



# FACT SHEET

## PRO-FARM Leadership and Management

Fact Sheet 669

### Discover Your Priorities: Develop a Needs Assessment

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*Needs assessment: A discovery tool for directing activities and resources to areas of most importance.*

Why is it that many of us spend a majority of our time solving problems to which we know the answer? Why do some farmers who enjoy working with livestock continue to fine tune their animal care while neglecting the crops? What about other farmers who can reproduce by memory the schematic for a tractor, yet cannot trace the flow of funds in and out of their farm businesses? The answer is, of course, human nature. We all focus on activities we enjoy or with which we feel comfortable. Similarly, we avoid problems that we cannot resolve immediately or that might involve conflict in their resolution. Many crises faced by farmers stem not from problems

that are unsolvable, but from problems that are ignored. Opportunities are not pursued not from lack of resources, but because they would require us to enter unfamiliar, uncomfortable territory.

*Need* is defined as the “lack of something essential”; to *assess* is “to determine the importance of.” A needs assessment is a discovery tool for directing activities and resources to areas of most

importance. A needs assessment helps the farmer face the farm squarely and evaluate the business as it currently operates. Will the farm fulfill the farmer’s long-term aspirations? What are the constraints on current profitability? What major shifts are needed in the farm operation to meet financial goals? A needs assessment helps the farmer focus on major, relevant issues affecting professional accomplishment or personal achievement.

**MANAGEMENT**

**PRO-FARM**

**LEADERSHIP**

**Empowering farm and agribusiness managers to proactively apply effective leadership and management principles and practices to improve productivity, increase profitability, and fulfill long-term aspirations.**

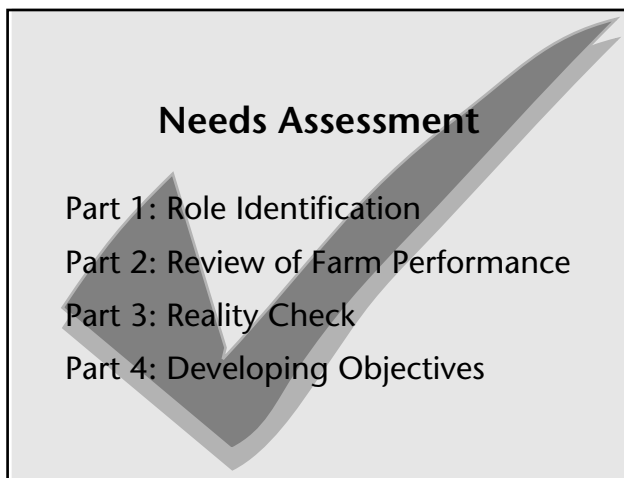
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When these problems or opportunities are stated in proactive terms (proactive statements are positive, action statements that indicate personal responsibility), the farmer will have defined a clear set of objectives from which to develop strategic plans.

In conducting a needs assessment, it is helpful for farmers to structure their approach by considering three areas (the three R's): role identification, review of farm performance, and reality check. The value of this three-pronged approach is that it encourages farmers to examine their operation from different viewpoints. A role identification helps farmers and major team members evaluate their own performances. A review of the farm's performance examines technical progress. A reality check encourages farmers to use their intuition and imagination to assess the needs of the farm (Figure 1).

After each part of the assessment is completed, write down the needs identified in that area. When all three assessments are completed, study them as a group and consolidate needs that are complementary or similar. What are the most important problems to solve or opportunities to pursue? What are the



**Figure 1.** Steps in a needs assessment

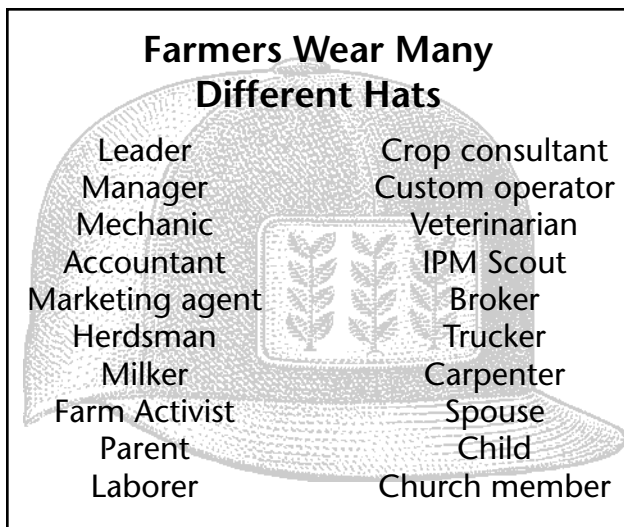
major constraints hindering the accomplishment of farm and personal goals? State these needs in proactive terms. These statements are your farm's objectives. Objectives provide a prioritized list of the most important issues facing your farm operation.

There is an old saying, "a problem correctly identified is a problem half-solved." By carefully assessing the needs of the farm business and defining appropriate objectives, the farmer can then move to a strategic planning process, setting specific goals that capture major opportunities and solve long-standing problems.

## **Part 1: Role Identification**

Farmers wear many different hats. They fill many different roles. Roles are distinct jobs that require a significant amount of our time and energy. Sometimes we let external factors and circumstances define our roles for us; ideally, we should define our own roles and these roles should grow out of our mission statements. For example, a dairy farmer might have the following roles: herdsman, crop manager, mechanic, financial manager, spouse and parent, and civic organization member. A grain farmer might have the following roles: crop manager, marketing specialist, seed salesman, mechanic, financial manager, school bus driver, family member, and church member (Figure 2).

To determine your personal and professional roles, review your mission statement. Think about how you would define your life in terms of roles consistent with that mission. What roles characterize your major activities? What roles characterize activities you wish to pursue but are not? Write these roles down; continue to refine them to make sure they fit your situation. Identifying roles is a powerful personal tool. Not only is it useful for a needs assessment, but it promotes



**Figure 2.** Examples of a farmer's roles

personal efficiency (discussed further in Fact Sheet 671 "Time Management").

In this component of the needs assessment, you should also examine performance through the farm's most important resource—people. List the roles of you and your team members (Worksheet 1). Evaluate everybody's performance or have them evaluate their own performance using a simple rating system, such as strong, average, or weak. It is important that all roles are listed so that a complete picture is presented of a person's productivity. The natural tendency in this assessment is to focus only on weak roles, making it an unpleasant task. However, this is also an opportune time for self-praise or praise of employees for roles that are being performed well.

Given the diversity of skills required to be a successful farmer and the time constraints faced by all, one common result of this needs assessment is the identification of roles that are being ignored. It is not that farmers are unable to perform the role; more likely, it is that they do not have the time or do not enjoy per-

forming it. It is our experience that most serious farm problems stem from these ignored roles.

## Part 2: Review of Farm Performance

Rating past performance is an area with which most farmers are familiar. The financial and production records that farmers encouraged to keep are essential for this assessment. Farmers should review their income and cash flow statements, balance sheets, milk production, yields, prices, farrowing average, and other records to highlight areas of concern.

Although it is logical to start with tax records, farmers should not stop there. None of us make enough money; the needs assessment helps us determine why by examining the various farm enterprises. For example, a grain farmer may determine that yearly profits could be increased by 20 percent if a better marketing strategy was developed and followed. A dairy farmer may determine that the current feed ration neither maximizes output nor minimizes costs.

One way to approach this assessment is to list all farm enterprises across the top of the page (Worksheet 2). Be as specific as possible, separating different crops or distinguishing between farrowing and finishing in a hog operation. Evaluate each enterprise for its productivity (i.e., yield/acre, weight gain/head); size of enterprise (i.e. acres farmed, cows milked); cost control of inputs; and marketing (prices received). Rate each subject as good, average, poor, or don't know. This level of detail is sufficient for the time being to identify major objectives to guide strategic planning. In the strategic planning process, the "what, why, and how" of completing these objectives will be considered in detail.

Evaluate farm resources such as land, machinery, labor, and buildings. Are they sufficient to accomplish the tasks? Are they efficient in accomplishing the tasks? Rate each as good, average, poor, or don't know. Finally, look at the farm's overall financial condition. Examine and rate such indicators as profitability, solvency, and liquidity.

### **Part 3: Reality Check**

Finally, farmers must make a "reality check" (Worksheet 3). Relying on his or her own intuition, the farmer should ponder the future of the farm and its operation. Take time; think creatively; ignore previous biases. What is it you hope to accomplish on your farm? What is standing in your way? For many, this process will confirm the two previous assessments. For example, the farm needs better wholesale markets for its vegetables; crop acreage must be expanded; the milking barn must be redesigned. For others, it will highlight the real issues facing the farm. For example, there is a disagreement within the family over the farm operation that is frustrating progress; farm cash flow problems stem not from inefficiency but from family living expenses that cannot be justified; the current farm operation was designed to support one family, not two.

In this process, try to detach yourself. Imagine you are a consultant visiting the farm. Take an eagle's eye view. What would you say about its operation? What problems or opportunities demand to be resolved or pursued? How effective is

communication among the farmer and the team members? Some farmers may choose to invite a person they respect to offer input. The goal of the reality check is to write down statements summarizing these ideas.

### **Part 4: Developing Objectives**

Lay all three components of the needs assessment on a table and note the major needs identified for each component. Do portions of these three assessments overlap? If so, these areas are particularly important. For each need identified, state an objective in proactive terms that will meet the need (Worksheet 4). Objectives state what you or the farm business will accomplish.

Examples of objectives are: I will purchase a computer and keep professional financial and production records for use in analyzing my farm operation; with my spouse and parents, I will develop an estate transfer plan for the farm; the average production of milk per cow will increase from 15,000 pounds to 19,000 pounds. Notice that deadlines are not set for meeting these objectives, nor are details given for the approach that will be taken. Those decisions are made in the strategic planning process.

Try to limit your objectives to the most critical. It is not wise or useful to attempt to solve all problems or pursue all opportunities at once. A needs assessment prioritizes issues so that a farmer can strategically plan the successful resolution of the most important.

# Worksheet 1

## Needs Assessment Part 1: Role Identification and Evaluation

Check one column to indicate how well each role is being handled.

Name \_\_\_\_\_

| Role | Strong | Average | Weak |
|------|--------|---------|------|
|      |        |         |      |
|      |        |         |      |
|      |        |         |      |
|      |        |         |      |
|      |        |         |      |

Name \_\_\_\_\_

| Role | Strong | Average | Weak |
|------|--------|---------|------|
|      |        |         |      |
|      |        |         |      |
|      |        |         |      |
|      |        |         |      |
|      |        |         |      |

Name \_\_\_\_\_

| Role | Strong | Average | Weak |
|------|--------|---------|------|
|      |        |         |      |
|      |        |         |      |
|      |        |         |      |
|      |        |         |      |
|      |        |         |      |

## Worksheet 2

### Needs Assessment Part 2: Review of Farm Performance

Rate each enterprise, resource, or indicator as good, average, poor, or don't know.

Crop or livestock enterprise

\_\_\_\_\_

|                 |  |  |  |  |  |
|-----------------|--|--|--|--|--|
| Yield/output    |  |  |  |  |  |
| Enterprise size |  |  |  |  |  |
| Costs           |  |  |  |  |  |
| Marketing       |  |  |  |  |  |

Land                      Machinery                      Labor                      Buildings

|            |  |  |  |  |
|------------|--|--|--|--|
| Sufficient |  |  |  |  |
| Efficient  |  |  |  |  |

Profitability                      Solvency                      Liquidity

|                     |  |  |  |
|---------------------|--|--|--|
| Financial Condition |  |  |  |
|---------------------|--|--|--|

# Worksheet 3

## Needs Assessment Part 3: Reality Check

Jot down ideas and observations about your farm business.

1

2

3

4

5

# Worksheet 4

## Needs Assessment Part 4: Developing Objectives

List the major needs of the farm and state an objective that will address each need.

Need

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Objective

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Need

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Objective

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Need

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Objective

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Need

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Objective

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