



FCC Knowledge Podcast  
Season 4 – Episode 1

The CEO mindset with Evan Shout

## PODCAST TRANSCRIPT

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Guest: Evan Shout (ES)

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AS: From AgExpert, it's the FCC Knowledge Podcast, a show that features real Canadians in agriculture, real stories and real good conversations about the business of farming. I'm your host, Aimée Stang.

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ES: It's not that they don't want the next generation to come in and start taking tasks off their plate and start making their lives easier. They just don't want to lose that purpose.

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AS: Hello, and welcome to our first episode of season 4 of the FCC Knowledge Podcast. In this episode, we're chatting with Evan Shout. Growing up as a farm kid in central Saskatchewan, Evan's path to the farm and back again wasn't your typical journey, and he didn't land in a typical farm role. Today, Evan is not only a CPA, but also the Chief Financial Officer of Hebert Grain Ventures, which at the time of this recording is a 40,000-acre grain and oilseed operation located in Moosomin, Saskatchewan. He performs his role from his Saskatoon office over 400 kilometres from the farm. Evan is also a consultant, business coach and speaker, through Hebert Group's Consulting and Financial Management division, Maverick Ag.

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AS: Welcome to the podcast, Evan. Why don't you start telling us how you got doing what you do?

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ES: It's a long story. So I guess I grew up a farm kid, just like most of us did, and loved the life, loved everything about it. Back then, there wasn't really money in farming. So Dad kind of gave me the little push and said go get an education. So I ended up getting my accounting degree from the University of Saskatchewan, then went on to my CPA and then started a public accounting job with MNP in Saskatoon. Now at the same time, I also had the bug, so I ended up back at the farm even though there was no money.

And I did that for about 10 years off and on. I went busy season to busy season until obviously my wife said, "You know what, I'd like to see you a little more once in a while during the year." So I left public accounting in 2010, went farming full time, and in 2014 we had our first child and he has autism. So we moved back to Saskatoon, I went back to MNP and I thought that's where the journey would end. And then in 2019, a very close friend of mine, Kristjan Hebert, gave me a bit of a job offer on his large-scale grain operation, and I decided to take the path less travelled. And so I ended up the Chief Financial Officer at Hebert Grain Ventures in 2019.

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AS: I'm just going to jump into that whole aspect of you getting hired as a CFO on a farm because that's not very common, right? And what was the thought process to get there? What was Kristjan's mindset, I guess?

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ES: There's probably a couple of things. So first he attended TEPAP, which is the Texas A&M Executive Program for Producers, back in 2016-17, somewhere in there. It was just about building that business mindset around agriculture. How you make the farm more of a business. As the farm grew, I think he just came to believe that he couldn't do everything himself, so I got hired more or less to just take a few tasks off his plate so that he could concentrate on some of the bigger impact items such as growth. When I joined, the farm was just over 14,000 acres and we planted 41,000 this year. So the growth trajectory didn't really slow down. Part of it was he brought on a whole bunch of people, including myself, to just take the roles that he either wasn't interested in, or honestly, that he just wanted somebody else with some experience to take on.

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AS: You do some consulting on the side too, right? Or is it kind of a separate entity from the business?

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ES: So, it's under the umbrella Hebert Group, which after that first year we realized that the CFO role, even though it did take a lot of my time, it wasn't everything. And honestly, once we had processes set up and people underneath me, I could delegate a whole bunch of those tasks as well. We got a whole bunch of free time. What are we good at? Consulting. Financial consulting, operational consulting. So we started Maverick Ag in I guess it would have been 2019–2020. A few of my clients from MNP came over, and I just started doing internal CFO work. It was just more or less taking that financial burden off producers so that they didn't have to worry about it, making sure that they had the right numbers in front of them, dealing with the banks, coming up with capital plans. I just went into their business almost as another employee and just offered those services. That was kind of where Maverick started.

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AS: That probably brings a lot of perspective in terms of learning from other farm businesses, right?

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ES: We're big believers in data. The more data we can have come through, the better it is for not only Maverick, but for the farm as well. Whether it's equipment data, whether it's financial data, even networks, these farms had a whole bunch of networks outside of ours. It just allowed me to have more networks, which then turned around and we used it on our farm. We honestly tell people that Maverick is just a data company at this point. We get to see a whole bunch of stuff across the entire industry, and it allows us to make decisions without really a whole bunch of risk because we kind of know the answer before we make the decision.

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AS: Low risk is definitely something that resonates with farmers right now, especially with risk management being such an important part of the decision-making process. How does that play into a CEO mindset? That's where we take the conversation next.

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AS: Let's start with the mindset of Canadian farms at this time. Where do you think we're at and what does the shift to the CEO mindset look like? And why is it important?

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ES: We're a very proud industry. We're built on families, we're built on legacy, we're built on the lifestyle of agriculture. But I think the part that's changing, or that we've realized, is that the lifestyle didn't create the business—the business creates the lifestyle. There are a lot of farms that have the lifestyle, but it's making it much more difficult to be a producer these days with the amount of costs, the [number] of zeros behind every decision. The CEO mindset is more running it like a business. So having procedures, having people, having processes, and more or less making the farm into what we call a self-managing enterprise. If you weren't there today, everybody just goes about their work. We talked to a lot of small family farms and they always fight back on that. They don't realize it still needs to be run as a business. We all know that succession and transition on farms are massive issues these days, and part of it is just that nobody has a role or responsibility. Everybody is just in charge of everything, right? Well, in any other industry, if you put two people on the same job, you're going to [have] conflict. That's what we do on family farms. Everybody's in charge of running the drill. Everybody's in charge of running the combine. You know it's all the same roles and responsibilities. Even that business mindset on small farms, it needs to shift so that everybody has their own little piece of the pie of “I'm in charge of this,” “this is my responsibility,” “this is my role”. And by running it that way, you get the lifestyle, and that's the biggest change I think that you're seeing, is just the shift to the CEO mindset.

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AS: So how does this specifically play out on the farm?

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ES: Part of it is that we're starting to see the next generation really shift into taking different specialties. Technology has made that a lot easier because obviously the next generation is much more technological savvy than our generation probably was, but it's giving them different roles, different responsibilities. So, when they do come back to the farm, they're not all stepping on each other's toes because Dad knows that Son is better in agronomy or tech, or he's better at marketing, and Son knows that Dad [has] the experience, he's grown 30 crops, he knows how to put

things in the ground. Those kinds of roles and responsibilities split, that's where you start seeing the big CEO mindset because, honestly, everybody's in charge of their own thing. The CEO has delegated all these jobs that he's not good at or doesn't want to do. He can start concentrating on strategy and mission and values and all those things that we've not looked at in agriculture. But with the way the industry is going with consolidation and cost of production, that has to be taken into context. There is a return on that, of actually spending time in those areas because that's probably where you're making the majority of your money.

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AS: And generally speaking, farmers, by their nature, do not like to be stuck in the office, so that's probably a tough sell for you when you're working with farms or presenting to them?

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ES: It is and it isn't. They think it's an office job and I can promise you right now that my business partner, Kristjan, who is the CEO of our group, he doesn't sit in an office. Yes, he's in a few boardrooms now and then, but honestly, he's out on the farm. He's managing, he's supervising, he's running processes. The CEO no longer has to sit in an ivory tower. They're honestly out there. They're not the one driving the machine. Not that they can't. If they do, it's by choice. They don't need to get up at 5:00 a.m. because they've got a team in place that is probably better at it than them, can run the machines longer than them, is concentrating more on that while the CEOs are on their phone and they're negotiating an equipment deal or they're looking at selling canola from six months down the road. And you're right, there's a big push back because that's not what they signed up for. But what we're seeing is that next generation, they want to be that next level up. They want to be the business owners. They want to be the entrepreneurs. Theoretically, about 5% of Canadians are entrepreneurs, but every farmer is an entrepreneur, so it's a hard mix because you might be put in that position of being a CEO, but you're not a CEO.

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AS: So, what happens when the farmer really does not want to be the CEO? Have you seen where farms have hired out that function?

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ES: I'm actually working with a farmer right now whose son is probably not going to take that role. He's quite happy just being an owner and an operator because that's what

he likes doing, and there's nothing wrong with that. What you do is you bring in third parties. Most farms do that today without even realizing it, whether it's their accountants, their lawyers... They're doing that by talking to other advisors. So the majority of that CEO's decisions are being done outside of just their own office. Then you get some of the more progressive guys such as Kristjan, who brings me in or our COO is a third party. Both of us are owners of the farm, so we've got equity share in HGV. That was his setup. He's going to bring in good people, he's going to fight for compensation. And for me, I was leaving public accounting, so I was going to be a partner sometime in the future hopefully. That was what he was competing against. For me, it was that equity ownership. He's got nonfamily members that are now part of that organization. My motivation is to make as much money as we can because it comes back into my pocket. So, it's that growth factor. That's what we're starting to see.

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AS: Are there any other hesitations that you're seeing from producers to get into this mindset?

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ES: It's not that they don't want the next generation to come in and start taking tasks off their plate and start making their lives easier. They just don't want to lose that purpose. They've been a farmer since they were probably 18 to 20 [and now] they're turning 60. The average age of a farmer in Saskatchewan is getting close to that 60 range. They don't know what else there is to do in life when we have these discussions. You're not moving on. I don't want you just to pick up one day, move to Arizona and not be part of the farm. Call it a promotion, call it a delegation, call it whatever you want. You're moving into a different position on the farm. You're not going to be working till 2:00 a.m. on the combine, but you might be sitting in boardrooms with networks and capital and bankers, and having those discussions. It's having the right roles set up and having the right people in those roles that ends up making the shift a lot easier.

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AS: I've heard a farm transition specialist talking about reinventing yourself rather than retiring. That sounds a lot more palatable to the senior generation to me rather than "you're out of here."

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ES: Even for me, I'm not that age yet, but I'm quickly coming upon it, which is daunting me how old I am, but I've learned through Strategic Coach and through a whole bunch of entrepreneur programs that I don't know if I ever really want to retire. Yeah, I want to slow down, I don't want to be here 9:00 to 5:00. I mean, that's the goal in life. But that doesn't mean I don't want to sit on a few boards and maybe I want to be on the Hebert Group Board of Directors until I'm 90, and I'm Warren Buffett kind of thing. It's that discussion. What does retirement look like? For me, I don't think it's sitting on a couch or golfing six days a week. I think it's actually being a part of this organization, but in a different parameter, right?

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AS: Yeah, just always evolving, right? Just like the farm is.

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AS: Some of the resistance might come from farmers seeing the work in the boardroom on a different level than getting their hands dirty in the field. Changing roles means changing the value placed on the work being done, and that view of work has changed from generation to generation, says Evan.

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ES: I think hours worked. That was an indication of success. If you put in 3000 hours, you were successful. That mindset has changed without actually even being forced to because the next generation is not like the older generations. They're starting to realize that family time and time with their children and all that stuff is kind of coming into the picture. When we talk human resources a lot, it's not necessarily that you need somebody else on the farm. If you want to work 3000 hours, do everything yourself, be the CEO, the janitor, or the operator, you can do that. Just know you're giving up something else. And if it's not business related, whether it's profit, marketing, it's probably family time. So what we're realizing is, especially on the coaching side, guys are starting to have that "aha" moment that HR is not necessarily making their job less important. It's allowing them to actually get outside the farm and spend time with their children or go on dates with their wives, their spouses, things that in the past probably got set on the shelf. And I mean, my business partner's living proof. He was in Calgary for two or three days during seeding this year, doing some public speaking and he was in a couple of panels. Even he's made the transition that he doesn't need to be at the farm every single day during the growing season for grain to grow. He's probably not the right one in the machinery anymore anyway. We got a lot younger team, a lot more knowledgeable

in tech. So what we're starting to prove is that that CEO mindset isn't just about the decision-making. It's honestly about stepping back and having priorities and balancing personal and business. Because in agriculture, we've never done that. Agriculture has never had those discussions, and I think they're starting to happen more and more now.

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AS: If you're saying yes to more hours, you're obviously saying no to more family time, more time in the relationship with your spouse, which I would assume if you're running a family farm that's a crucial relationship that you need to invest some time in. Like you said, people are realizing that and the younger generations are seeing people around them have marriage breakdowns or they're seeing how their relationships with their parents were.

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ES: I think the definition of lifestyle has changed is what it is. I mean, lifestyle 30 years ago was "grow up on the farm, work on the farm, do everything on the farm." That's what it was. Now I think the lifestyle definition is that you, you still have the farm, but there's still stuff outside of it. Go to kids' sporting events, that kind of stuff. I mean, growing up seeding, dad didn't make my graduation and sporting events because he was in the field. Nowadays, I know Kristjan made a couple of his kids' baseball games during seeding. And they're going to say, "You know, we're a larger farm, so we have the ability to do that." But even on small-scale farms, that's still a decision you can make. Do we have enough people around us so that you can take one day a week off to go see your kid play sports in the spring or during the summer, the amount of spraying we do now as farmers, summer really has not become a holiday season for most. So it's "how do you get to the lake for a weekend without worrying about flea beetles or fungicide". The guys who are making that shift, they're just coming to that conclusion a lot faster than some of the ones who aren't.

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AS: So let's say a farmer, producer or the farm owner has bought into the CEO mindset. How would they balance the urge to maybe fight the guilt that they might feel if they're not involved in all the aspects or not being there at 5:00 a.m. when everybody is there and working the 20-hour day?

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ES: You said the one word that I was going to say. The biggest issue is guilt. It's not that they need to be there for the 5:00 a.m. phone call. They want that phone call because they feel guilty if they're not out there and there's a breakdown or somebody's working on stuff. And the biggest thing was just the delegation factors. We started putting really good people in the roles on the farm. It's really hard to trust. And in today's society, we always reward performance, but we never reward trust. In agriculture, to get over the guilt factor and to not be out there 24 hours a day, you have to have trust. So for us, it was making sure that we had the right people in the machinery. As I said, the best operators that we can find and we trust that they're going to make the right decisions at 2:00 a.m. or at 5:00 in the afternoon when you're home having supper with your kids. The biggest thing for us was we've got teams and we've got management in charge of each team, and they've got the processes and procedures in place that they can solve 98% of what comes across their plate. They've either had experience with it before, or they know what the process is. And honestly, they just do it like clockwork, and we trust that if they can't do it, we're going to get that phone call. The biggest thing was getting over the guilt. Then you realize that you've put the right individuals in the right spots.

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AS: That's an interesting concept when they know that they're trusted and they can make those decisions and they're empowered to make those decisions, that makes things move a whole lot more smoothly.

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ES: You have to make agriculture a career. We've done that in the past, we've always made a hired hand a job. I hate the term "hired hand" because it's almost like a dirty word. But we haven't come up with a better concept and that's probably why agriculture hasn't moved as far as other industries when it comes to human resources. For us, the whole trust factor comes from the fact that we're trying to give employees a career. So when they start with us, they might start on a rock picker, but they know that if they're here for X [number] of years, they're going to move their way up, they're going to get training, they're going to get education, they're going to get knowledge, experience, and they're going to move into maybe a drill and then they might manage a team or a crew. And then they might end up in Jeff's role of COO or my role of CFO. That's the goal is I honestly want to come to work and be the least useful person here because it means that I have the right team under me, and all of them are better at their job than I was. It's that career progression that we're trying to create that's forced us to give people the trust, to

give them the ability to manage other people. And to make sure they're educated and have the experience to do it because you don't want to put someone in there that's not. For us, it's just been a steady stream of making sure that the people under us understand that there is growth on the farm and we want them to be part of it, partially because I want to grow too. I don't want to be in the same role for the next 30 years, and for me to grow, somebody else has to be able to do my job. Public accounting, when I was there, is no different. When I started, I knew I wanted to be [a] partner, but I had to be a CPA first, then a manager, then associate, then principal. There's a role, but I knew that going in, where [for] most farmers, you get in there as a rock picker, you assume you're going on the rock picker for 30 years. We have to start giving that career projection for them to stick around and for them to start moving up the chain so that we can slow down.

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AS: Yes, it's been such a challenge to find human resources or human capital in agriculture and get the people in the right positions. What's been your mindset about the hiring process?

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ES: When he brought myself in and Jeff, we both had big careers. We were in other careers that we could have stayed in for the rest of our lives, so it was a little more top end, I guess you would call it. But our management staff, they were producers, or they ran other businesses, and they were good at their job whether heavy-duty mechanics or electricians or one was a drill press on the rigs. And when we brought them in, we trained them and that's our next management group. That's the group that's stepping up into the next realm to start running our crews and they're the ones that we have to learn to trust. And then our operators, a lot of them have either been farms that we've acquired, and they wanted to stick around and run machinery, or older farmers that have retired from their own operation. We built the team around that. We want a core group of full-time guys that we keep all year-round. They're the ones who progress up the chain. But you also need that other group that just wants to show up during the busy season. They want their winters off. It's a bit of a mix. We're starting to go to some of the schools now and offer scholarships, and stuff like that, because we want to keep our team young. The average age of our team is probably mid-30s, which is actually relatively young for most organizations.

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AS: Yeah, that's just so interesting because I know the industry's struggling with that as a whole too. Good on you for making those connections.

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ES: Well, a lot of people ask why we do the podcast and why we have the social media that we have and the blogs and all that stuff. A lot of it was for HR. You need to make agriculture or primary producer farms feel like a place that somebody wants to come back to and work, because if we're competing against the bears and the retail side of agribusiness, we're not really attractive right now. And we're starting to see it on social. You go on Instagram and you see a lot of good Reels about new equipment with some good music. We're starting to finally market ourselves to that next generation, but we haven't done so for a long time. We're behind the 8 ball now and we need it. That's probably the biggest thing for public relations of why we do it—it's the people side. We need to find really good people to run our operation and continue growing whether that's on the consulting side or the farm. And the best way for us to do it is to put some really nice pictures up on a website. And it's funny, we get both the positive and the negative side of social media. A lot will say: "Well, you're just showing off." To tell you the truth, we've had two or three from New Zealand come over. And the reason they came over was because they saw some of our farming videos or because they went on our website and saw what we were doing, and it interests them. If I was in a foreign country and I wanted to come over, I'd want to see the coolest operations I could see. It's never been done before in agriculture so we tend to push back quite a bit. It's our #1 HR. We get resumes. We're not short on labour on the farm 100% due to our public relations. We have our seven full-time guys that we keep that are core. They live in the communities around us and their kids play hockey in the communities around us. That's our core focus, but it's great for kids to come over and they want to experience farming so they can go back to New Zealand and do the same thing back there. It's kind of a win for both parties.

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AS: What does the actual business structure look like in terms of human resources on the farm?

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ES: I can use ours a bit as a bit of an example. So Kristjan obviously put me in charge of the finance side, so I've got a team under me: the bookkeepers, the controllers, that side of the business that I keep track of. It's my job to delegate and educate and

bring them up through it. On the other side, the biggest role I think on the farm that most miss out on is that COO role—the chief operating officer. Jeff and I joke about it lots, but he is considerably more important to the farm than I am, and it's just somebody who's trained in HR, for starters. The worst skill on most farms, and I'm not afraid to say it because I was terrible at it as a farmer, is HR. We didn't have to learn it in school, and we honestly don't have enough employees to get the experience factor, so HR on farms is almost unheard of. By having a guy like Jeff in place, he'd done HR on big scales before for big companies, and it allowed him to come in and create our team so that there was communication, because on lots of farms communication is the biggest issue. We have weekly meetings. We have monthly meetings. They're set up to get as much transparency and as much goal setting and vision pushed onto our team so that they feel like they're part of something.

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ES: And that COO role, it's not just HR, but it's scheduling. It's having the right people in the right spots. It is a full-time job on our farm. When Jeff came across, we were only about 6 or 7 thousand acres, I think. It wasn't like we were a big farm and then brought him in. Kristjan brought him in when we were growing because he knew one day we'd probably get to a size that required his skills. And what it did is it allowed us to grow under him, which allowed us to have the team that we have today in place for every step of growth. A lot of farms grow first, then throw people in. I see it on the industry side and I've seen it fail on the industry side. On the farming side, it's going to do the same thing. For us, it was always let's find really good people, hire them and then find the work, because those farmers, we're really good at finding work. So, as long as we had the HR in place before the growth, the growth didn't really hurt, the hours didn't go past a certain amount, and guys weren't burned out, we didn't lose employees because we were growing too fast. It was solely based on the fact that we probably spent a little more on labour than most farms at a certain stage, but we had the team in place when the growth came. And I'm happy we did because 14 to 40 in four years, if we hadn't had the right people, that would have been a very painful experience.

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AS: That's 14,000 to 40,000 acres in four years. Yeah, that's a big jump. The whole HR aspect, you can't escape it. I mean, you're dealing with people, you have to be able to make good decisions on their behalf and communicate with them and create an

environment where they want to stay and work, even if you're working as a family, I'm assuming.

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ES: That was always the comical part was when I start talking HR, I usually get the small family farms tuning out. I always make the joke when I'm public speaking that the small family farms probably have the worst HR. I have siblings and I and I understand communication with family members is considerably harder than communication with third parties. When it came to communication, we were quite business centred when we started. We're on a family farm. Communication is usually the first thing to go. And when it goes, that's when emotion comes in. That's when you have uncomfortable conversations, is when things have already fallen apart. Where with us it's a business conversation. [Are] there hurt feelings once in a while? Sure. Kristjan and I were friends long before we were business partners. But you go home, you probably stew for an hour and then you go to work the next morning. You're over it because it's just a business discussion. When we're running a multimillion-dollar business, those cannot be emotional decisions.

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AS: You don't have time for mind reading. So we kind of touched on multi-generational farms. Are there any other aspects of how this CEO mindset would work on a multi-generational farm?

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ES: We got to remember that we're still a business. When it comes to succession and transition, it's all business. Even with the clients that I work with, and they're family farms, bringing that next generation in and the older generation moving out, there still [has] to be an element of fairness. The older generation, what do they have? They've got capital, they've got money, they've got investment. But they're looking to slow down on labour and some of the management techniques. The younger generation, they're not coming in with a whole bunch of money or land or capital. They're coming in with time and brains, so labour and management. On the compensation scale, it's making sure that everybody's fairly compensated for everything that they're bringing in. As the older generation moves out, they might stop doing anything on the farm altogether other than sitting on a board. Well, that doesn't mean they're not getting paid for their land and their equity still. What that does is that allows them to leave it in the business rather than take it and put it in the stock market which, honestly, the return on a farm as we've seen in the last few

years, it's better than the stock market. And then the coming in generation, you have to get rid of the expectations. You're coming in, you're going to work hard and you're going to get paid for it. You're going to try to take on as many decision-making roles and responsibilities, and you're going to get paid for that. Because those are the two things that you are bringing to the equation right now. As the years go on, obviously, you're going to take over more of that role, hopefully reinvest in land, in capital. It comes down to making sure that everybody's compensated fairly. If you make everything at fair market value and pay everybody for what they're bringing to the business, it's not a discussion anymore. It's already fair. There is no sweat equity. That's a term that I hate, because if everything's done at fair market value, there should be no sweat equity. Because you've been paid for everything you've done. That's the big one for me, especially with family farms, is making sure that the compensation is set up correctly, because that usually solves a lot of the issues. And then back to the roles and responsibilities, that's number two. If you're stepping on each other's toes, it's never going to work. As long as everybody understands what their role is. I've seen some family farms be very successful just by that.

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AS: Let's say you're working with a farm that has had a significant amount of sweat equity in the past. Is there a possibility to go back and account for that?

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ES: That sweat equity is really hard to calculate. Just because you were there doesn't mean that you made money. When I speak, I ask that question right at the start: "Which one made you more money over the last 10 years? Was it the real estate or the farming?" Real estate has made so much money for farms and for agriculture. That's usually where the big wealth has been. That means that the sweat equity didn't really do anything for land purchases. That was just based on farming. So it's a very hard number to calculate.

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AS: So, you're talking about in terms of compensation at fair market value and bringing in the younger generation. Would you suggest getting that on paper, making a structure, making a progression, setting up goals, and the evolution of that person's role in the organization?

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ES: We use what we call an equity calculator. It takes the net income of the farm every year. We break out what was a return on equity of the shareholders leaving in their money, what was land rent to the shareholders for their personally held land that they've given to the operation, and then everything else below that gets split based on a labour and a management split. It's an annual conversation, so at the annual general meeting, we sit down with the whole family in the room and we say: "What are the percentages? So a father-son [operation], who's doing what percentage of management? How many roles and responsibilities is each of you covering?" Then in terms of labour, if they keep timesheets. That's easy, but lots of them don't. So, it's who's doing what for percentage of labour. So is the son doing 16-hour days and the dad's doing eights? It becomes a family discussion each year and the agreement gets split based on that. And that's your compensation for the year. It's in writing and it's on paper, and every year you revisit it because as we know, in agriculture, a lot can change in a year. We'll go over all of last year's operations, all the key ratios, everything about how the farm is doing and where it's sitting today. And then we'll do the planning for next year, which is "what are the goals for next year, what's the compensation set up" so they can go into their growing season without any question marks. Everything's down on paper, everything is signed, and everybody knows what the goal is. Lots of farms have thought about it, very few have ever written it down on a piece of paper.

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AS: That's true, right? They have it in the back of their mind. It's amazing how just the act of writing them down has a huge impact on whether or not you achieve them.

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ES: The studies, like you said, they are quite astonishing, when you have goals. That's just the number one step. But number two, when you write them down – we do it quarterly. Every quarter we sit down and we have a set of goals for that quarter as a leadership group, and then as our management group. What do we need to achieve this quarter to be successful? We have that 10-year plan made, so we break it down into 10-3-1, because the 3s are based on what we have to do to get to the 10s. The 1 is based on what we have to do to get to the 3s, and every quarter, how do we get to those 1-year goals. The other thing it does is it helps us do our performance reviews, because everybody in the operation is in charge of a goal. Honestly, that's a really easy way to say "Did we achieve or did we fail?"

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AS: And do you find some resistance to that?

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ES: The interesting part is—and we run the EOS system in the business, so it's the Entrepreneurial Operating System by Gino Wickman. If you've ever read the book Traction, it's based on that. I don't want someone to get 100%. If you get 100%, it tells me one thing: you're sandbagging your goals. If we can hit 80% on our goals every quarter, it means we're still moving forward, but it also means that we're setting hard enough goals that they're actually pushing us. Going into seeding, for example, we want to get the crop in in 21 days, because we've shown in the past, through yield maps and everything else, that that's our window. Now do we hit it every year? No. Weather has a real strong impact on that goal, but that doesn't mean that we don't set that goal every year, because that's what we know is most optimal for the farm.

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AS: It sounds like the shift in thinking also means having several uncomfortable conversations. Do you have any advice on navigating those conversations?

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ES: I think it goes back to my comments on emotion. When you're in the boardrooms, it's a business discussion. And not to say that emotions don't creep in, because they always do. Your family farms, there's emotion involved, but everybody's got to take a breath and walk away. The decisions you're making in those meetings, they're not emotional decisions. They're literally about millions and millions of dollars and how we're going to strategize to make money so that we can keep the lifestyle. The biggest one for me is just making sure emotion doesn't come into decision-making. That's number one. The other one is just... We use a system called IDS. It's Identify, Discuss and Solve. There [are] no massive issues on a farm. There's a whole bunch of issues, but they're all resolvable. Have your list of issues, rank them “what do we have to get through”, and just start ticking them off. Maybe there's an employee that's bothering everybody. We discuss it and we solve. The big thing with EOS is that the “solve” doesn't have to be the right decision all the time, because we're never going to get them all right. But you have to come to a decision. You can't just leave an issue sitting. We have these little issues and they start as what we call brush fires. If you don't put them out, a year later, it's been sitting there and brewing for 365 days and all of a sudden you get the blow-ups. And it's like “that was an issue a year ago, we could have solved that, and this would have never happened.”



There's usually a very reasonable solution to everything, you just got to take the time to sit down.

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AS: Do you have these IDS conversations as part of your regular agenda? How do you work that into your operation?

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ES: As the leadership group we meet once a week for an hour every Monday morning, and we have a set agenda for each meeting. We have an hour, and if it goes over the hour, we're moving it to the next meeting. We start the meetings with the positive. What went right for the business and what went right personally for the last week. Then we go through our scorecard, which, as a leadership group, we want to know every week. Whether that's cash flow, whether that's how much grain we have contracted. There are just 15 main metrics, and we have to know every week in order to be good leaders. Then we go into headlines. I'm 4 hours away from the farm. What's happened in the last week that I might need to know about? Maybe it's industry-wise: "Did canola or wheat go on a run?" because I'm not watching the markets every day. So it helps me be better at my consulting if I get the updates from the farm. Then we go into rocks, which is our goals. Are we achieving them? Do we need help each week just to stay accountable? Because if you don't ever talk about them, you don't actually achieve them. And then the last one is IDS. Usually you leave half an hour and if we take more than 10 minutes, it was probably a big day. And what are the brush fires that we need to stop right now? Lots of them are HR related because as you said, people on farms is usually the big ones. But maybe it's as simple as "there's a TPA for canola for the fall and it's going to hit. Do we want that number?" That's an issue because not all of us have heard about it or had the discussion. So it's a 30 second solve. Yes or no. It's that list of issues that we find really gets rid of anything that might fester and become big. So then when you get your annual general meetings, if every issue is already solved, those meetings aren't really that bad.

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AS: You've coached many farmers. What are some of the "aha" moments that they've experienced? I know you talked about time and work-life balance, but are there other ones that you've noticed when you've worked with them?

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ES: As you said, the “aha” moment of work-life balance and hiring the right people. But you start getting into some of the other stuff on the financial side. They meet with their accountants once a year, they meet with their bankers. They have the discussions, but they don't really know what they're actually talking about as a big picture item. Once we start going through some of those metrics and then we take the finances down, even to the drill size: How many acres per foot are you doing with the drill? When you get into benchmarking, a lot of farms believe they're doing very well, but that's because they've never actually compared to anybody else. Maybe there's a reason somebody's doing better than somebody else. The aha moments just come from having discussions openly among a group. And that was the part of the coaching that I think is the hardest for a lot of farms. We have a lot of introverts in the industry. When you put them in a room and you force them to stand up and have those discussions out loud, it makes a lot of people uncomfortable, but it also reinforces those conversations and gives you positivity back, it gives you ideas. We always have the first night of the sessions and we go out for supper afterwards. The first time I probably stayed till 9:00 or 10:00 and was in all the conversations. And then after that, I'd probably leave at 5:30-6:00 because they're having their own conversations. I'm not required there anymore. It's that side of it, the aha moment that you're a big peer group, but at the same time, there's a whole bunch of coaching and mentoring going on, and they get more comfortable with each other. We're showing guys a whole bunch of stuff and obviously we're a larger scale operation, but we've made a lot of mistakes. We get to show them those mistakes before they make them, so if they're trying to grow or they're trying to progress, we're giving them a road map. Here's what we did and it didn't work. Not saying it's going to affect you, but these are some pretty good mistakes to avoid that might lower some of your pain points.

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AS: You've talked about the impact that a successful farming business will have on the local community in terms of employment generation and in terms of giving back, that's an important aspect of the whole enterprise structure. What kind of advice you would have to give to producers about that?

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ES: For us, the biggest issues in agriculture are government policy is number one, because I've got no control over it. And then number two is community demographics. Throughout the busy season, we can have as many as 25 to 30 people at the farm. That's a lot of people for a small town in southeast

Saskatchewan. How do we keep our community vibrant so that there are people? Because without people, it doesn't matter if you're farming up north or down south. If you don't have people, and it doesn't matter if you're a small family farm or a bigger farm, the next generation is not going to stick around if the community's got no rink, no school and nothing for them to do. We want agriculture as a whole, whether it's family farms or bigger farms, to succeed. We need the communities around us to succeed. Most of our employees, as I said, are 30 to 40. They've all got kids that play sports. They've all got kids that are in the schools. So, giving back to those things keeps them in our community. We have to drive an hour and a half to have a AA hockey team for some of our employees. It sounds stupid, but we've had to have the discussions on what happens if that team's not there and they have to move away because their kids want to play somewhere else. And it sounds ridiculous that you leave a job for a kid playing hockey, but, that's what it is. For us, it's how do we start bringing some of those organizations back into Moosomin and back into the surrounding towns to keep the communities vibrant so that we always have employees. Because the labour market, as we know, is in a bad spot right now and especially in primary producer agriculture. It gets even worse if we just keep killing small communities and not having resources.

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AS: Yeah, I would argue that these small communities need these farms too, to provide the people, provide the funding and the donations for these different sports, provide the volunteers for coaching and for the local school councils and the millions of community groups that need to be running so that the community stays vibrant. So I would argue too that the communities depend on successful farms.

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ES: At last year's summer event, we had 40 to 50 adults and probably 30 to 40 kids. So from just our operation alone, there are about 80 to 90 people that live in the surrounding communities just on our farm team. And we're one farm of hundreds and hundreds around those communities, so agriculture is the primary industry around these communities. We have to make sure we give back to keep those communities where they are. We are pertinent to them. But at the same time, they're also very important to us.

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AS: Was there anything that you wanted to talk about that you want our listeners to consider their next moves?

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ES: In agriculture, we've always had that line "It's always been done this way." It's one of the most dangerous lines because I agree that we need to respect what's been done in the past, but we're also in a different generation now. With land equity where it is, where the financials where it is, every decision we make today is a million-dollar decision. It doesn't matter what size farm you're on, a million-dollar tractor is still a million-dollar tractor on any size of farm. We need to make sure that we're taking these mindsets and this business shift a little more seriously because it's always been pushed back upon, and it's becoming more and more important. With how many people we have coming through the coaching and through our consulting and everything else and the [number] of questions I get asked, it's becoming more important because we can push back as much as we want, the industry is going to move forward whether you want it to or not.

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AS: What excites you about Canadian agriculture?

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ES: The biggest one is the speed of change. I can remember when I was a kid and probably a decade ago things changed, but not a lot. And now in the last decade, I have seen farms become things that I never thought was possible, whether it's technology, whether it's data, whether it's just the mindsets of the farms today. We're starting to see something special in agriculture and we're starting to adapt to the speed of change. It almost feels like the Wizard of Oz. We're not in Kansas anymore, right? I'm excited for the next generation. I'm seeing the next set of farmers that are coming up and they love technology and they don't want to be the same as the past and I've had lots of conversations. I do speaking for FCC. At their Young Farmer Summits, I'm almost excited because they don't want to be the same. They're looking just to be different, and that's what agriculture has been missing. We've realized there was a secret sauce of how we do it and everybody kind of did it. And now all of a sudden we're starting to get some new ideas, and new ideas lead to new technologies and new innovations and just change. So for me, even from when I started farming to today, it's not the same ball game.

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AS: Everybody's recipe is a little bit different now. You don't have to follow the same formula for every single farm, and that really makes it exciting. People can pursue their interests and their passions and still have something successful.

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ES: And success is independent in each farm. Not everybody wants to grow. Some want to be pedigreed seed owners or some want to run a retail or some want to focus on the technology side. It's quite interesting to see the diversification happening. No farm has the same goals. When you see the 10-year goals of everybody at Farmer Coach, they're not the same and that's a good thing. In the past, I think they've always been the same: "I want to grow acres, I want to get bigger." That's not what's happening. And there's lots that do, but there's also lots that want to be different, and that's awesome.

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AS: Well, thank you so much for this. I really enjoyed our conversation and I'm sure I'm going to end this call with a million other questions that I could have asked you, but we'll have to save that for another time.

00:41:56

ES: That's good. I enjoyed it.

00:41:58

AS: What an amazing conversation I had with Evan. Like Evan said, farming certainly has changed in the last decade, and having a CEO mindset combined with the proper procedures, people and processes could be your next step to making the farm a self-sufficient and sustainable business. So how do we make that happen? That shift in mindset can be difficult, especially as a generation shift, but it starts with effective conversations. Whether a team member is stepping up or stepping back, be clear about their roles and the goals that everyone wants to reach, either individually or as a team. For those taking a step back, this new mindset is different, but their goals can fit into what they want their lifestyle and retirement to look like. You don't have to be in a boardroom if you don't want to, but you can if you do. The choice is yours. For the new or evolving team members, be clear about the value that each partner brings to that boardroom table, how they're going to be compensated for their talent, and be clear about the logistics of the operation. Things like meeting expectations and decision-making. Learn how to separate emotion from those million-dollar business decisions. But when it does get tough, don't let those bushfires rage into blowouts that could have been avoided. No issues are so massive that there isn't a viable solution. The numerous challenges within the industry should not take away from all the exciting things that are

happening, especially as the next generation takes the reins and finds new innovations and ideas to keep the industry moving forward.

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AS: Thanks for listening to this first episode of season four. We hope you were able to take away some considerations for how you can apply a CEO mindset to your own operation, or if you work with farmers, what your role in the shifting perspective might look like. Check the show notes of this episode for further reading and resources related to our discussion.

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AS: If this episode resonated with you, be sure to like, subscribe, and share with your friends. And if you're so inclined, go ahead and leave us a comment. Your feedback helps us figure out what's valuable to you as a listener.

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