

Does ag have a place for the next generation?



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This month's discussion evolved from a recent email exchange I had with an NCAE member whose family is trying to decide if the next generation should carry on the family business. The original question to me was, "Can the H-2A program last and, if not, will there be any resolution to the overall labor issue, because that is the number one limiting factor for our very specialized business?"

Probably – in some form or fashion. I wish I could be more definitive than "probably," but predictions can never be 100 percent. Although we continue to strive for a significantly better H-2A program, even if something great were enacted in 2017, we still have to make the current program function until at least 2018 or 2019, because it will probably take two or more years to transition to a new working model.

More important than whether the current H-2A program will continue, however, is the broader discussion of long-term business model viability. The key to long-term survival has more to do with overall business excellence. That means doing everything – including how you treat your customers, suppliers, employees; better fuel efficiency; how you get just a little more productivity from every single thing you do; how you schedule – just a little better than your competitors.

Long-term business viability and profitability also mean being able to figure out how to best use the programs available at any given point, and then how/when to transition to better alternatives, including figuring out how to mechanize more. However, mechanization includes both equipment and computerization/communication technologies, so that your record-keeping and documentation are not only done faster and more efficiently but more accurately.

Safety in every single part of the operation is important. Remember UPS, DuPont, Exxon and many others became No. 1 and remain profitable today because of safety, technology and adaptability, while hundreds or thousands of their competitors have come and gone.

Bottom line: There is a great future for the next generations, but the businesses they run will not look exactly like the ones we do now. The next generations will survive and thrive by embracing a lot of things that we see as irrelevant, petty or annoying.

When I see farms right now where the next generation is struggling, I usually see young managers really angry about regulations, environmentalist meddling, "city folks who have no clue" – and who may even treat workers poorly.

At the same time, I see folks who do not abandon the basics of good agricultural practices but who understand that their business is a business, and not just a lifestyle. These folks understand that businesses must operate with the permission of not only government regulators but the overall permission of society, and that if they are providing essential or

wanted goods and services they will be among those who survive and thrive long-term.

There are older baby boomers who understand this, but the millennial generation was raised in a more socially conscious world, and this sort of thing comes more easily to some of them.

As part of my own succession planning, I have been thinking back to business basics and why some organizations thrive and others disappear, so that some time, not too far distant, I can hand NCAE off to one of those new generation folks. I keep remembering a 1970s Harvard Business Review paper about how the railroads in America failed because they perceived themselves to be in the railroad business rather than the transportation business. Had America's railroads perceived that their sole value was in transportation, we would probably be flying airlines with names like "Reading RR Air," or driving "Santa Fe" or "B&O" cars and trucks. Instead, the world passed them by, and most of them lost their places to more innovative companies.

There may well be no future for producers doing things exactly the way you do them now, but there must be a bright future for those who figure out how to produce the food the next generation wants to eat just a little more efficiently and socially acceptably than the operation next door.

I hope this helps. The labor situation will always be a bureaucratic quagmire that will shift like desert sands. Those who figure out how to adapt will still be there in the future. And their operations might look very different than the ones we're running now. **VGN**