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## ***Kernkamp Lecture:***

# **How to meet your production expectations**

Howard Hill DVM, PhD

Director of Operations, Iowa Select Farms

## **Introduction**

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We have come of age! This might be our conclusion if we were to glance over our shoulder and examine the changes the swine industry has endured or embraced during the last decade. However, I believe few pork producers or swine practitioners need to be warned that the changes we have experienced over this period are only harbingers of the future. Change is obviously not unique to our industry. In fact, the changes we have experienced pale in comparison with the impact the computer and related electronic gadgetry has had on the field of technology. It is hard to define all the drivers of change that ushered in the modernization of the swine industry. The biggest driver of change has been the conversion of the industry from diverse farming operations to enterprises focussing solely on pork production. Today this structure has evolved even further, with some entities being fully integrated businesses that have global presences and are traded as public companies on Wall Street. As the size of both independent and corporate swine businesses grew, the need for production and financial record-keeping and reporting became imperative. Most operations today, regardless of size, rely on external financing for business development and operating capital. To secure and maintain financial backing, especially during periods of poor production or downturns in the market like we experienced in 1998, financial institutions require accurate production and financial records that prove you are meeting expected targets.

Goals can, like a mission statement, define the overall direction of the business. Iowa Select Farms' goal is to be a low cost producer of high quality, safe, wholesome pork while maintaining a stable and enjoyable workplace for employees and safeguarding our environment to ensure the quality of life for future generations. It is the role of ownership and management to not only set goals, but to transform them into definable and measurable production and financial targets toward which all employees can work. The success of any business depends upon developing and implementing the correct business. In our business, the employees implement the plan.

This presentation has three parts. The first part defines how goals are established and monitored. The second part

is the role the system plays in achieving production goals. The third part deals with the implementation of a business plan through employees to meet the expected targets. Obviously, the emphasis in the third part will emphasize the 'people power' side of the business.

## **Production goals**

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The purpose for which production goals are going to be used must be defined as part of the process. Although it would be convenient to have a single set of production goals that one could use for all purposes, this is not practical and—based on your relationship with your banker—you could be committing financial suicide if the wrong targets are used. Typically we set higher production targets for the production team than we use for budgeting purposes. As they should, bankers frown on operations that cannot achieve budgeted production and financial targets.

## **How do we set goals that are realistic?**

How does one establish production goals and what are the key production drivers? In an operation like Iowa Select Farms where we are responsible for the entire production process—leading to a market pig as our end product—the key driver is the number of weaned pigs produced. With a stable sow population we can easily translate weaned pigs to weaned pig/sow/year. This number will drive our throughput in the nursery and finishing or the wean-to-finish phases of production. Pigs weaned/sow/year is really an outcome of the processes that lead to the production of a weaned pig. The focus really needs to be on how we achieve the appropriate gilt pool, breed target, conception rate, farrowing rate, pigs born alive/litter, and pre-weaning mortality. If all of these processes are completed properly, the desired outcome of a high pigs weaned/sow/year (i.e., 23–25) will be achieved. Failure to achieve success in any of these processes will result in sub-optimal performance. Superior results in any one process without concurrent success in all processes does not guarantee a successful outcome. All too often, producers, consultants and lenders get caught in what has been referred to as the “favorite efficiency measure trap”(DiPietre, Leman 1997). Focussing on a subsystem measure such as pre-weaning mortality or feed efficiency

may provide valuable information; however, it will not provide a comprehensive assessment of the production or financial performance of the system. For example, excellent farrowing rates will never make up for the pigs lost for failing to meet breeding targets.

Establishment of production targets can be a complex process, especially if the farm is new or there are no reliable historical production data. Sources of information when establishing production targets for a farm include historical production data, evaluation of the health status, genetics, facilities, and internal and external benchmarks. Production targets need to be realistic yet challenging to the staff. It is unlikely that a farm that historically has struggled to produce 20 P/S/Y will suddenly produce 23 P/S/Y without some fundamental change in the inputs such as improved health (i.e., stabilize PRRS), better management, improved genetics, etc.

The use of external comparisons to help set production targets can be very difficult and one could become disillusioned when evaluating other producers' data. Feed efficiency (FE) data provides an excellent example. It is not unusual to see reported finishing FE ranging from 2.5 to 3.2. If there is 200 pounds of gain and the feed cost is \$0.05/lb. a difference in FE of 0.7 would provide a \$7.00 advantage to the best producer (0.7 x 200 lbs. x \$0.05 = \$7.00). One would have no difficulty arguing the advantage of the more efficient producer in this case. However, with smaller differences in FE, lower FE may not translate to lower cost per pound of gain, which is a more important production target to measure. If ingredient costs were the same, factors that would influence FE would be:

- Kcal/lb. of feed,
- pelleted versus meal,
- weight in, weight out, and
- dead and cull pounds

As the parameters change, the FE target would have to be adjusted. For example, the cost relationship between corn

and fat dictates the inclusion of fat in grow/finish diets. We typically use a 4:1 ratio to make this decision. In reality, the nutritional values and the cost of ingredients are inputted into the formula and the computer makes the decision.

There are numerous sources of information that can be used for external benchmarking. PigCHAMP<sup>(r)</sup> provides two sources of comparative data. These reports are excellent, but they need to be studied carefully as some of the data may be inaccurate or misleading. One of the sources, the PigCHAMP<sup>(r)</sup> Summary Data for 2000, is found on their website, <http://www.pigchampinc.com>. The data for the nursery/finish part of this report is sometimes pooled, which results in information that is unrealistic and useless. Obviously some producers have reported nursery performance data, while others have reported finishing data. Confusing data like this can be very problematic if one is attempting to set production targets and is unaware of how the data is collected and manipulated for table or graph presentation.

The other valuable tool from PigCHAMP<sup>(r)</sup> is the annual publication, *Global Benchmarking in Swine Herds*. This report can be purchased for \$25.00 from PigCHAMP, Inc. Examples of the breeding herd and finishing reports are provided below. Breeding herd data has been reported so that you can compare your own result with the average, median, upper 25%, or upper 10% of the producers participating in the datashare program. Finishing data is presented by percentiles. Again the data can be misleading if one is not careful to examine how the data is presented. In **Table 3**, most of the production parameters are arranged with the 10th percentile being the best, but in the case of feed:gain, the data is reverse. This data also helps to make the point discussed previously as to the impact in- and out-weights can have on feed efficiency. In **Table 3** the in-weights vary by 62.3 pounds and the out weights vary by 41 pounds, when we compare the 10th percentile to the 90th percentile. These differences make this data unusable as a benchmark for feed efficiency.

Table 1. PigCHAMP nursery-finish data

		25%	10%
Rate of gain	1.18	1.57	1.74
Feed consumed/head/day	3.05	1.30	1.10
Feed Conversion ratio	2.32	1.65	1.49
Mortality rate	3.12	1.50	0.80
Turnover ratio	2.74	3	3.1
Average days	126.57	112	106

PigCHAMP<sup>(r)</sup> data found on the web site <http://www.pigchampinc.com> and reproduced with the permission of PigCHAMP, Inc.

Table 2. PigCHAMP breeding herd summary in the United States

Measurement	Average	Median	Upper 25%	Upper 10%
<i>Breeding performance</i>				
Repeat services,%	14.1	13.8	10.1	6.9
Multiple matings,%	87.3	92.4	97.2	99.0
Entry-to-service interval, days	42.6	39.4	25.5	15.9
Sows bred by seven days,%	82.7	84.9	89.8	93.4
Weaning-to-first-service interval	7.8	7.1	6.3	5.6
Average nonproductive days	86	77	63	53
<i>Farrowing performance</i>				
Average gestation length	115	115	115	114
Average parity of farrowed sows	3.1	3.2	3.7	4.1
Farrowing interval	147	146	142	140
Farrowing rate,%	76.4	77.4	82.0	85.1
Average total pigs/litter	11.1	11.2	11.6	12.0
Average pigs born alive/litter	10.1	10.1	10.5	10.8
Average stillborn pigs	0.8	0.8	0.7	0.5
Average mummies/litter	0.2	0.2	0.1	0.1
Percent < 7 born alive	12.2	11.9	9.9	8.2
PWM for farrowed and weaned	12.4	12.0	10.3	8.5
Litters/female/year	2.08	2.17	2.29	2.37
Litters/mated female/year	2.31	2.35	2.44	2.50
Old litters/mated female/year	2.26	2.34	2.45	2.53
Litters/farrowing crate/year	14.5	14.3	15.9	17.8
<i>Weaning performance</i>				
Pigs weaned/litter weaned	9.0	9.0	9.4	9.8
Average age at weaning	18.0	17.7	16.1	14.8
Adjusted 21-d litter weight (lb)	126	125	134	143
Pigs weaned/sow	8.8	8.9	9.2	9.5
Pigs weaned/mated female/year	19.6	20.4	22.0	23.2
Old pigs weaned/mated female/year	20.6	20.9	22.7	24.2
Pigs weaned/female/year	18.0	18.9	20.5	22.0
Pigs weaned/lifetime	25.1	27.0	35.0	43.0
Pigs weaned/farrowing crate/year	129	126	142	164
<i>Population</i>				
Average female inventory (AFI)	869	588	1185	2028
AFI/farrowing crate	7.0	6.7	7.4	9.0
Average gilt pool inventory	60	46	88	132
Sow:boar ratio	31	29	44	57
Average parity	2.4	2.4	2.8	3.4
Replacement rate,%	56.9	53.9	42.5	29.9
Culling rate,%	44.6	43.0	32.9	25.5
Death rate,%	6.9	6.5	4.2	2.7
Average parity of culled sows	3.1	3.2	4.2	5.0

Farm n=612; Median is 50th percentile.

PigCHAMP<sup>(r)</sup> data found in *Global Benchmarking in Swine Herds* and reproduced with the permission of PigCHAMP, Inc.

Table 3. PigCHAMP finisher performance

Item*	Mean	SD	Percentiles			
			10%	25%	75%	90%
Weight in, lb	56.9	32.3	17.7	42.3	66	80
Weight in, kg	25.9	14.7	8.0	19.2	30	36
Weight out, lb	250	15.7	230	239	258	271
Weight out, kg	113	7.1	103	109	117	123
Mortality, %	3.12	2.52	0.8	1.6	4.0	6.0
ADFI, lb	4.88	0.76	4.0	4.5	5.3	5.7
ADFI, kg	2.22	0.35	1.82	2.0	2.41	2.59
ADG, lb	1.58	0.23	1.34	1.46	1.71	1.83
ADG, kg	0.719	0.104	0.609	0.664	0.777	0.832
Feed:Gain	3.09	0.44	2.65	2.83	3.31	3.57

\*Group n=6,342 in 197 herds

PigCHAMP(r) data found in Global Benchmarking in Swine Herds and reproduced with the permission of PigCHAMP, Inc.

Another excellent tool for benchmarking is the quarterly Cost and Performance Report prepared by Agrimetrix Associates, Inc. This is a fee-based service that benchmarks a producer's production results and costs with a group of other pork producers. The individual information is coded to maintain confidentiality. Iowa Select Farms is currently participating with 22 other producers in the Agrimetrix evaluation. Agrimetrix staff encourage each company to report in a common format but there are still differences that skew the data. For example, if a producer is choosing to take rapid depreciation on facilities versus another producer who is using a longer depreciation period, the cost of facilities can be quite different. Even with the unavoidable shortcomings of this system, Agrimetrix provides an excellent opportunity for producers to compare their production, costs, and revenue numbers with other producers. It helps one identify strengths and weaknesses so that focus can be given to the area of greatest opportunity. Simply put, it may allow an operation to identify and pick the low hanging fruit.

At Iowa Select Farms we use farm production history and various benchmarking tools to set production targets. Production targets are the primary drivers used to prepare our annual budget, which represents our operating and financial goals for the next year. Activity-based standard costs are developed from our production targets and cost goals for each expense on a farm-by-farm basis. The standard costs for feed ingredients are adjusted monthly to reflect the actual cost. Our accounting department has developed software that ties costs to PigCHAMP<sup>(r)</sup> data, enabling us to generate a perpetual inventory on a Cwt.-on-hand basis. The production and accounting teams review monthly financial statements for each of our 24 sow farms. Farm supervisors receive a financial statement of

each farm for which they have oversight. Key production numbers are provided along with line item production costs. Information is provided as actual cost, standard cost, and variance from standard. Discussions leading to action points are focussed on items that have the greatest variance to standard and offer the greatest potential for financial improvement.

### **The Role of the system in meeting production goals**

As veterinarians and production managers, we deal more with the system (i.e., pig flow, health, biosecurity, facilities, etc.) than with either of the other two areas discussed in this paper. Some may emphasize the system to the detriment of the time allotted to managing people or the financial part of the business. Obviously books could be written—and *have* been written—on various components of swine production. In this paper, only some of the significant changes Iowa Select Farms has made in its system will be discussed.

Iowa Select Farms is a 100,000 sow operation (24 sow farms) utilizing both 2-site and 3-site production. The 2-site production systems consist of 3 barn, 4,200 head wean-to-finish sites and represent the newest component of our finishing production. Prior to January 2000 the system was operated as a continuous flow system through the nursery and finishing phases. The major issues affecting performance included unstable PRRS sow herds and high nursery and finishing morbidity and mortality. In addition to these problems, seven sow herds and over 45 nursery, finishing, or wean-to-finish sites were quarantined for pseudorabies. Even though pseudorabies was

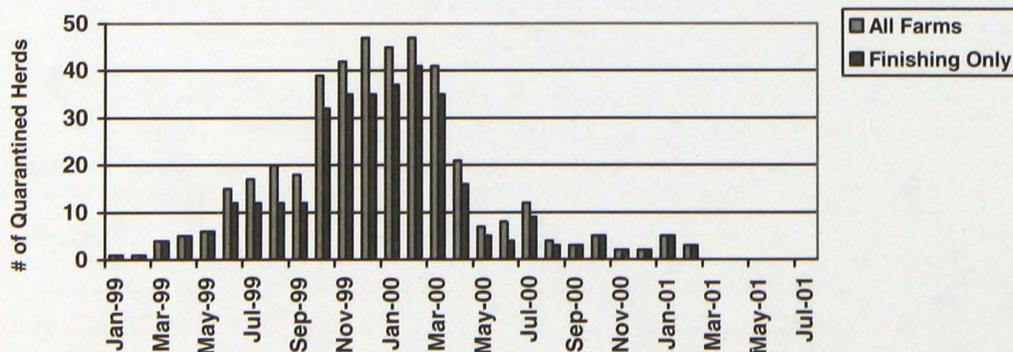
inapparent clinically, it caused several production problems owing to the disruption of pig flows, as negative and positive flows had to be kept separate. **Figure 1** illustrates the success Iowa Select Farms has had in eliminating pseudorabies from the system. The entire production system has been free of pseudorabies since March 13, 2001.

The major changes in the system that affected production were the following:

- **All-In—All-Out (AIAO) production.** This is a production regimen that should be enforced at all times. At Iowa Select Farms today the vast majority of our nursery, finishing, and wean-to-finish production is AIAO by site. Realizing that the size of some operations do not allow for AIAO production by site, one should strive to do the next best thing, AIAO by building or by room. The challenge is to develop an AIAO system with minimal mixing of pigs from sow sources while maintaining a reasonable fill time. Fill times should be kept under two weeks to maintain health and maximize space utilization. Ideally, each site would be filled in one day. Most of the Iowa Select Farms production has sow farm source integrity through the nursery and finisher phase. We avoid the mixing of pigs whenever possible.
- **Stabilizing PRRS on sow farms.** There are increasing efforts nationally to either repopulate PRRS-positive sow herds with negative gilts or institute PRRS eradication plans. For some producers with PRRS-positive herds, stable sow herds may be more logical at this time. With the exception of the Iowa Select Farms' multiplier, all sow herds are PRRS-positive. With the location of most of our sow herds in north-central Iowa, our chances of maintaining PRRS-negative herds in an area of such dense swine population are slim. The economic loss of a PRRS outbreak in a totally naïve herd is much greater than an occasional flare up of PRRS that may occur in a "stable" positive herd. To date, we have been successful in stabilizing our sow herds by altering the way in which we introduce gilts into the commercial herds. All gilts are bred in off-site gilt developer units and introduced into the sow farm every 12 weeks. This method of gilt introduction has allowed sow herds to stabilize in contrast to the system of introducing gilts on a weekly or monthly basis. Most of these gilts have been introduced without exposure ("acclimation") to sow farm-specific PRRS virus. In most flows the gilts have been vaccinated with a modified-live PRRS virus followed by a killed PRRS virus. Only USD licensed vaccines are used in the Iowa Select Farms system.
- **Biosecurity.** Probably everyone reading this paper (or listening to the oral presentation) has heard numerous talks on biosecurity. However, individual producers and corporate producers alike continue to break the rules. To increase the focus on biosecurity at Iowa Select Farms the following actions were taken:
  - appointed a director of biosecurity,
  - developed standard operating procedures for all processes that impact biosecurity/health,
  - developed a biosecurity training manual,
  - trained all supervisors and farm managers,
  - developed new washing and disinfecting standards for barns and trucks,
  - implemented a barn and truck inspection program,
  - established new standards for the movement of people between sites, and
  - implemented a chlorine dioxide fumigation program to be used in selected sites.

The implementation of these processes and procedures, along with reinforcing existing biosecurity measures, has reduced or stopped the spread of disease from site to site. Pseudorabies virus was a good monitor of our success.

Figure 1. The number of Iowa Select Farms herds quarantined for pseudorabies at the end of each month from January 1999 through July 2001



## **Role of people in meeting production goals**

### **The power of people**

Our product is pork but our business is people. It is the quality, motivation, and training of the employees that make a company successful.

“What my years of business experience have taught me is that the key to competitiveness is innovation, and the key to innovation is people. Taking care of people, therefore, is an essential way of taking care of business.” – Randall Tobias, chairman of Eli Lilly.

The above quote emphasizes the power that employees have in any business. As I stated in my introduction, the employee implements the business plan created by a company; without them we do not have a business. In Iowa Select Farms’ mission statement there is a section devoted to the well being of the employee. We want a stable work environment so that the employee can focus on the task at hand, not whether they will have a job tomorrow. We also want an enjoyable workplace so they will like to come to work. There are four key elements in discussing the power of people in a business:

- hiring and retaining employees,
- training,
- management, and
- compensation and recognition.

All of these elements are intertwined in one system that defines how well company goals are achieved.

### **Hiring and retaining employees**

In order for employees successfully to implement the company’s goals, it is necessary to make sure we have good, qualified employees. A 2000 survey of pork production workers conducted by the National Pork Producers Council, National Hog Farmer, and economists from Iowa State University and the University of Minnesota (June 15, 2000), found the pork production work force has changed dramatically over the last 10 years. Workers today are generally older, more educated, and more specialized than 10 years ago. Over half of the production workforce did not grow up with farm experience. Although the industry is still dominated by men, there are more women working in pork production today. This survey also found that the number of years an employee has spent with a producer has declined from an average of 8 years in 1990 to 6.4 years in 2000. Additionally, their loyalty to a particular company has decreased. These results indicate the challenge that producers and their HR staff face in finding quality employees, as well as keeping the good ones they already employ.

The first step in a successful hiring practice is attracting qualified applicants to the company. This begins with evaluating what can be offered to potential employees. Key elements that workers are looking for include tangible points such as compensation and benefit packages, advancement opportunities, work hours, time off, and work environment. However, it is important for a production company to recognize that intangible elements—such as a company’s reputation in and out of the industry—also affect a potential employee’s decision to seek employment with the company. At Iowa Select Farms, as with the rest of the pork industry, we rely on word-of-mouth to attract applicants. However, the company also advertises in local papers and professional trade magazines.

Once you have established a workforce, the next step is retention. Owing to a variety of factors, Iowa Select Farms began experiencing a high turnover rate in 1997. The turnover rate reached an all-time high of 67%. A key component in minimizing our turnover rates was to re-evaluate the hiring process itself. In general, recruiters had been evaluated by the number of openings they filled. This “quantity not quality” approach leads to a less-than-desirable work force. Inevitably this leads to conflict between the Production and Human Resources (HR) departments. In the fall of 1999 a new employee selection program was established. This new program was designed to re-focus the HR staff on the quality of the workforce hired versus the number of positions filled. It was also designed to reduce worker’s compensation costs and employment lawsuits. There were four major steps taken to put this new program into place.

The first step was to improve the efficiency of our HR department. They began by pre-screening all applications for work history, education, and skill level. Prior to this, every applicant was granted an interview. By implementing this simple strategy, the number of interviews granted decreased by 80%, which freed up time the HR staff could use to address other important issues. Furthermore, with this strategy we have increased our hiring rate to 90% of the people that are granted an interview.

The second step was to transfer two people from production into the HR department. These two individuals have a better understanding of the skills and talents needed to work in production and are very adept at sorting through applicants and identifying those who will make good employees.

The third step was the implementation of a program requiring all HR staff to observe a different farm each week. The purpose of this was to evaluate the employees and the tasks they perform on each farm, so the recruiter is better able to match the skills and talents of an applicant to the needs of that particular farm. Additionally, each interviewee is given a tour of the farm where they may

work. These tours afford the farm manager and staff the opportunity to meet a candidate and ultimately decide if he or she is the right fit for the farm's job opening.

With three of the four steps of this new program currently in place, Iowa Select Farms has decreased its turnover rate by 25%, to an all-time low of 42%. The decrease in turnovers has resulted in stabilizing the workforce, thus reducing the amount of time managers and trainers spend with new employees allowing them to do more advanced training with other employees.

The fourth step of our new HR program is the implementation of pre-employment physicals. In some companies a pre-employment physical is synonymous with a drug screening test. Our pre-employment physical is not a test for drug usage. We consulted with a group of local physical therapists who observed all of our different production jobs so they understood the physical requirements needed by production technicians. Based on these minimal requirements, they developed a physical fitness test that each potential employee must take and pass before being hired. This test is currently being validated using randomly selected current employees. The score of these current employees will be averaged. This average score will become the threshold for successfully meeting our physical fitness requirement. A potential employee scoring one standard deviation below the threshold will not be hired as a production technician. However, such applicants may be considered for positions that do not require them to be as physically fit. We are confident that this physical fitness screening technique will result in fewer on-the-job injuries and fewer worker's compensation claims.

### Training

Adequate training is essential in ensuring that new employees perform their jobs well; it also contributes to the company meeting its business goals. At Iowa Select Farms, we rely on our managers to train new production technicians. Farm managers are provided with basic farm

competencies and best management practices, which can in turn be used to provide training to new employees. Training needs differ considerably depending on the experience level and the talent of the new employee. Ultimately, it is the responsibility of the farm manager to ensure that his or her staff is competently trained.

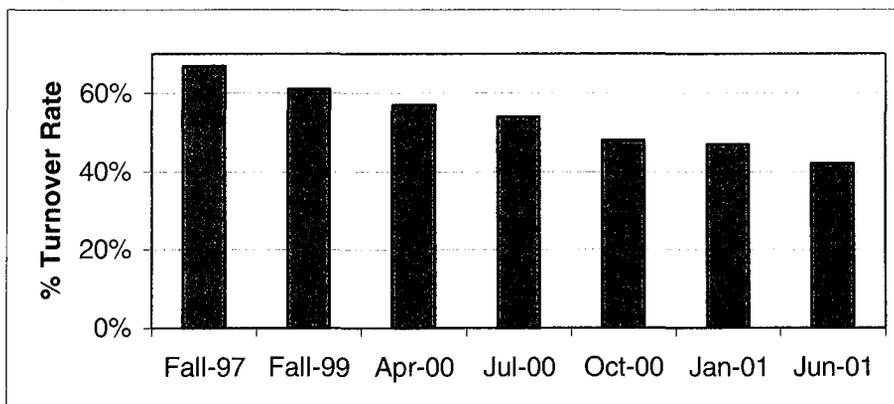
We also employ production trainers who train technicians in specific areas. For example, if conception rates are below targets the production supervisor and the farm manager will evaluate all of the processes that affect conception rates, such as lactation feeding and post-weaning sow condition, heat detection, AI breeding timing and techniques, etc. If it is determined that there is a deficiency in any of these processes, a production trainer will be sent to the farm to help with technician training.

At the sow farms, employees who show the desire and ability are selected to enter the department manager training program. This program is designed to help employees develop their leadership, as well as their technical skills. This training takes approximately six to nine months, after which time the employee is eligible to become a breeding or farrowing department head.

Our Manager-in-Training program is designed to help department heads progress to farm managers. The training is much more specific to the needs of the individual employee. Employees may receive in-house training or be sent to seminars. They are required to manage a farm while the current manager steps down. This component of the training lasts as long as the employee needs.

Continuous management training is an essential component in the development of our production team. At Iowa Select Farms we invest a great amount of time in providing continuing education opportunities to our managers. Our training programs include Life Orientations Training (LIFO) for improved communications skills, Coaching for Improved Performance, documentation training, and computer training.

Figure 2. Turnover rates at Iowa Select Farms from fall 1997 to present.



## Management of people

“People leave managers, not companies”—Marcus Buckingham and Curt Coffman from *First, Break All The Rules* (1999).

It is a manager's role to ensure that each employee finds satisfaction in his or her job. Although this may seem to put undue pressure on managers, they are on the front lines for the company. They have to balance company goals with employee job fulfillment. At Iowa Select Farms, we understand that employees generally want to do a good job. We have found that it is much easier for them to fulfill their job requirements if they clearly understand the company's goals and missions, and how their job directly relates to achieving those goals and missions.

Once an employee fully understands the expected outcome of her or his job, managers must then focus the people towards performance and meeting production targets. One pitfall managers often fall into is the misconception there is only one “right way” to do a task. Managers should focus on the end result rather than the means to achieve this result. Although, we strive to conform to standard operating procedures, managers must realize that each person may have different ideas on how to perform a given task. And therein lies an opportunity. Managers can study the best performers in a job to understand how to perform a task better, faster, or safer. This idea is summarized by a quote from Marcus Buckingham and Curt Coffman in *First, Break All The Rules*, “You cannot learn very much about excellence from studying failure” (1999).

Empowering employees and giving them the autonomy to perform their jobs is Iowa Select Farms' way of promoting employee job satisfaction. Giving them the understanding of how they contribute to the company's overall success enables us to also achieve our selected goals. It is the manager's responsibility to recognize when an employee is struggling. Performing bi-annual and annual reviews is a great tool to communicate with the employee about their strengths and weaknesses. Developing a plan together to energize the employee to improve job performance. However, if employees have been properly trained and given the time and nurturing to improve, yet they are still struggling, it is time to let them go. Following the philosophy of retired General Electric CEO Jack Welch, “Companies should love and nurture the top 20% of its employees but actively weed out the bottom 10%.”

## Compensation and recognition

Recognition systems and adequate compensation are important aspects of job satisfaction for an employee. A common system for recognizing exceptional work in most companies, including Iowa Select Farms, is a promotion—or a step up the proverbial ladder. This is a system that is so ingrained in our society that almost all employees strive

for that next rung on the ladder. However, this system is not without flaws. One problem associated with this mindset is that as a manager, we will occasionally promote a person who is not suited for his or her new role. We base our decision on seniority rather than competence. Even with the best intentions involved, we are setting this person up for failure.

“If we follow this path without question, we would wind up promoting each person to his level of incompetence”—Laurence Peter from *The Peter Principle* (1969).

The Gallup Organization (1999) suggests overcoming this dilemma with two practices. The first is to implement a broadband pay scale. Essentially this program broadens the pay scale of each job category so that it greatly overlaps with the next step up (or down). Consequently, if a person wants a promotion to a higher position, they may initially take a cut in pay to do so. This would allow managers to help their people get into a pay category that pleases them without giving them more responsibility than they can handle. It also sorts out those people who truly want to move up the ladder for reasons other than just a raise in pay. Iowa Select does this to some extent, in that production pay scales slightly overlap, enabling a department manager the possibility to make more money than a site manager.

The second practice is to increase the number of titles in the pay matrix. They suggest following the precedent established by law firms. Lawyers move from junior associate to associate then senior associate, then after so many years they garner enough respect to become junior partner, partner, and eventually senior partner. Yet they are still practicing the same type of law as when they were a junior associate. By implementing this practice an employee is allowed to stay in a position where they excel, yet still get the pay raise and title that they desire and deserve.

At Iowa Select Farms, we not only attempt to recognize and compensate employees through promotions and pay raises; we also make an effort to recognize the everyday efforts of our staff. Following is a listing of the awards that we provide to employees for a job well done. These awards are listed in our monthly newsletter so that the entire company is aware of an employee's outstanding efforts.

- The Pink Pig Award is given by co-workers, managers, or supervisors to individuals that have gone out of their way to help others.
- The Good Neighbor Award is awarded to the employees that are “caught in the act” of doing something nice for a neighbor of a production site.

- The Select Performance Award is given to those people who have gone “above and beyond the call of duty” in their service to Iowa Select Farms.
- Top Gun and Top Fighter Awards are awarded to farms that have either met their production targets or have had good numbers despite extenuating circumstances.
- The President’s Club Award is the most prestigious award given to non-management personnel. A manager nominates an employee that has shown exceptional service and great commitment to Iowa Select Farms. Senior management and the President review the nominations and choose the employees named to the club each year. Each recipient is given a gold watch, \$500 and an all-expenses-paid trip to Las Vegas for two. Last year 16 employees were selected for the President’s Club.

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Anything that can be done to communicate to employees that they are valuable, essential assets goes a long way in reducing employee turnover and increasing job satisfaction. Iowa Select Farms also tries to communicate to employees that their families are equally important to the company. Each year, there is an all expenses paid family outing to Adventureland for all employees. Morale boosters such as the Adventureland trip, all company Christmas party, unscheduled cookouts, and golf outings help to instill loyalty and a sense of unity in the company.

## Conclusions

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Pork production is not rocket science. I am convinced that we already know 95% of the technical information we need to know for the next few years to be successful in the business. The challenge is to set goals and implement a plan remembering that it is your employees that implement the plan and make the system successful.

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