

CANADIAN TOTAL EXCELLENCE IN AGRICULTURAL MANAGEMENT (CTEAM): A MANAGEMENT COURSE FOR FARMERS

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Abstract

This paper was prepared to explain the course design and benefits of The Canadian Total Excellence in Agricultural Management (CTEAM) program. Specific objectives of the paper are to:

- *Describe the CTEAM program*
- *Explain unique elements that may set it apart*
- *Portray benefits that are perceived by CTEAM graduates.*

Methods used in the paper were simple explanation of the structure and content that has evolved over the life of the CTEAM program. The second objective was accomplished by reflecting the elements of the program that its presenters have focused on to make it unique. The third objective was accomplished by a survey of graduates of the program.

CTEAM is a four module course presented over two years that includes instruction on various aspects of management applied to agriculture, includes tours of outstanding operations at various locations around Canada and requires participants to develop a strategic and operating plan for their own farm businesses.

The sources of uniqueness in CTEAM are: it attracts already-successful operations; neighbours are discouraged from taking the course at the same time; it encourages a wide mixture of enterprises; it is national in scope; participants use their own data, especially in the financial management component, and participants can tailor the program to their own farms through application to their individual strategic and operating plans.

In the survey component, it is clear that graduates and, therefore, respondents to the survey are younger, have higher levels of education, and relatively larger operations than the general farm population in Canada. Several conclusions come from the survey responses including:

- *Graduates feel that their profitability is higher as a result of the course*
- *They feel that their management confidence is higher*
- *They feel they have significantly higher opportunities for expansion.*

- *They feel they have significantly higher opportunities for networking*
- *The most valuable aspects of the program include:*
 - *Financial ratios, Planning, Networking, Quality instructors and the process of developing and following through on a written plan*
- *They use strategic planning, financial analysis, succession planning and marketing at significantly higher levels than the general population*
- *The course has provided a significantly positive return on investment for their operations*

The overall conclusion is that the factors deemed by the authors of the course to make it unique have resulted in benefits that are perceived to be quite positive by graduates and that the course has been instrumental in lifting the management skills of graduates to a higher level.

Keywords: farm management; financial management; strategic planning; CTEAM; management capacity

1. Introduction

CTEAM (Canadian Total Excellence in Agricultural Management) is a farm management training program initiated in 1998 with the first-class graduating in 2000. It was acquired in 2012 by the authors' company, Agri-Food Management Excellence Inc. The senior author has been associated with the program since its inception.

CTEAM offers a unique and varied learning environment, useful for many people with diversity of learning styles and types of operations. In 2014, with the assistance of Farm Management Canada, an analysis was undertaken to obtain feedback from graduates about the value of the program to them.

While every module of every offering of CTEAM is evaluated by those participating, 2014 was the first time for an evaluation after participants had time to use the techniques and concepts taught in the course, and to provide feedback on what differences the course made to their management and businesses.

The purpose of this paper is to:

- Describe the CTEAM program
- Explain unique elements that may set it apart
- Portray benefits that are perceived by CTEAM graduates.

2. The CTEAM Program

CTEAM is given in four, four-day sessions across Canada. A new course starts each year. CTEAM has over 200 graduates from across Canada. Many participants have been 'young farmers' who have a prominent management role on the farm.

The successive modules build on each other. The first starts with strategy, based largely on Porter's model that starts with the firm's external and internal environments and helps to shape these factors into strategic intents. Also, in that first module, participants receive an in-depth introduction to financial management using their own financials.

Based on the information taught in the first module, participants begin to develop their own strategic and operating plan and report on it in module two. Module two builds on the farm's historical financial management performance, by developing future plans, including budgeting, capital budgeting, and financial goal setting. This module also addresses how to assess and manage risk. Participants present their plans and get feedback, both from each other as well as from instructors, who also provide in-depth written feedback.

Module three finds participants adjusting their plans based on the feedback from module two. They also turn their strategic intents into actual operating plans that identify major actions, accountabilities, time lines, resources required and what is to be measured.

Module three instruction includes human resource management, self-assessment of management styles using Myers-Briggs personality typology, the “soft” side of succession planning, and business structures most effective in transferring the business to a next generation as well as in managing tax effectively.

Participants are again given feedback by their colleagues and instructors in module three. These are used to prepare a final presentation in module four. This presentation includes how they are using the plan in their day-to-day management and ties their plan together with their financials. Instructionally, module four addresses the changing public policy environment for agriculture, and how it is likely to affect management decisions. This segment also may include aspects of management such as communications, governance, running meetings, and lean manufacturing applied to agriculture.

One day of each model is devoted to touring outstanding operations in each region. This gives participants the opportunity to learn from successful managers and also to give a broad understanding of agriculture across the country.

In every module, instruction is not limited to lecturing. All instructors vary teaching techniques to include individual and group projects. We believe learning happens best by “doing”. In some cases, the instructor requests identification from participants ahead of time about what specific problems they face, and then prepares instructional material to fit the participants’ issues.

Participants finish with a comprehensive strategic and operating plan, as well as a deep understanding of how to continuously update the plan. They are exposed to a wide range of ideas and concepts that can be accessed from readings and teaching materials. They gain a relatively deep understanding of agriculture in various regions of the country and are given opportunities to see both the similarities and differences that local agriculture offers. They also form strong bonds with fellow participants and continue these learning networks through the Alumni program.

3. What Makes CTEAM Unique?

CTEAM is designed to be unique in several ways. Listed below are several characteristics that add uniqueness and, therefore, value to participants.

- *Successful operations:* CTEAM requires significant time and work. It is not inexpensive, though by standards of executive education, it is certainly value-priced. The four weeks (Monday night through Friday afternoon) is a significant time commitment in itself. Developing plans, reading and preparation, and subjecting oneself to presentations are all psychological commitments. Most participants are already relatively successful and most understand the importance of working hard to become better managers. For all these reasons, they are self-selecting and, gain success as a result.
- *No neighbours:* efforts are made to ensure that neighbours, who are often competitors, at least for land, are not in the same course. This frees participants to talk about their successes and their dreams without fear of others using this information for competitive advantage. This is particularly important in farm communities that tend to focus on negative aspects of farming and what prevents success. By developing a positive attitude in CTEAM, we facilitate people getting the maximum from the course and instructors, and also from each other through networking. Said another way, when there are no local competitors and critics in the room, no one is reluctant to make suggestions that can help each other. Having participated in other programs that include neighbours, this is a true strength of CTEAM.
- *Mix of enterprises:* This is related to the foregoing point. CTEAM always has a wide ranging mix of commodities being produced and, increasingly, organic and conventional as well as producers who are value adding. Seldom are there many in exactly the same commodity business. Two things give

this an advantage. First, there is no tendency for one producer to judge or “compete” (my yield is bigger than your yield, my cows are cleaner than yours,...). So, little time is spent on the negative. The second is that in the broader perspective many participants unexpectedly find commonalities with people in different enterprises and from different parts of the country. This may be dealing with family issues, dealing with regulations, not understanding financial ratios, etc. Again, this emphasizes the positive and people find they can learn from each other’s successes and experiences.

- *Across Canada:* As indicated above, CTEAM modules are offered in at least three provinces during each course. Many farm operators are traditionally limited in their ability to see what their colleagues are doing across the country and to understand the various local market environments.
- *Using participants’ own data:* Especially in the financial management modules, each participant uses five years of their financial data and the course software to calculate roughly 15 major financial ratios (efficiency, liquidity, solvency, and profitability). Nothing is more effective in helping people understand how to interpret and use these ratios in making financial decisions than having them from own business. Getting finance knowledge across is much harder when it relates to someone else’s business. It is part of the way we tailor CTEAM to participants’ own businesses.
- *Developing participants’ own plans:* This is the crown jewel of tailoring CTEAM to participants’ own businesses. As the instructors learned to do this part better, the plan has become the centerpiece of the course. It allows participants to thoughtfully incorporate what is taught in each module into their plans (e.g. not surprisingly, human resource management and succession often take a much bigger role in many plans after module three). “Book learning” becomes integrated into managers’ toolkits. It is a take-home that participants can build on for years.

4. CTEAM’s Benefits to Producers¹

22 graduates of CTEAM, representing nearly 15%, were surveyed in the summer of 2014 to gauge their perceptions about the benefits they received from the program. This section of the paper reports on their responses.

5. Demographics

Respondents were distributed as follows:

- 40% are 25-40 years old, while 45% of respondents are 41-55 years old
- 50% have a University Degree, 31% have a College Diploma, and 9% have a High School Diploma
- 59% have 21 or more years’ experience in agriculture, while 37% have 10-20 years’ experience
- Respondents cover most production sectors (apart from aquaculture and greenhouse/nursery) including non-traditional and niche production
- 63% produce grains and oilseed, 37% produce field fruit and vegetables, while dairy, hogs, poultry and tree fruit and vine are comparable at 10-12%
- 85% are in either an Expanding (54%) or Transitioning (31%) phase in their farm business
- 87% have gross farm sales/receipts over \$1 million; 50% have between \$1 million and \$5 million, while 37% have \$5 million or more
- 13 are from Ontario and nine are from the Prairie Provinces. This reflects the geographic makeup of graduates.

¹ The following section of this paper is adapted from the joint AME/FBM publication, *Canadian Total Excellence in Agricultural Management (CTEAM): Graduate Evaluation*, Guelph and Ottawa, August, 2014

Comparing them to 2011 Census of Agriculture data, respondents contrast to the general population.

- According to the Census of Agriculture²:
- 48% of farm operators were aged 55 or older, while only 8% were under 35 years old
- 17% of farm operators had a University Degree, 19% a College Diploma, while 26% had a High School Diploma
- 30% of farm operators produced grains and oilseeds, 18% produced beef, 6% produced dairy, 4% produced tree fruit and nuts, greenhouse and nursery, and 2% produced poultry and egg, sheep and goats and hog
- 3.2% of farm operators have annual gross farm sales/receipts \$1 million and \$5 million, while 37% have annual gross farm sales/receipts of \$5 million or more.

CTEAM attracts younger, more highly educated farmers with greater economic impact on the Canadian agricultural sector.

6. Summary of Responses

Some of the key findings are summarized below:

- All graduates have recommended the CTEAM program to others, averaging 5-10 people. Many said they would recommend to producers who are “forward thinkers” and not “set in their ways”
- 77% of respondents experienced a moderate or significant benefit in Profitability as a result of CTEAM
- 91% of respondents experienced a moderate or significant benefit in Confidence in their operation and their ability to manage as a result of CTEAM
- 77% of respondents experienced a moderate or significant benefit in Opportunities for Expansion as a result of CTEAM
- 91% of respondents experienced a moderate or significant benefit in Networking Opportunities as a result of CTEAM
- 95% of respondents indicate CTEAM at least met their expectations, while 64% said the program exceeded or greatly exceeded their expectations
- The most valuable aspects of the program include:
 - Financial ratios, Planning, Networking, Quality instructors and the process of developing and following through on a written plan
 - Respondents overwhelmingly rated the content of the course as “very good” to “excellent” for Management and Financial topics covered, Quality of Instructors, Instructional approach and the Industry Tours
 - 45% of respondents specifically mentioned they got the most out of the Financial Module
 - 82% of participants estimate a return on investment (ROI) for the course greater than 10%, with 50% achieving a ROI greater than 20%. No respondent found it to be less than 5%
 - 100% of respondents indicated spreading the program over two years into four modules located across Canada enhances the program
 - Most participants have participated or plan to participate in the CTEAM alumni program when time permits

² Statistics Canada, Government of Canada. *2011 Census of Agriculture*. Online: <http://www.statcan.gc.ca/ca-ra2011/index-eng.htm>

- 100% of respondents have had at least some contact with fellow participants/instructors since completing CTEAM
- Most participants indicate the cost of the course is not a problem, and in fact, should not be lowered because of the program's value. Some expressed that lowering the cost would attract the "wrong kind of participant"

7. Benefits of CTEAM

This portion of the report provides details on the perceived benefits of the CTEAM program.

7.1. Management Proficiency

CTEAM as a program generally attracts those producers who wish to pursue management excellence and may have a predisposition towards adopting beneficial management practices. To help determine whether their management practices result from the program or are attributable to their predisposition as advanced farm managers, graduates were asked to rate their management proficiencies before and after participating in CTEAM.

Proficiencies rated include beneficial management practices related to:

- Strategic/operational management
- Financial management, and
- Market management

Survey results indicate that prior to participating in the CTEAM program, respondents were comparable to the average farm population. According to the 2012 Farm Financial Survey³, less than 20% of farmers have a written business plan, while even fewer have a written succession plan. The Agricultural Management Institute's Baseline Study of Farm Business Management Planning of Ontario Farmers⁴ echo these results. And, less than half of those with a plan keep it updated and use it.

CTEAM graduates far exceed the general population in the use of these practices.

Before entering the program, only 14% of survey respondents had a formal written plan for their operation. After completing CTEAM, 55% have a formal written plan, while another 40% are working on it, exceeding the general farming population by 75%. Initially, the 55% number seems low, since participants develop a plan as part of the CTEAM requirement. However, for a number of participants, it has been several years since participating in the program. Many have experienced life changes including retirement and moving out of the agricultural sector. Others are at a transition stage in their operations and need to update the original. Also, a few have a written plan, but it is becoming more detailed as more analysis is done. Some would say these folks have a written plan, but they say it's not complete, so they answered that they are working on it. What is most clear is that in one form or another the vast majority of CTEAM alumni are using the planning process. This is consistent with later results that show the plan and planning process are among the most valuable parts of the course and graduates have adopted this beneficial management practice as part of their regular business routine.

Further, 65% of graduates have a succession plan in place, or are working on it, while only 23% had one before. This is notable because a significant number of graduates are considered young farmers.

³ Agriculture and Agri-Food Canada & Statistics Canada. Government of Canada. 2012 Farm Financial Survey. Online: <http://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=3450>

⁴ Agricultural Management Institute. Baseline Study on Farm Business Management Planning of Ontario Farmers. Online: <http://www.takeanewapproach.ca/Farmers-Baseline-Study.htm>

CTEAM graduates embrace farm business management principles, as evidenced by over 86% of respondents reviewing their plans and management policies on a regular basis. By comparison, less than 10% of the general farming population do so.

Financial Management proficiency is demonstrated by the fact that the majority of participants are using and reviewing financial data to make management decisions. Formal benchmarking is relatively low (29%); however this may partially be attributed to a lack of programs available in Canada to benchmark farm performance. Even so, this remains well above the general farming population.

Marketing Management proficiencies gained by CTEAM graduates demonstrate advanced management practices, well beyond the general farm population. Over 80% have a marketing plan in place or in progress, over 85% review market opportunities before production, over 76% use commodity marketing tools such as forward contracts and hedging, while 95% understand and use price insurance programs. International marketing and trade practices are substantially lower at 23% of graduates having a plan in place while another 23% are in process. This lower figure may be attributable to respondents producing different commodities. 24% of respondents indicated this management practice was 'not applicable' to their farm business.

7.2. Most Useful Aspects of CTEAM

Graduates were asked to identify the most valuable aspect of the CTEAM program using open-ended responses.

Using some interpretation, the most valuable aspects of the CTEAM program are as follows:

Networking	26%
Strategy and strategic planning	26%
Financial analysis	22%
Quality of instruction	19%
Tours	7%

And in one of the respondents' own words:

"Making us actually do the work. First time we actually followed through and got a plan in place. Strategic plan was very important. We had one done 20 years ago, but went on the shelf and gathered dust. Because we didn't really own it. We owned and developed new plan so has more meaning."

7.3. Ongoing Benefits of CTEAM

Graduates were asked to rate the ongoing benefits of the CTEAM program from a list of options:

- Access to capital
- Profitability
- Confidence in your ability to manage
- Opportunities for expansion
- Networking opportunities
- Industry engagement

Confidence in their ability to manage, Networking, Profitability and Opportunities for expansion came out on top with 77% to 91% of respondents receiving moderate to significant benefits.

Responses were slightly lower for Access to Capital and Industry Engagement. The latter is not a particular target outcome and depends on the preferences of the individual manager. However, the former is a little surprising as a number of graduates have informally reported that the development and presentation of

business and project plans to lenders resulted in obtaining financing they had otherwise not been able to achieve prior to taking CTEAM. Perhaps many of the participants already had significant access to capital.

7.4. Overall Impressions

As indicated above, 95% of respondents said CTEAM met or exceeded their expectations and 64% said CTEAM exceeded or greatly exceeded their expectations. Only one respondent felt CTEAM did not meet their expectations.

Also, as indicated earlier, nearly everyone has recommended CTEAM to others. One interesting perspective is that several, in recognizing the competitive advantage they gain as a result of the program, are careful not to recommend the program to potential competitors. Others are careful to whom they recommend it, recognizing that some producers are more progressive and would welcome the program.

“We have recommended it to many people over the years but in a way that they have to want to go after it. We want to “stay on top of the heap” so are careful in how we recommend it. We don’t recommend it to our competitors.”

“Only recommend to certain people - some people are more progressive so they would benefit - other people are set in their ways.”

Of those who provided a quantifiable number, on average, respondents have recommended the CTEAM program to 7 others.

When asked about areas for improvement, participants recommended the following:

- Different marketing strategies explored
- Greater diversity of instructors within modules
- Add a negotiations component
- Include the spouse in at least one module

8. Conclusion

It is apparent from the foregoing that CTEAM graduates see the strategy, finance, succession and networking skills and opportunities as the most beneficial aspects of the course. It is heartening to learn that these are highlights for them given that the instructors believe that the important aspects of program design are the very things that graduates say are important.

The fact that CTEAM graduates excel in beneficial management practices gives support that the program is effective in accomplishing its objectives. Further, graduates continue to use these practices while seeking further opportunities to enhance their management practices and skills.

As those who deliver the program review progress to date, we are pleased with the learnings we have about delivering this kind of training but are aware that we need to continue to learn going forward. Every class reveals new opportunities for better instruction and training in the future that must be acted upon.