

TEPAP II – Taking Inventory of Process Improvement in Governance & Financial Management Practices – 2024 Scorecard

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- + Agenda Focus: last step in process improvement → assessing progress.
- + Bottom Line: Where are you in the journey? ***If you conducted a Management Audit, or updated your Farm Management Proficiency Test and Process Improvement Checklists, how would you score?***
Survival → Stable → Professional → Institutional

Use the following outline to score your progress and action plan going forward:

Mission, Vision and Values *Critical Core Guidance Directives*

- + Are these in place?
 - How has it affected the professional climate or culture in your business?
 - What strategies helped you get this in place?
- + If you still need it:
 - Obstacles keeping you from the finish line?
 - Opportunities for your business if fully implemented.
- + Special issues related to this topic:
 - Who benefits from seeing these guidance documents in print?
 - How can a **Culture Audit** identify “aspirations” vs. “we’re living it”?
 - What do we do when member(s) don’t share mission, vision, values?

Planning

- + Are effective operational and strategic planning processes in place?
 - How has it affected professional climate or culture in your business?
 - What strategies helped you get this in place?
- + If you still need it:
 - Obstacles keeping you from finish line?
 - Opportunities for your business if fully implemented.
- + Special issues related to this topic:
 - Knowing how to do budgeting vs. DOING IT
 - Differentiating cashflow planning from *proforma performance measurement*
 - Building effective Strategic Planning Process integrated with operating plan

Organizational Structure and Role Definition

- ✚ Are these in place (organization chart, job descriptions, and performance standards)?
 - How has it affected the professional culture in your business?
 - Do you have clarity and alignment concerning job roles in the business?
 - What strategies helped you get this in place?

- ✚ If you still need it:
 - Obstacles keeping you from finish line?
 - Opportunities for your business if fully implemented.

- ✚ Special issues related to this topic:
 - Making “board function” more visible and transparent
 - Extending career path to include the “board chairman/mentor”
 - How do we build governance with **multiple entities involved?**
 - Management Succession – who will be next CEO?
 - Making the Transition from CEO to Board Chair Formation and use of an advisory board and/or peer networks
 - How are following roles emerging in your business:
 - Bookkeeper → Office Manager → Controller → CFO
 - Human Resource Director

Policy Definition

- ✚ Are detailed policies written, ratified, accessible and reviewed on a timely basis?
 - How has it affected the professional climate or culture your business?
 - What strategies helped you get this in place?

- ✚ If you still need it:
 - Obstacles keeping you from finish line?
 - Opportunities for your business if fully implemented.

- ✚ Special issues related to this topic:
 - Defining areas where policy definition is needed?
 - “*Policy before the need*” ...or “*wait for the fight*”?
 - Family employment policy
 - Ownership capital entry and exit policy
 - Reviewing ACTUAL vs *intended* contributions of capital based on operating agreements, capital contributed, revenue share agreements, etc.
 - Compensation Structure
 - Buyout Policy or *guiding principles for buyout framework*
 - Business Benefit Continuation

Standard Operating Procedures

- ✚ What SOPs are formally documented and used in the operation?
 - How have SOPs affected the professional climate or culture in your business?
 - What strategies helped you get this in place?

- ✚ If you still need these:
 - Obstacles keeping you from the finish line?
 - Opportunities for your business if fully implement?

- ✚ Special issues related to this topic:
 - How much SOP documentation is appropriate based on enterprise mix, business size and complexity, etc.
 - How many have adopted Safety Policy **since TEPAP I?**
 - Fixing accountability for “leading the process” vs. “creating SOPs”
 - Class Discussion: Innovative ideas for putting these in place?

Communication Culture

- ✚ Are formal structures in place?
 - Do you display rules or Code of Conduct for communicating professionally?
 - Personality style profiling: What tools are you using information to promote positive communication and culture?
 - What protocols do you follow to share records openly?
 - Structure for Meetings – Staff, Management, Owners, Family

- ✚ If in place:
 - How have these tools affected professional climate or culture?
 - What strategies helped you get this in place?

- ✚ If you still need it:
 - Obstacles keeping you from finish line?
 - Opportunities for your business if fully implemented.

- ✚ Special issues related to this topic:
 - Expanding use of DISC profiles or similar tools across stakeholder base
 - Strategizing optimal mix of meetings – what meetings are needed; who should attend; designing agendas (Example: 12-month board meeting cycle)

Performance Measurement and Management Control

- ✚ What key practices related to this area are in place?

- ✚ For those disciplines “in place”
 - How has it affected professional climate or culture your business?
 - What strategies helped you get this in place?
- ✚ If improved measures are needed:
 - Obstacles keeping you from finish line?
 - Opportunities for your business if fully implemented.
- ✚ Special issues related to this topic:
 - Are performance evaluations standard part of management culture; how do employees and owners embrace this tool?
 - Does CEO evaluation differ from process for other employees?
 - Mastering cash vs. accrual profitability analysis
 - Refining cost vs. market valuations; managing unrealized gains/deferred taxes
 - Using ratio analysis and trends sheets
 - Implementing book versus tax depreciation schedules
 - DuPont Model applications