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Key Performance Indicators for Goal Attainment in Dairy Farming: Essential Elements for Monitoring Farm Business Performance.

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Karin Michelle Rawlings

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Abstract:

The family farm is the predominant business structure within the New Zealand dairy industry. Owner-operator farms represent two thirds of the total industry. This business structure is often complicated because of the intricate interaction between business and family requirements. This research investigated whether owner-operator dairy farmers were using performance indicators that represented goal attainment. Detailed business analyses and discussions took place on ten farms. Only two farming couples had developed formal business plans including vision and mission statements. Only one of these farms was actively implementing strategic management. Amongst the remaining farming couples goal identification ranged from no identification to well defined goals. Most identified goals were of a strategic nature yet there was no strategic management in place to monitor their progress. The lack of strategic management seen amongst farming couples is possibly relates to their locus of control. To alter the locus of control a better understanding of individuals perceptions of success and control needs to be gained so that knowledge and skill deficits can be identified. Nine of the ten farming couples had an incomplete view of their business, which reflected the operational and tactical management focus. The business analyses highlighted that the area that was of the greatest concern to farm business health was the cost of capital, in particular the cost of equity. Most farming couples struggled to relate the analysis results to their goals, which again reflected their operational and tactical management focus. The Balanced Scorecard was introduced as a strategic planning tool for farmers, however, its effectiveness could not be tested because of the lack of strategy amongst the farming couples. The Balanced Scorecard was able to provide a framework to assist in the understanding of strategic management and its importance to holistic farm business management.

Keywords: strategic management, goal attainment, strategy, dairy farmers, Balanced Scorecard

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