

# Total Quality And The Dairy Farm Business Organization

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**First, Improve the Quality of Management.**

**Second, Improve the Management of Quality.**

Management is the key to the successful operation of any business. In agriculture we have viewed management as a generic term describing essentially anything dealing with the successful operation of a farm business. We have failed to give the term definition and rigor. The result is that management itself has not been a subject of study or improvement for the dairy industry and has become an almost mystical term we use to explain why some farms have higher productivity and/or profitability. In contrast, other sectors of the economy, clearly identify management separate from their production technology and seek to improve it. Current thinking in management concerns itself with "Total Quality Management." In this paper Quality Management is viewed as the key for improving and operating a dairy farm business organization.

In this paper we will first explore management and the concepts of total quality management. Then the application of quality management to the dairy farm organization will be examined concluding with a discussion of delegation as a means for decentralizing our dairy organizations in order to improve effectiveness and implementation of quality management.

## Management

"Management is Determining what must be done and achieving results through the efforts of oneself and other people. Management is planning, organizing, staffing, directing, and controlling the business resources toward the accomplishment of established goals."

## The Five Management Functions

The five functions of planning, organizing, staffing, directing, and controlling are outlined in the management wheel (Figure 1). Each are described in more detail in the following definitions:

- Planning is the ongoing process of developing the farm business' mission, objectives, goals and detailed tactics which will clearly focus activities toward the most productive and rewarding ends. Planning also involves the process of problem solving which includes decision making.

- Organizing is establishing an internal framework for the farm business. This structure clearly defines the roles and activities required of people in order to meet the objectives of the farm business. The manager must decide the positions to be filled and the duties, responsibilities, and authority attached to each one. Organizing also includes the coordination of efforts among people and enterprises.

- Staffing is recruiting, hiring, training, evaluating, and compensating oneself and other people. This includes finding the right person for each job and keeping manned the positions required

by the organizational framework.

- Directing is leading, coaching, delegating and motivating people. Directing involves communicating with people to develop and improve the environment in which people enthusiastically carry out their roles in the organization.

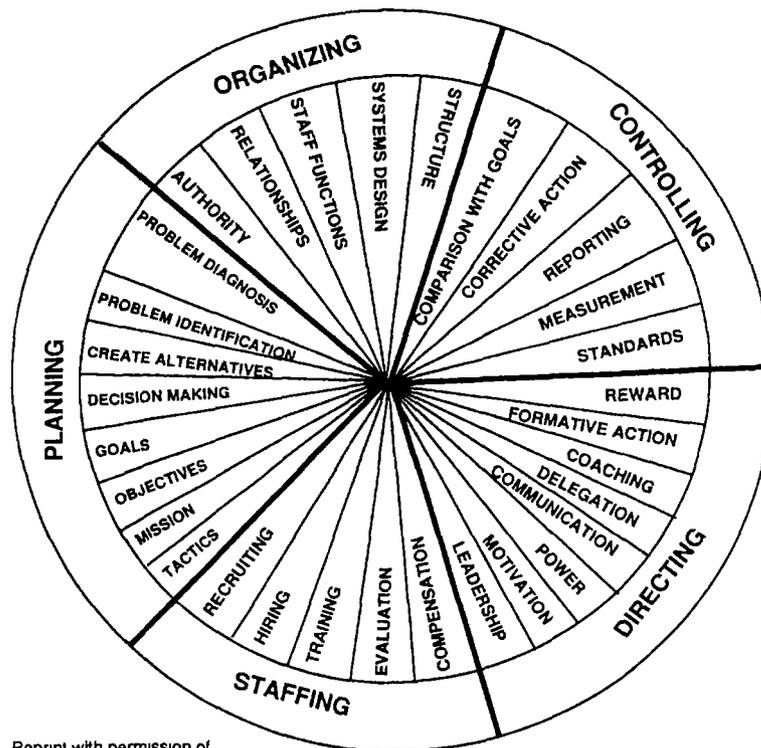
- Controlling is measuring and reporting actual performance against set standards and taking appropriate corrective actions when events are not conforming to plans.

All of the activities of management can be analyzed as a part of one of these basic functions. All management challenges can be diagnosed as having a root management cause in one of these functions. Each pie shaped slice in the following figure is a smaller component of the basic five functions.

### Total Quality Management

The concept and practice of Total Quality management which was introduced to Japan after World War II by Professor Demming of the United States has made Japan an economic success. These same principals and practices are sweeping and reforming industry in the united states. Congress has established the Bauldrige award for quality and you can see the quality emphasis of many companies even being put into their slogans for example "Quality is Job One". We in agriculture can benefit from this orientation as well. Quality forage, quality milk, quality young stock, quality organizations can all be achieved through the principals and practices of total quality management. The basic concepts of quality management are reflected in the following graphic.

### FUNCTIONS OF THE FARM MANAGER



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Total quality management is focused on several ideas reflected in the definitions that follow. Quality management requires that we look at the farm in a different way and take on a customer orientation rather than a producer orientation. If we think of each activity on the farm, like haying as a process and each product, like forage as an output being produced for a customer, like the herd manager than this will make some sense. Following this example, a customer might be the herd manager the process may be producing forage, the supplier may be a crop manager. The herdsman takes forage as an input for his customer the cow. The idea is that every activity on the farm should be aimed at giving a customer the highest quality products and exceeding their expectations for service. Total Quality is based on making continuous improvement through a team effort. Even if there is only one person doing all the work the principals are the same.

**Total Quality:** The continuous improvement of processes in response to internal and external customer needs through the total involvement of people.

**Customers:** The individuals who receive outputs from suppliers (receivers)

**Suppliers:** The individuals who provide inputs such as information (senders) of inputs for a process.

**Process:** The activities that individuals and teams engage in to convert inputs to outputs.

**Inputs:** Materials, energy, information or other measurable tangibles which, through a process, are converted to outputs.

**Outputs:** The results of a process, Outputs are tangible and measurable.

As we begin to successfully understand our role as serving the needs of customers than we begin to listen to their needs so we can serve them better. The dairy of tomorrow is already listening to the consumers interest in not only the direct products of production such as milk and cheese but the by-products of production such as concentrated nitrogen and reduced ground water. These non-market issues of sustainable agriculture will continue to challenge and make complex the objectives of the farm organization. This fact makes it even more critical that our organizations be effective and smooth running so we can meet these ongoing challenges.

### **Dairy Farm Business Organizational Development**

Perhaps the most significant change as farm businesses become larger is the increasing organizational and managerial complexity of the business. Two specific changes are the increasing size of the management staff on particularly large farm businesses and the increasing proportion of time managers spend managing. Farm businesses with two levels of management (managers under the supervision of managers), which were almost nonexistent not too many years ago, are fairly common today.

Like managers, organizations grow and develop over time and problems often arise when the organization and the manager are "out of sync" with one another. Farm managers often find it easier to think of changing something physical or technical than to think of changing their organization or management practices. Good managers must, however, constantly examine their own performance as manager and the appropriateness of their organization in meeting the challenges of

the day.

### **Organizational Structure**

Organizational structure is how the business is organized to perform the function of the business. Most farm businesses progress from the informal family patriarchy to a fully developed, functionally specialized, and decentralized team structure. The type of structure employed on a farm is a function of management philosophy, the ability and availability of middle management and the size of the organization. Structure in its highest form becomes a tool in the hands of the manager to influence all other aspects of the business, employee performance, and productivity.

In this section we consider several principals key to developing an effective organizational structure, we delineate the conditions necessary for effective business operation, and we consider the alternative organizational structures.

### **Principals of Organizational Structure**

While no farms organizations are exactly alike, there are certain fundamental characteristics common to all and, therefore, some basic procedures which, when adhered to, can help insure total organizational effectiveness. The following list of principles is not complete, but it does represent some of the more important factors which must be given consideration when structuring the farm organization for success.

**Principle of Objectives:** Prerequisite to the starting of any organization or to carrying on any activity is a clear and complete statement of the objectives in view. Only after this can the operation be built and molded to foster the attainment of those objectives with the least amount of effort and cost. Objectives can also serve to give the farm a sense of direction and purpose on a continuing basis. Conversely, without objectives there is a greater possibility that the farm will drift and not respond adequately to its environment. This critical principal requires that the manager exercise leadership and planning to convey clearly the vision of the farm to all members of the team.

**Principle of Coordination:** The organizational framework on the farm must provide for the integration and blending of both human and technical resources. Coordination results when the systems and procedures which are established facilitate the accomplishment of results and when each unit of the organization thoroughly understands the role and the function of every other unit. Another aspect of coordination concerns the establishment of effective channels of communication as well as the creation of a total team climate. A customer orientation facilitates this coordination.

**Principle of Parity of Authority, Responsibility, and Accountability:** When an individual is held responsible for a task, he must also be given the authority necessary to perform it. If the assigned responsibility is greater than the authority which is granted, then responsibility will tend to shrink within the limits of the authority. If the opposite is true, that is, more authority is granted than is needed to meet a given responsibility, then there will be a tendency for responsibility to expand. In any case, accountability can only be expected within the limits of the authority extended.

**Principle of Unity of Command:** Each employee should be held accountable and answerable to only one supervisor. If an employee is receiving directions from more than one supervisor, there is a strong possibility that confusion will arise. This is particularly true when what he is being told is not the same. He will find himself stuck in the middle. The result is usually either halfway action

or no action at all.

**Principle of Delegation:** The need for organization arises when one man cannot do a job alone. Thus, other people are employed and some type of organizational structure appears. If, however, the people who are brought in are to make a meaningful contribution and be productive, then true managerial delegation must take place. Delegation is the process by which a manager assigns responsibility, grants authority, and creates accountability. Without delegation, the manager will defeat his own purpose of bringing others into the operation. He will end up doing everything himself.

These principles are not presented as hard and fast rules which always reflect the reality of organizational life. They do, however, present the manager with some fundamental guidelines which are of value when analyzing how effectively the organization is functioning on a day-to-day basis. Farm operations run most efficiently and people integrate their efforts best when the following conditions are present:

- When each person is aware of the overall objectives of the farm and the specific goals supporting each objective.
- When each person has played an active role in determining what the objectives are, or at a minimum, in planning how they can best be achieved. When each person is thoroughly briefed on the role and function of other members of the team and has a clear understanding of the purpose or rationale behind the various functions.
- When a method is built into the organization structure for people to come together and interact in a climate conducive to open communication and problem solving as opposed to defensive behavior.
- When lines of responsibility, accountability, and authority have been clearly established and are understood by all the people.
- When an atmosphere of "team effort" prevails and each member of the team is committed to the task at hand, as well as to understanding and appreciating others.

The attainment of these conditions is an important objective of the organizing function of management. Through continuous improvement, managers must develop an organizational structure that will attain these conditions. Organizational structures range from the highly centralized to the very decentralized. To meet the challenges of today a more decentralized team orientated structure must be adopted. This type of organizational structure is principally achieved through delegation.

### **Delegation**

Delegation is the achievement by a manager of definite, specified results, results previously determined on the basis of a priority of needs by empowering and motivating subordinates to accomplish all or part of the specific results for which the manager has final accountability. The specific results for which the subordinates are accountable are clearly delineated in advance in terms of output required and time allowed and the subordinates progress is monitored continu-

ously during the time period. (McConkey, 1974)

In simpler terms, Delegation is the process by which a manager assigns responsibility, transfers decision-making authority and creates accountability to meet the objectives of the business.

The right to decide the allocation of resources rests with the owner of those resources. However, he/she may give someone else (an employed manager or outside consultant, for example) the authority to exercise this right on his/her behalf. The act of assigning this "right to decide" constitutes delegation. Effective delegation does not happen naturally. It must be accomplished the old-fashioned way through conscious effort and hard work. However, the successful delegation will pay off in productivity, efficiency, human resource development; and, in the long run, profitability. Below, the steps to effective delegation are listed.

#### **Steps for Effective Delegation**

1. A clear description of what is being delegated and the desired results of the delegation in the form of a clear objective or end result.
2. Why you are delegating.
3. Why this particular delegate has been chosen.
4. The scope of the authority being transferred to the delegate.
5. Any confidentiality, special interpersonal information or sensitive issues involved.
6. Introduce others with whom the delegate may be working and inform others who will need to know the new distribution of authority.
7. Explain any relevant time constraints, along with all other resources and their limitations which will be put at the delegates disposal.
8. Establish controls, including the types of information and progress reports that are desired to assure successful accomplishment of objectives.
9. Provide time to insure delegate feedback and understanding.

#### **Summary**

Management must first be improved before the dairy farm business can attempt to manage quality. Further, to improve quality the farm organization must take on a team structure through the decentralization of decision making authority brought about by effective delegation.

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