RISK INCLUDES THE FOUR D'S, WHICH ARE DIVORCE, DISABILITY, DEATH AND DISAGREEMENT. SMALL FARMS ARE ESPECIALLY SENSITIVE TO THESE FACTORS BECAUSE THEY RELY HEAVILY UPON THE FAMILY AS THE WORKFORCE. ANOTHER IMPORTANT ASPECT OF HUMAN RESOURCES RISK IS THE WAY THAT PEOPLE ARE MANAGED ON THE FARM. THIS IS NOT ONLY LIMITED TO NON FAMILY LABOR; IT ALSO RELATES TO YOUR FAMILY AS WELL. WAYS TO REDUCE THIS TYPE OF RISK RELY ON YOUR ABILITY TO COMMUNICATE PROPERLY WHETHER VERBALLY OR IN WRITTEN DOCUMENTATION.

The Four D's

The impacts of divorce, disability, death and disagreement can be devastating on your farming operation. While the effects of death and divorce are obvious, a disability—even short term—leaves the farm without a vital member of the team. During your recovery period, you need the security of knowing the business can continue until you can return to work. Furthermore, family businesses are particularly vulnerable to the impacts of disagreements. The break up of a family farm partnership can have both financial and personal consequences that are have lasting effects.

Estate Planning

Estate planning is the process of planning for what will happen to your farm when you can no longer run it. It does not simply address what will happen after you are gone; it also deals with what happens while you are still here. When do you want to start turning the farm over to the next generation? How do you want to do it? Do you have a will that encompasses all aspects of the farm? Should you set up a trust? These are all questions that carry and deal with risk. Answering these questions properly, carefully, and with a professional reduces the risks associated with what will happen to your farm after you are gone.

Finding Labor

Connecticut poses an added element to human resources risk, which is a shortage of available labor.

Many farms have been prevented from expanding because there simply is not a substantial labor force willing to work on a farm.

Sometimes it is easier to refrain from hiring outside labor, but if you really do need additional help, be creative in your search for potential employees. If you have children who are of legal working age, you may want to consider offering their friends part-time or temporary employment. There are legal restrictions limiting the types of jobs a person of a certain age is allowed to perform, so consult a professional before you start handing out assignments. If possible, you might opt for hiring migrant workers. Furthermore, you may want to advertise employment opportunities within your community.

Hiring Labor

Another issue is finding individuals that are qualified for the job as well as compatible with your management style. During the hiring process you need to pay attention to your candidate and ask necessary questions that will allow you to decide if this person will meet your needs.

There needs to be a thorough orientation and training program established. Regardless of whether the candidate has had years of experience in the agriculture industry or is just starting in the field, they have not likely had any experience on your farm. Work instructions and performance expectations must be

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clearly stated. You also need to listen to your employees and keep open lines of communication both in the interview process and thereafter. It is important to immediately foster a trusting relationship with your employee.

Managing Labor

It is equally difficult to find good employees as it is to keep good employees. Trying to run a farm with an inadequate or poorly trained labor force increases risk in several ways, including delayed field operations, compromised safety, and deteriorated customer service.

Joanna Green of Cornell University discusses "participatory management" as the new way that managers are working with their employees. This method, which encourages team work, requires everyone to be involved in the goal setting and decision making processes. Employees will have an increased sense of responsibility and accountability.

In "Managing People Risks," Green developed two outlines, located below, that are designed to help farm owners hire and manage their employees.

The process of hiring new employees should include:

- Analyzing the job and writing a thorough job description
- Recruiting and selecting the right person for the job
- Orienting the new employee to the farm business and how their job fits in
- Providing step-by-step training and regular feedback as they learn their job

Managing people more effectively includes:

- Building your team by involving all the players in planning and decision-making
- Maintaining open communications
- Continuously communicating the farm vision, mission and core values, and clearly articulating business policies
- Establishing clear expectations for employee performance, and enabling everyone to know when individuals and the business are succeeding
- Providing ongoing training and education
- Evaluating employee performance and providing helpful feedback
- Compensating employees adequately and fairly

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