

TEAMWORK

The No. 1 goal of a purebred cattle operation is to be economically sound and productive. To do that, managers have to have a good working knowledge of beef cattle, genetics and marketing.

One area often overlooked, however, is people management. Farm and ranch owners who require extra help to run their operations find it takes time and effort to hire a good herdsman or farm employee. Money talks, but shared responsibility, a good working environment, open communication and recognition are what attract, motivate and keep employees today.

At Drake Farms in Oklahoma and R&J Ranch in Texas, managers have discovered their own style of teamwork management. Each system gives employees responsibility and the freedom to make decisions on everyday production.

What's the payoff? Employees who take pride in their work, managers who have confidence in their employees, and farms with increased productivity.

Drake Farms Employees Here to Stay

Glen Brownlee came to Drake Farms in 1951 and has worked for three generations of the Drake family. Willie Atchley was hired in 1961. Stan Hefley has served as herdsman since 1969. Joe Tom Drake grew up on this south central Oklahoma farm and has worked here for most of his 29 years.

Kelly Owens was hired as a bookkeeper in 1983. She succeeded her grandmother, Minnie Pullen, who worked for the Drake family a total of 51 years before retiring at the age of 75.

The newest crop of employees include Robert Grover, who started in 1986, and Kenny Brownlee, Glen's nephew, who was hired in 1990.

Keeping employees is not a problem at Drake Farms. Its seven employees have a total of 130 years of experience. That's an average career span of 18.5 years.

How does Drake Farms earn this kind of loyalty and keep employees content day after day, year after year?

"We believe 100 percent in teamwork," says Tom Drake, who manages Drake Farms along with his brother, Bob. "You can only lead employees, you can't push them or constantly look over their shoulders. Employees have more pride and confidence in their work when they are given responsibility. And as their acceptance and ability level rises, so should their responsibilities."

Teamwork management is the latest trend in U.S. corporations and small businesses. But at Drake Farms it developed naturally over time as the farming operations and Tom's and Bob's experience in employee management grew.

The brothers discovered that managing people required different kinds of skills than managing beef cattle or hay crops. The most important skills they learned were communication, problem

recognition, leadership, motivation and adaptability.

"After hiring someone the first step is to get to know that person," Tom explains. "I find out where their interests lie. Then I try to identify their strengths and weaknesses. Don't dwell on the weaknesses, just work on the positives."

People rarely succeed at anything unless they enjoy doing it. The Drakes recognize this and encourage each employee to adapt or find a niche that fits their interests and skills.

At the start of his career, Brownlee, better known by his co-workers as "Brownie," did a little bit of everything at Drake Farms. When Tom and Bob took over as managers they recognized his superior mechanical ability. He is now in charge of machinery maintenance and repairs as well as hay crop operations.

"Brownie can rebuild anything," Tom says. "When our farm and hay machinery needs increased we moved him from the pastures into the shop."

Drake Farms has a registered and commercial Angus operation with 700 females. Taking care of a herd this size takes extra management, time and labor. Tom is assisted by herdsman Stan Hefley, Robert Grove and nephew Joe Tom, who share in the responsibilities of AI breeding, calving, feeding and herd health.

Another employee, Willie Atchley, is in charge of feed rations for Drake Farms' performance testing program. More than 120 Angus bulls go into this program each year.

"It takes a bit of orchestrating, but each man knows what has to be done," Tom says. "They are self motivated, so I let them carry out responsibilities and make their own decisions."

Tom and the cattle crew meet each morning for approximately 15 minutes to

go over the day's work schedule and make plans for the week. This daily powwow also provides an ideal time for the crew to introduce new ideas, discuss a problem and set long-range goals.

When a conflict or problem arises that needs immediate attention, the crew does their best to resolve it themselves. If it requires management's help in solving, they don't hesitate to ask Tom for his help.

"A farm manager should have an open line of communication with his employees, learn to listen, and have the ability to recognize when a serious problem is developing," Tom says.

If a personal problem crops up, Tom gives it his individual attention. "When you have people working together as close as we do on our farm, you'll have an occasional problem," he says. "Usually the person involved just needs a little space or a temporary change in environment."

To keep employees healthy and productive, the Drakes stress safety. All employees are trained on the correct use of machinery and how to handle cattle. From the start, employees are required to follow a few basic rules:

- Use your head; think before you act.
- Use safety precautions when working with cattle and machinery.
- Respect the cattle and machinery.

These rules have paid off. To date, Drake Farms has a perfect safety record. It has never had to file a worker's compensation or insurance claim on an employee.

Having experienced, responsible employees working in a safe environment contributes more than increased productivity and profits; it gives farm owners extra confidence and peace of mind.

Tom and Bob know that when they leave on a business trip or take a vacation, the farms are left in good hands.

"Treat them right, and they'll treat you right. That's the simple truth," Tom says.

— *Jerilyn Johnson*

R&J is Stepping Stone For Young Farm Managers

The R&J Ranch Angus herd is not Ken Conway's only legacy to the industry.

Under his supervision, the operation is providing a needed supplement to the formal education of many of its employees and, more importantly, a stepping stone to key management jobs in the purebred cattle industry.

At this point in time, nine former employees who worked at the Briggs, Texas ranch with Conway have moved on into management jobs.

"Good managers are very important in the livestock industry," says Conway whose duties as manager include the hiring and supervision of the ranch staff. "The success or failure of a purebred operation is mostly due to the manager, and I think there is a shortage of qualified managers. I guess that is why I try to help college students to fill the positions at R&J; it gives them the opportunity to learn management and to move up in the purebred world."

Conway, who was raised on a Kansas grain farm, graduated with a degree in animal science from Kansas State University. He learned management skills at the university, where he was hired to run the feedlot for a year and later the university purebred herd. But he is quick to point out that this opportunity was not open to him while he was a student, nor is it available to most agricultural students today. Most universities prefer to use full-time employee to manage their herds.

"I think the universities make a major mistake when they graduate agricultural students who are led to believe they will go straight into top management jobs: where they will be working an eight-hour day, five days a week and earn \$30,000 a year plus housing and expenses. It just doesn't usually work that way," Conway says with a shake of his head. "You can

just step out of college into a top manager's job, because management is something that they don't teach in college."

Working at the ranch with Conway gives students the opportunity to gain hands-on experience. "In a ranch the size of ours, it takes a tremendous amount of work and involvement from the crew to get things done," he says. "My philosophy is to get the young, aggressive, really good people who are willing to work and give me two, three or four years. I'm frankly not looking for anybody who is going to work for me for the next 10 or 15 years. I want somebody, usually a young person just out of college, who has some background with cattle and who is willing to give me seven days a week, 10 or 12 hours a day with the idea of using this job as a stepping stone."

In the 15 years Conway has been with R&J this plan has proven to be successful for both the operation and the employees. The method is used basically for two main positions: the person in charge of the cow herd, which includes the breeding of 150 head of females and the 350 embryo transfers, and the person caring for the show and sale cattle.

To ensure a smooth turnover when the key person leaves one of these positions, Conway makes sure there is a second person who has been there a year or two and is familiar with the job who can move into the head position.

"By using this method," Conway explains, "we never miss a lick as far as moving from one key man to the next. It is really a good situation because there is no detriment to somebody moving on to a better job. They have no reservations about accepting other jobs, when they know assistants can take over where they left off."

Placing managers out in the purebred world also has some pluses for the R&J operation. "We work with a lot of new breeders, and when they become established, some of them hire a manager. When this happens, they will sometimes ask me for a recommendation, which can be one of our people."

This management training route has become one of the attractions of working for R&J. There are usually about four to six applicants when a job becomes available.

When screening the resumes of job applicants, Conway looks for three basic things — education, farm background and dedication. He will hire people who have only a high school education, depending on their experience, but a college degree in agriculture is desirable. R&J is

What Type of Worker Do You Employ?

Nostalgic- This employee resists change and longs for "the good old days." Show this person new team practices that will help relive past glories.

Maintainer- An "average guy" employee who wants security with minimum effort. It's everyone's task to make certain that the maintainer carries his/her share of the team load.

Producer- This employee doesn't always like group activities, but productivity level is high. If you can, find the producer a niche where there's minimum supervision.

Builder- his peak performer puts team needs ahead of his/her own; the builder can change your entire unit with goal-reaching enthusiasm.

SOURCE : Robert Pearse and Eugene Fram, *Teamwork* newsletter, Dartnell Corp., Chicago, Ill.

an equal opportunity employer, but Conway stresses that a female is required to do the same work as a male. No matter what sex the applicant is, he or she must have a farm background and have an interest in the Angus breed.

"I try to get a young person who will commit to the breed because I think our industry needs good people. If we work with one of our people for three or four years, and then he or she goes with an-

other breed, I feel disappointed."

Conway also tries to find a single person; he believes the long work hours make for an unhappy spouse.

On the other side of the scale, employee benefits at R&J Ranch weigh fairly well. The operation pays all expenses, including hospitalization and workmen's compensation. It also provides meat, housing and utilities — everything except personal expenses.

"We probably don't pay as much as some of the other operations," says Conway. "But to get the economics of this thing to work, you can't afford to have five employees with outrageous salaries. If one of the first questions out of a prospective employee's mouth is 'How much do I get paid?' I don't hire him."

- Janet Mayer

Avoid the IRS Trap Over Hired Help

By Trenna R. Grabowski, CPA

Farmers often use part-time or temporary help as independent contractors, not employees. Calling such help "contract labor" rather than "employees" has advantages for the farmer.

It's much easier to deal with independent contractors than employees. With an independent contractor, you need only report the "non-employee compensation" amount paid to the individual on a 1099-MISC. Note that there's a \$50 penalty for not filing the 1099-MISC if you out pay \$600 or more to any one individual.

With an employee, there's a good deal more paperwork. You have to withhold federal income tax, Social Security, Medicare tax, and usually state employment tax. In some cases you may also have state and federal unemployment tax reports.

And you have to match the Social Security and Medicare tax deducted and pay unemployment tax if it applies. If you carry workers' compensation insurance, you will have an additional expense there.

The trouble is . . . The Internal Revenue Service (IRS) has stepped up its compliance program, targeting small and midsized businesses as those most likely to classify what the IRS considers "employees" as "independent contractors." This is a revenue generator for IRS.

The General Accounting Office (GAO) estimates that annual tax revenue lost each year due to worker "misclassification" is \$1.6 billion. GAO recommended that independent contractor information returns be compared with the business owner's tax return to identify employers who are misclassifying employment as contract work.

What if? If IRS determines that you have employees and not contract labor, you could pay penalties and interest. The most common is as follows: The IRS will calculate what the FICA or Social Security and Medicare tax would have been. You will pay both the 7.65 percent you didn't deduct from the "employee," plus the 7.65 percent that you are required to match as an "employer."

Since you didn't withhold federal income tax, the IRS will arbitrarily calculate withholding at 20 percent of gross income. That's more than 35 percent. If you prove the "employee" involved filed and paid his full federal income tax bill, you can apply to get back the 20 percent federal withholding.

You may try to collect the 7.65 percent employee share from the reclassified "employee." But that's normally not easy to do.

Instead of the above treatment, some situations qualify for relief under Internal Revenue Code Section 3509. If you filed a timely 1099-MISC, but the amount reported is determined to actually be wages, you may be assessed 1.5 percent of the wages paid for income withholding tax liability, and 20 percent of the amount that would otherwise be imposed for the employee's FICA taxes.

You still pay full employer share of FICA. Under this one, you can't get credit back for the 1.5 percent, even if the employee paid his full federal income tax. Nor can you try to collect 20 percent of the employee's share of FICA from him. You pay it all and that's it.

Who's an employee? How do you properly classify a worker as contractor or employee? Sometimes the distinction isn't clear. The accompanying checklist may help you decide if you have contract work or employment. It's excerpted from hearings of the U.S. House Ways and Means Committee.

No one or two questions determine an answer. But answering all of them should give a picture as to whether an employer/employee relationship exists or if it's truly contract labor.

If you have any questions about the classification of workers, check with your tax professional or attorney. He or she can give you further guidance on the interpretation of these 20 questions.

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20-Point Hired Help Test

- ☞ Is the individual required to comply with instruction about when, where, and how the work is to be done?
- ☞ Do you provide training so that he can do the job in a particular way?
- ☞ Is his job a regular part of the business operations?
- ☞ Does the person have to do the work personally or can he contract someone else to do it?
- ☞ Do you hire, supervise, or pay assistants to help the person under contract?
- ☞ Is the relationship between you and the individual doing the work a continuing one or only an occasional one?
- ☞ Who sets the hours of work?
- ☞ Is he required to devote his full time to your business?
- ☞ Is the work done on your premises?
- ☞ Who directs the order or sequence in which the work must be done?
- ☞ Are regular oral or written reports required?
- ☞ What is the method of payment — hourly, weekly, commission, or by the job?
- ☞ Are business or traveling expenses reimbursed?
- ☞ Who furnishes tools and materials?
- ☞ Does the individual have a substantial investment in his own tools or equipment?
- ☞ Can he realize either a profit or a loss because he has an investment?
- ☞ Can he work for people other than you at the same time?
- ☞ Are his services available to the general public?
- ☞ Do you have the right to dismiss the person other than for not doing his work according to your specifications?
- ☞ Does he have the right to terminate his relationship with you without incurring a liability for failing to complete a job?