



Economic Toolbox

Do You Own a Job or a Business?

Sadly, farmers are going out of business at a faster rate today than ever. To help you avoid this fate, you should determine if you own a farm business or simply own a job. If you discover that you own a job, it is likely that you will soon be a casualty as well. There is an easy way to tell if you own a job or a business by answering this question. "If I left for a week or two, or even a month, would the farm still be able to function?" Those who answer "no," own a job. If you must milk, feed, plant, cultivate, harvest, repair, buy, sell, haul or any of the other hundred jobs to be done on a farm because nobody else can or will do them, you own a job. It's not that these jobs are unimportant, insignificant or ignoble. Farmers love doing these jobs and are very skillful at them. It's more a matter of knowing the role of a farm owner in today's changing economic environment and making sure you are playing it right.

Many people believe that running a business is nothing more than doing all the jobs in the business very well. This is a flawed assumption because understanding the technical work of a business does not mean understanding how to run a business that does technical work. Loving the "job" on a farm becomes the single biggest downfall for many farmers because while doing the job, they forget about running the *business* that makes the job possible.

In his excellent book, *The E Myth Revisited*, Michael Gerber skillfully points out that most small businesses are operated according to what the owner wants as opposed to what the business needs. When the needs of the business are ignored by the owner because he or she is busy doing what he or she wants to do instead, the business suffers. Eventually, this suffering is soon felt by the owner, and most unpleasantly.

Gerber describes the three personalities that are struggling inside every small business

owner, farmers included. They are the Entrepreneur, the Manager and the Technician. Each has its own wants and needs, strength and weakness. In order to make a small business work, all three personalities must be allowed to function and perform their duties.

The Entrepreneur - According to Gerber, the Entrepreneur is the visionary, the dreamer, the inventor, the source of energy, the seer of opportunity, the risk taker. This personality lives in the future dreaming “what-if” scenarios while continuously look for new opportunities. The Entrepreneur engages and leads the other personalities to pursue his vision for the business. Every farm needs an entrepreneur to move forward. When the entrepreneur is suppressed, the business stagnates and falters.

The Manager - The manager’s personality craves order according to Gerber. This personality loves to plan and systematize everything. The manager does not like change because it upsets the order he worked so hard to develop. When the Entrepreneur sees opportunity, the Manager sees problems. If the Entrepreneur lives in the future, the Manager lives in the past. When you see a farm that has the same systems in place long after they have lost their economic advantage, you might guess the Manager is in charge. The Manager does not like the Entrepreneur because the Entrepreneur is always coming up with changes he must adapt to. Of course, the Entrepreneur does not like anyone because they all get in the way of his dreams.

The Technician - Gerber’s third personality is the Technician. The Technician is the *doer*, an individualist who is happiest when he’s busy working. It doesn’t matter what the work is, as long as there is work. Work, work, work - the more the better. Thinking gets in the way of the Technician’s work, so he doesn’t do it. The Technician does the jobs on the farm. He doesn’t like the Manager who’s always trying to impose order. The Technician is the personality that is in charge in most farms, in fact, the Technician is in charge in most small business. And guess what. If the Technician doesn’t like thinking and he’s in charge most of the time, the wrong person’s running the business!

If we take a minute, every one of us can recognize these personalities in us. Maybe this has even happened to you. You're in for lunch flipping through your favorite trade journal - say American Agriculturist - when you come across an article that pertains to a problem you've been having with milk production or pest control or even (God forbid) financial analysis of your farm business. The Entrepreneur in you, always looking for new solutions says "Hey! Slow down here. There could be something good in this article. My intuition tells me we need to really study this. It could be the solution for a major problem in the business. I wonder where I can get more of this type of information. I am going to make a few telephone calls and investigate this some more."

Almost immediately, the Manager chimes in "Forget it! We're doing just fine the way we are. You don't want to be spending a lot of time thinking about major changes. The unknown is scary stuff. Better leave it alone. Save that kind of dreaming for a rainy day." Meanwhile, the Technician's belly is about full by now. "Com'on guys. We're done in here. Let's get back outside. The hired help is waiting for us to help them fragamatize the digisizer. If we don't get out there now, they're gonna think we're takin' a nap! Is that what you want?" Building a great farm business just does not happen when the Technician is in charge, no matter how good a technician he is.

According to the *E Myth*, the Entrepreneur is in charge about 10 percent of the time, the Manager about 20 percent of the time. The Technician rules 70 percent of the time. Working hard versus working smart is not a new concept. Just *how* to work smart is more elusive. Here's the secret: *Work on your farm business, not in it.* Build a farm business that works without you, not because of you. By shifting your paradigm of the owner's role in the farm business from farmer to farm business builder, you allow the Entrepreneur, the Manager and the Technician to work together toward a common goal. The Entrepreneur sets the goals, the Manager organizes the work needed to meet the goals and the Technician carries out the job. The end product of this effort is not apples, milk, grain or vegetables. The end product is a healthy and growing farm business that works. Now you own a business, not a job.

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Oops . . . In July's Issue, I incorrectly computed how much \$1,000 would double to at 3% interest in 48 years using the Rule of 72. The correct number is \$4,000, not \$8,000. Thanks to our sharp readers for pointing this out.