

# PRECISION MANAGEMENT: WHAT TOP PRODUCERS ARE DOING TO BE PROFITABLE

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## ABSTRACT

The most economically stable swine producers today have implemented management practices that directly impact the profitability of their enterprise. They commit to clear expectations and protocols which allow people to meet their goals. They use objective measurements to monitor progress. Management through farm level employees is part of continual evaluation of the system and is connected to improvement and changes. Daily execution is a given and prioritization is driven off of the expectations.

## INTRODUCTION

The lower profit margins in today's pork industry put tremendous pressure on producers' profitability. Costs and inputs have been scrutinized more closely than ever before. If you are trying to go from "Good to Great" on an "Earth that is Flat" and the current economics are "Freakonomics" to you, the potential of a "Fall from Greatness" is frightening. Currently, there are some common points that stand out in big and small production systems that make them better than others. No individual company is doing everything perfectly, but many have implemented a number of management practices that provide a way to continually improve.

## CLEAR EXPECTATIONS

Successful swine production systems / farms can clearly state goals and the processes to attain those goals. They are recorded in concise protocols. These written protocols address **how** to do things and **when** to do things. The best protocols and expectations also clearly and concisely state **why** these expectations are important. An example could be the washing of farrowing crates and farrowing rooms post weaning. There is a logical step-wise process from breaking down the room, pre-soaking etc. The **how** and **when** are sequential logical methods to achieve the expected levels of cleanliness. If you have never done this task before, it is not so logical and may not make sense. Protocols with an explanation on **why** washing the crate from ceiling to floor to prevent re-washing and re-contamination helps people learn the logic and reasons in the written protocols. This leads to the achievement of the expectation and an inspected clean farrowing crate and room.

## OBJECTIVE MEASUREMENTS

If expectations are clear and people understand **why** they are performing a task, it enables the process of measurement. Clear expectations should detail an outcome or goal that is understood, can be objectively measured and is in the control of the people responsible for the work. There is alignment of measurements and accountability. The best objective measures are either YES or NO or could be viewed as PASS or FAIL. A farrowing crate is clean or needs to be re-cleaned. The best operations view unmet expectations as opportunities to improve and provide ongoing training and clarification of the expectations. They are constantly trying to fill the gaps in a positive pro-active manner. They do not waver. They consistently re-visit and reference the written protocols and invest in the time and resources necessary for training. Ultimately, they understand more quickly when an individual is either incapable of performing the expectations or is making a choice not to meet expectations. At the same time the best companies are always evaluating the expectations outlined. Can they be improved? Streamlined? Are they realistic? Are they practical and achievable?

## INCLUSIVE

As these companies are asking themselves these questions, they are engaging the people at all levels of the organization in the “self” evaluation. Generally, there is a semi-formal process where the on-farm and management input comes together. This input is reviewed and either changes are made or there is a re-commitment to what is currently expected. The best companies review the expectations and written protocols annually. They do not wait for failures or problems to occur in an area to review it. They look for opportunities to improve.

## EVOLVING / CHANGING / ADAPTING

Highly successful and productive swine businesses are undergoing continuous improvement. Even though clear expectations are an absolute, these companies are challenging the **how**, **when** and **what** at all times. They have the ability to focus on measureable outcomes and do not get lost in the cloud of natural variation in a biological system. They re-set the expectations, re-train the processes and continuously evolve. People in these systems expect to change, they do not fear it. They are engaged in it and feel ownership in it at all levels of the organization. They are willingly and openly trying new technologies. They carefully measure these advances with a formal process of evaluation and are quick to adapt positive innovations. They are equally quick to dump things that do not work. It is important to realize that most of these organizations do not get caught up in the “flavor of the month” mentality. Nor do they get caught up in the paralysis of analysis of everything measurable. Too often, so many things are measured and analyzed that people within the organization lose sight of what is important. The risk is that eventually nothing seems important and prioritization becomes confusing.

## KEY MEASUREMENTS

Successful swine production organizations are sharing and reviewing key indicators in real-time through-out the organization. Few days pass before a missed expectation is reviewed, investigated and plans put into place to correct it. These key indicators in the production system are very sensitive to the bottom line. If breed target is a key indicator and it is missed, the **what**, **why** and **how** are known, discussed and communicated openly. This assessment leads the conversation to other components of the key measurement. Did the farm breed the expected number of gilts? Did they miss target on wean sows, opportunity sows, etc...? This type of analysis requires open communication at the owner/management level to the farm level. For example, the breeding crews cannot control the fact that the gilts showed up 70 lbs lighter than expected. They can identify the missed expectation when it happens. They are responsible to plan accordingly to meet breed targets in any given week. If breeding target is missed two months later because the gilts were light, an opportunity was missed. It was a known “missed expectation” by the gilt supplier when the gilts arrived. The best organizations are immediately putting plans in place to make breed target when these gilts were expected to be available to breed. They are also working on correcting the gilt weight issue. Lastly, they are considering and working on plans to avoid over-breeding when the slug of gilts comes through the breeding herd. Management at all levels is in lock-step to anticipate the consequence of a missed expectation and minimize its impact on profitability. They are also sensitive and realistic about what people can control and do to minimize risks to profitability. These same companies use these issues to continuously improve their processes and protocols to meet expectations.

## EXECUTION

Every day of the week, the execution of processes and protocols to meet the expectations on the farm are done with diligence, patience and care. There is no rushing through work on week-ends. Clock-watchers are not filling their day to match their task list. Work is not disrupted by a feed-line motor not working or someone not able to work due to illness. Execution of the most important processes is done well daily. This means that some days, some things such as washing a hallway or organizing the med shelves are postponed to a later date. The **key measurements** and **clear expectations** drive the prioritization of work at the farm level and managers/employees habitually focus on what is most important to the results.

## CONCLUSIONS

The best companies use clear expectations, communicate change effectively and inclusively, and measure in real-time the key indicators to profitability. This re-enforces the importance of daily execution which can be tangible change to the bottom line and future of an organization.

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