Stepping up Your Management Game: How to Train and Keep Great Employees



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#### Potomac Vegetable Farms

- Northern Virginia (DC area)
- 2 Farms
- 4 owners: Hana, Hiu, Ellen, Carrie
- 2 permanent FT staff, 2 permanent PT staff
  - Many seasonal staff around 40
- Ecoganic Methods
- \$1 million gross sales

### PVF – West in Loudoun County,

50 miles NW of Washington, DC

#### • 180 acres total

- 50 acres inside 8' deer fence
  - 10 acres cash crops, some double cropping
  - 10 acres on "vacation" = active green manuring
- All other acres in fallow grassland/forest/riparian



#### Crops

- Vegetables (92% of income)
  - tomato family
  - Greens/brassicas
  - cucurbits
- Lots of culinary herbs (6% of income)
- Tiny amount of cut flowers
- Greenhouse grown plants for market (2% of income)
- 200+ tons CMC compost for farm use only



TRY ONE

- Farmers Markets 6/week (35% of income)
  550 CSA members (50% of income)
  2 readside stands (14% of income)
  - 2 roadside stands (14% of income)

## **Financial Status**

- S Corp, all are W-2 employees
- SEP-IRA for owners and anyone with 3 years of service
- Health insurance for permanent workers
- No grants, gov't payments or serious off farm income floating the boat
- Only farm debt is for managers house we bought (\$100,000 mortgage)

## Big Patches, Lots of People









## Equipment at work









## **PVF Core Values**

- 1. Fun (high quality of life is a Must)
- 2. Gotta make a Living
- 3. Low or No Debt
- 4. We like people
- 5. Keep investing in capital assets
- 6. Machines are cool
- 7. Organic Practices

## Labor on Market Farms

#### Labor is the largest element of cost on market farms

Total cost of paid labor is approximately 35% of sales

KUBOTA

✓ If owner's labor is added, labor is 50% of sales

#### Is the cost of labor ever going to go down?

Not if California and New York set the stage for the rest of the US

New minimum wage laws New overtime laws

#### 3 choices on reducing labor expense

## Either spend less on Labor Or Substitute capital/equipment for Labor Or Get more out of every Labor dollar spent

#### How do you spend less on labor?

- Pay lower wages 🛞
- Cut hours 😕
- Don't pay for labor get volunteers 😕

Okay so that's not gonna work

## **Substituting Capital/Equipment for Labor?**

#### Run the numbers to see when it will pay off.



#### Cost Benefit Analysis for Vegetable Equipment Purchasing Decisions

Ellen Polishuk Potomac Vegetable Farms

https://vimeo.com/146802968

#### Project Cost Analysis for Waterwheel Transplanter

Figure out the Annual Depreciation Cost of the Improvement or Equipment

Line

Total cost of equipment	\$2400	
Total cost of equipment	Φ2400	A
Resale or Salvage Value	\$800	В
······································		
Value Expected Economic Life (how long it will last)	<u>10</u> years	6 <mark>C</mark>
Annual Depreciation Cost		
total cost of equipment minus resale value ÷ how many years it will	¢ 400 /	n
last	\$ <u>160</u> /per	year D
Line A minus B divided by C		

Annual Budget for Improvement or Equipment		In	Increase (decrease)			
						Line
Additional Reve	NUE (how much more crop production in \$\$)	\$	0			1
Multiply by Gro	oss Margin				40%	2
Additional Gros	s Margin <i>(Line 1 X Line 2</i> )	\$	0			3
Annual Depreci	ation Cost (subtract Line D, cost per year)	\$	(	160	)	4
Interest Expens	e (subtract cost of borrowing money for project)	\$	(	0	)	5
Operating Costs	S:					
(subtr						6
100001	Available at					7
	http://www.ngfn.org/	, -				8
Tractor Usage:	Thanks Gary Mattesor	า				9
		\$			)	10
Net Income <mark>(su</mark>	btract lines 4-10 from Line 3)	\$		318		11
Net income ÷	rn On Investment cost of equipment X 100 = % return on investment ÷ Line A X 100 = ROI%		1	.3%		12

How about MANAGE your labor?

## Foundations of People Management

### People quit bosses not jobs



BECOME A BETTER MANAGER – stop acting like this is less important than fertility or tillage



Get a Coach of Your Own

#### Study



Seminars, Continuing Education, Management Training,



### Managing <u>is a job</u>! One boss per 6-8 person crew



#### What is a Manager's #1 Job?

Job #1 is to develop your people – Your job is to help them do and be better than they thought possible

Folks want to do well. Help them do well. Have the right decision be easy to make.

#### Managing People is about Leadership and Creating Culture

- Understanding how people work their world, their motivations
- Not taking it personally get your ego out of the way
- Knowing how to bring out the best in others

#### Teams

Teams are now the fundamental unit of organizations around the world

If a company wants to outstrip its competitors, it needs to influence not only how people work but also how they work <u>together</u>.

Groups tend to :

innovate faster see mistakes more quickly and find better solutions to problems achieve better results report higher job satisfaction

#### What makes Teams Work Well?

Google's Work Project found these were the most critical two elements:

#### **Psychological Safety**

#### **Taking Turns**

Add these to clear goals, metric and communication and you will have SUCCESS!

#### What is Psychological Safety?

Psychological safety is a sense of confidence that the team will not embarrass, reject or punish someone for speaking up

It describes a team climate characterized by interpersonal trust and mutual respect in which people are comfortable being themselves

Psychological Safety: The History, Renaissance, and Future of an Interpersonal Construct, Amy C. Edmondson

## Rules for Leading:



Be likeable (don't be an asshole) Give and receive feedback Ask about their lives = Care Don't gossip No public criticism

https://www.fastcompany.com/3039412/the-art-science-to-giving-and-receiving-criticism-at-work

## 7 criteria for effective feedback:

- **1** The feedback provider is credible in the eyes of the feedback recipient
- 2 The feedback provider is trusted by the feedback recipient
- **3** The feedback is conveyed with good intentions
- 4 The timing and circumstances of giving the feedback are appropriate
- 5 The feedback is given in an interactive manner
  - 5 The feedback message is clear
- 7 TI
  - The feedback is helpful to recipient

https://www.fastcompany.com/3039412/the-art-science-to-giving-and-receiving-criticism-at-work

Being in a good mood helps people take in information effectively and respond nimbly and creatively.

#### "Laughter is serious business."



https://hbr.org/2008/09/social-intelligence-and-the-biology-of-leadership

## Ways to create a good farm culture

#### Be grateful and recognize effort and results

- Bonuses
- Raises
- Power sharing
- Praise
- Share of the food
- Acts of kindness
- Profit sharing







#### Be humane – breaks, gloves, time at one job, water, shade



#### Pay better to attract better people, and to keep the good ones around longer



#### Be Generous

- Food/produce
- housing
- meals
- off-farm education,
- on-farm training
- time off leave without pay
- Interest-free loans



#### Why should someone work harder and faster? 1. Because it's fun 2. Because it's expected 3. Because it's appreciated

People want these things:

Power/Authority Money/Time Off Appreciation/Respect

#### **Trying to Keep Folks for Years?**

How much more is a second year worker worth?

Double?

Then why not offer a minimum of a 20-30% raise?

For *Real Adults* to live on, what do they need? *Good Wage* Paid vacation, Health insurance, Sick leave

# Getting the Most out of your People

Improving <u>Overall</u> Labor Efficiency With systems and training Sluggers

#### **Get Your Mind Right**

You can't expect employees to be you or to do the things you do for as long as you do them
It's up to you to set the stage for your employees to succeed

Folks want to do well.

Help them do well.

Have the right decision easy to make.

#### Make sure

1. Priorities are clear

2. Metrics are clear

3. Rhythm of communication is set and attended to

#### Be Clear About Expectations

#### "So.... what are you going to do?"



#### Earth Spring Task Ticket 2019 Date: Task: **Employee Section** Start Time: \_\_\_\_\_ Finish Time: \_\_\_\_\_ Total Hours: \_\_\_\_\_ Name: **Expected Hours:** Section, Bed # Cheat Sheet: Description: Initial When Totally Complete: \_\_\_\_\_ H 3 **H** Ε В

# Show them what success looks like EXACTLY



#### People dislike CHAOS Don't change the plan over and over again



Systems remove emotion from management

#### Let the systems run your business not your emotions

Let the systems run your business not your employees emotions

# **Train Your People**

#### Write Up Your Standards of Operation





### Teach them how your systems work





#### Teach them about how bodies work





#### Model proper technique

The 15 minute rule:
\* Show them how to move
\* Work <u>with</u> them
\* Check back, review their work
\* Individual accountability

## Train them for you to leave

JMU

It's up to you to set the stage for your employees to succeed

Folks want to do well.

Help them do well.

Have the right decision easy to make.

Don't waste time looking for things = Tools are ready to work





Examine Workflows Are folks inefficient because they have to go in circles to get the job done?



LeanOp @ 2012 Copyright

#### Tools – Have the Right ones for the job



### Tools and Supplies

#### Have enough tools to go around

Safety supplies



#### Organize, Organize, Organize





### Rule making = cell phones, sitting on your butt, music





How do you communicate benchmarks or expectations to your employees?

#### Communicating benchmarks in an effective manner; motivation methods

- Track progress from week to week throughout the season where employees can see it; that will provide a reinforcing feedback loop for your team
- Why should they work faster? More efficiently?

## Why should someone work harder and faster?

1. Because it's fun

2. Because it's expected

3. Because it's appreciated

4. Because that's what we do here

# Methods of communication – white board, blog, text, email, phone, paper



October 15, 201

#### Tuesday, October 15, 2019

In VIENNA we will meet at 9:30 but you can start when you want	t before that:	Nina, Olivia,
Abdul		
STAND: Olivia, Abdul, Nina		
Tours: Hiu, Olivia		
Unload pumpkins		
Hoe/weed spinach in Well Rows (urgent)		
Plant garlic		
Set up CSA room		
Handweed next lettuce mix bed		

In LOUDOUN at 8:00: Cam, Foster, Simon (AM), Jess, Thea, Ciara. Susi will come later. Who would like to cook lunch?

Pick 3 crates MQ, 3 crates kale from beds in Diagonal in the way of garlic, 3 crates arugula from same place Continue planting in tunnels (all are spaded) Plant garlic (Jess is up to date) Weed carrots (everyone has to do at least a half an hour apiece) Water carrots (move irrigation gun) — Foster and Michael Disk up Pond tomatoes — Michael

### Management 101 by Bruce Tulgan

Effective communication means this:

- High-Structure
- High-Substance
- Ongoing
- One-on-One Meetings



#### What Does Lean say?



- Use a picture to show people what you want
- not a list or long prose

### **5S** Clean out your arteries





# Getting the Most out of your People

## Improve Harvest Labor Efficiency

## Just what are your people doing? Swag versus real data

#### Non-management Labor Distribution on Successful Farms from Midwest



Non-management Labor Distribution at PVF



Create and Maintain Systems: Little things add up

Streamline the harvest by being super organized and delegating the right person for the right task





### Harvest tools and, how many bunches?



#### Is it your fault harvest takes so long?



## Weeds get in the way





#### Yellow leaves get in the way: did you fertilize properly? Clean as you go





#### Benchmarks in Efficiency: Harvesting

#### Strawberries

Yield	3/4 pint per row foot at 10,800 pints per acre (in a dry year)	
Value	\$2.50 per pint at \$27,000 per acre (in a dry year)	
Standards	Harvesting: 15 Quarts or 25 pints per person per hour @ approximately 400- 450 hrs per acre	
Tools needed	Black boxes with pint baskets & netting. Bowls to pick in are optional	

#### **Ready to Harvest Indicators and Quality**

- Berries are picked when they are light red and firm.
- Ripe berries are discarded as they do not hold up until time of delivery.
- Berries are free from blemishes or eating damage. Minor bulging due to tarnished plant bug is acceptable.

#### Harvest Procedures

- Each person takes one row of strawberries, picking into the bowl or directly into pint baskets.
- When the bowl is filled pour the berries into the pint containers in the small black box.
- Fill the pint containers until



#### Roxbury Farm Harvest Manual

Any improvement in wash/pack area should improve efficiency and gets you closer to food safety regs





### Do you use benchmarks for labor on your farm?

### If so how?

#### What Big Metrics do we have to measure success?

Wages as % of Gross Sales Dollars generated per acre gross sales Dollars generated per FTE (full time equivalent) Labor hours per acre
#### CSA Farm Benchmarking Study

### **Compare Results to Benchmark**

	% of Sales	Per Acre
Net Profit	13% - 15%	\$2,400 <b>-</b> \$2,600
Interest (overhead)	1% - 2%	\$300 - \$350
Rent (overhead)	2% - 3%	\$325 <b>-</b> \$375
Repairs (overhead)	5% <b>-</b> 6%	\$850 <mark>-</mark> \$1,000
Insurance (overhead)	1% <b>-</b> 2%	\$300 - \$350
Total Overhead	24% - 26%	\$3,900 - \$4,300
Gross Margin (after COGS)	40% - 42%	\$6,600 - \$6,900
Total Cost of Goods (COGS)	58% <b>-</b> 60%	\$9,500 - \$10,000
Hired Labor Expense (hybrid)	33% - 35%	\$6,200 - \$6,500
Crop Inputs (COGS)	15% - 17%	\$2,500 <b>-</b> \$2,700
Purchases for Resale (COGS)	7% - 9%	\$1,200 - \$1,600
Sales		\$18,000 <mark>-</mark> \$20,000





#### Data from UW Study of Small Vegetable & Market Farms

Farm Size	<3 a	icres		o 12 res	>12 a	acres	PVF 10 acres	
Average Gross Sales per Acre	\$15	,600	\$11	,121	\$10	,810	\$36,700	
Range	9,000	28,000	7,059	15,262	6,712	16,687		
Average Labor hours per Acre	1,9	957	8	50	5	54	1365	
Range	592	3,021	349	1,870	166	729		
Net Cash Income per Acre (no owner pay included)	\$5,664		\$4,679		\$3,757		\$7100	
Range	-1,886	17,269	466	9,792	779	10,120		

Does **not** include active fallow land

Does Include Owner Labor

#### What Task Metrics do we have to measure success? Output Bench Marks

Minutes/Hours per task Bunches, baskets, pounds per hour \$ of product harvested per hour

### Ben Hartman's Metrics

- Yield of \$2.50 per square foot or better
- \$35 of veg per tote minimum (thus no winter squ or melon)
- Harvest activities to wash to cooler needs to be \$100 an hour of product handled (for washed crops this means that harvest per hour must be around \$125-150 worth of veg!!)

Selling activities must gross \$100/hour minimum



#### Unpeeling the Onion...

#### Your paid labor cost as a % of sales is 45%,

#### That is higher than the benchmark of • 33-35%

### Now What?

# What are possible reasons for high labor cost (as a percent of sales)?

#### Problem = High Labor as a % of Gross

#### **Cost of Worker Equivalent**

You are spending \$30,000 per FTE

Benchmark is \$30,500

Conclusion: this is not the problem

#### Problem = High Labor as a % of Gross

#### **Hours worked per Acre**

You now average 1350 hours per acre

The Benchmark is 1000-1300 hours

Conclusion = You are on the high side, can this be managed?

#### Problem = High Labor as a % of Gross

#### Sales per Worker Equivalent

Your workers generate \$50,000 of sales per FTE

The benchmark is \$75,000

Conclusion = Your labor \$ is not being converted to sales \$

What are possible reasons for < \$75,000 in sales per Full time equivalent worker?

Yield problem?

Sales problem?

Price/Crop problem?

### Remedies for We're not Selling Enough?

Yield problem? Examine production practices, soils etc

Sales problem? Boost sales efficiencies

- Add value
- Change product mix
- Channel analysis, new channels?
- Train staff

Price/Crop problem?

- Increase price
- Stop growing stupid stuff

## Do you track labor on your farms?

### How?

#### Labor Tracking on Farm

- By Activity (sales, production, pick/pack/wash)
- By Crop
- Some combination thereof

week of					
Date	Production	Pick/Pack/Wash	Selling	Misc	Total Hours

ill team

C

https://docs.google.com/forms/d/e/1FAIpQLScPVndIV63RP2x5igejpZTrZk6BqqTdVIpQ-LMMLVDZPpVqYA/viewform

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#### PVF Employee Time card

\* Required

#### Date of Work \*

Date

mm/dd/yyyy

Name \*

Your answer

Time worked on this date not included in another time card \* Record time to nearest quarter hour (3, 3.25, 3.5, 3.75, etc.)

Your answer

#### Work Location \*

if you worked at both farms on the same day, you will need to have a separate time card for each

O Vienna

O Loudoun

O Farmers Market

O Another

P

E



Q

#### Labor – Let's take our management role seriously!



- More acreage, more product, more profit?
- •Camaraderie
- •Quality of life
  - Time off during the week
  - Physical relief
  - Time away vacation

## THANK YOU



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