



# Outside the Box

► by Tom Field, University of Nebraska–Lincoln

## The missing data points

*We live in a data-rich world. Data focus our attention on processes and metrics related to performance-based outcomes. The goal of data collection and synthesis is to substantially reduce the impact of emotion on decision-making. For example, in the realm of most corporations, returns to shareholders dominate decision-making by leaders. Quarterly returns are the standardized approach to determining the health and strength of business entities.*

### Holistic view

Yet, in a recent edition of the *Harvard Business Review*, Joseph Bower and Lynn Paine argue that the time has come for leaders of publically traded companies to stop making shareholder returns their No. 1 objective. Bower and Paine argue that a more holistic focus on company and organizational health centers leaders on long-term decisions that create lasting value. Indeed, what outcomes would be generated if leaders across the economic, political and social fabric applied a more holistic view of organizational health?

Take a minute to list the business, community and civic organizations in which you are engaged and then assign a score to each based on your gut-level instinct — 10 points for those that are thriving and consistently delivering excellence for customers, staff and ownership; 5 for those that are functional but subject to disruptions caused by stress, personnel issues and emerging threats in the marketplace; and 1 point for those organizations that are in serious decline.

My guess is that your list, like mine, didn't include all perfect scores. However, when I consider my scores, they were influenced not only by objectivity, but also by subjective assessments. Recognizing that hard data alone wasn't sufficient to assess the well-being of an organization leads to an important question: Is it possible to quantify all facets of an organization?

### Short-term vs. long-term

Let's use ranching as a case in point where short-term decisions must be weighed against their individual and collective impact on long-term performance. The seven key categories of a ranch system are listed in Fig. 1 with a more detailed description of each listed below:

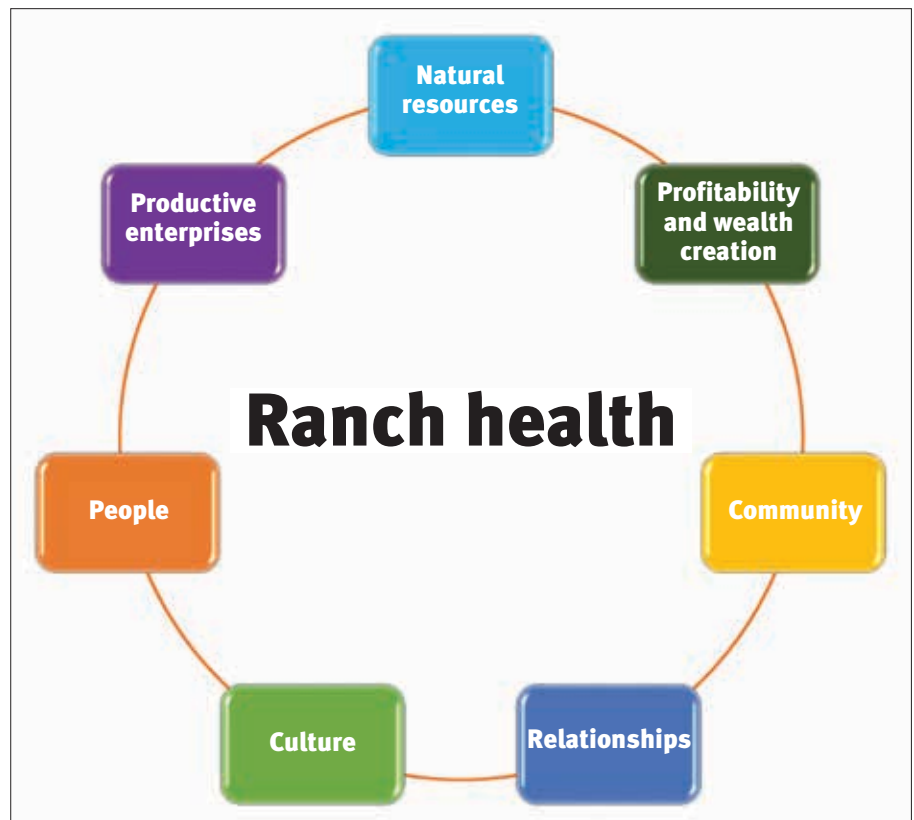
1. Natural resources, including plant communities, watersheds, wildlife habitat and soil.
2. Profitability and wealth-creation capacity of the ranch that recognizes both the need to generate cash flow but also long-term value.
3. Organizational culture — the values, vision and mission of the ranch; the way that business is conducted.
4. Relationships both within and external to ranch operations — the way that individuals engage within the business,

as well as with customers, vendors, neighbors, etc.

5. Individual human beings affiliated directly with the ranch (owners, management, staff and family members).
6. Productive enterprises of the ranch (cattle, hunting and recreation, minerals and energy, etc.).
7. The community that provides retail, banking, health care, education, arts and entertainment to the ranch and its people.

If any of the aforementioned seven factors are in a state of poor health, the total system will underperform. Assessing the health status of these elements requires a several-step process that includes defining what the health goals are for each of the seven, developing an effective and manageable system of measurement, establishing benchmarks for current performance, evaluating the gaps between current and desired status, and taking active steps to close the gaps.

**Fig. 1: The seven key categories of a ranch system**



## Building relationships

My experience is that most ranch managers have a decent handle on productive enterprises, profitability and natural resources. They also generally have their finger on the pulse of the community and have invested in making the community a better place to live, work and play. The struggle usually lies in the nexus of people, relationships and culture.

To be honest, most of us in the ranching realm are far more comfortable with tasks than we are with relationships. Why do so many of us struggle with the human side of our businesses? In large part, because meaningful hard data affiliated with the performance of people, relationships and culture is difficult to obtain. As a result, leaders must tap into their emotional intelligence and depend on qualitative

assessment — skills rarely embraced or developed in agricultural production settings.

Think back to the organizational health scores you assigned earlier. Those with lower marks are likely hindered by leadership teams who have not been able to commit to a clear purpose. Furthermore, these poorer-performing groups likely struggle with keeping their eye on the ball, allocating resources to their most critical functions, and communicating with their teams. Breaking through these barriers doesn't require more data but rather better processes.

Patrick Lencioni offers a must-read approach in his most recent work, *The Advantage*, designed to facilitate the thoughtful assembly of a cohesive leadership team that creates, reinforces and over-communicates clarity throughout the

organization. This commonsense approach offers leaders a path forward in their quest to build truly high-performing organizations.

A stronger and more vibrant beef industry doesn't depend on better beef production. Rather, future success rests squarely on our ability to develop people, build relationships, and establish an organizational culture that brings out the very best of the people on our teams.



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**Editor's Note:** Tom Field is a rancher from Parlin, Colo., and the director of the Engler Agribusiness Entrepreneurship Program at the University of Nebraska-Lincoln.