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Networking People

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INTRODUCTION

The word networking was one of the buzzwords of the eighties. More recently, it has become one of the hot topics of the swine industry. Networking has been defined as a means of gaining access to a set of advantages which by yourself, or with your own resources, you would not be able to acquire. So networking is about working with other people to gain an advantage. The advantage might be in marketing, information, purchasing, labor, or capital investments. There are examples of successful networks in every human endeavor. History is full of examples. But what does networking have to do with the cowcalf industry in the northern plains? The argument is that cattlemen are an independent group, and that we like it that way. The opposite of independence is dependence, and cattlemen don't like being dependent on anyone or anything. However, networking is about interdependence. Successful networks are synergistic. That is, the activity of individuals in the network will serve to enhance the efforts of all the other members of the group. To meet our common goals, we need every advantage, especially ones that we cannot gain by ourselves. Because it allows us to gain an advantage, networking has become a very important and timely concept for today's cattle industry.

NECESSARY COMPONENTS

Successful networks have several key things in common. They are all extremely important.

Common Goals: As people start working together to gain a set of advantages, it is critical that, just like a good team of horses, everyone is pulling in the same direction. Experts stress that goals need to be achievable. Goals for a network must be in the best interest of everyone involved.

Communication: The best way for a group of people to achieve their mutually held goals is for their activity be grounded in good communication. Successful communication for groups must be concise, straight forward, and timely.

Honesty: While it is easy to see why this pertains to financial arrangements, I think the need for honesty goes beyond that. Everyone involved needs to be up front about their own motivation for involvement, and also about the skills and resources they bring to the group.

Trust: For a group to work together successfully, members must have faith in one another. Although this may take some time, to build a sense of trust, members of a network must treat each other with respect and dignity.

A Worldview: To obtain advantages that we cannot obtain by ourselves, we need to be able to look at the world around us with a clear view. We need to be honest with ourselves, as we take a personal inventory of our goals, resources, strengths and weaknesses. And we need to be equally as honest as we look at the world around us, its problems and opportunities, as well as its organization and structure.

BENEFITS

The benefits of networking are many and varied. Although they depend largely on the type of network that is involved, there are many similarities.

Leverage: Perhaps the single largest advantage for a network is leverage. Whether it is resources, information, marketing or purchasing, the use of supplementary assets to multiply or enhance their effect can have dramatic results.

Information: In an era of "information overload", the benefits of information exchange, sorting and sifting cannot be understated. As individuals, it is almost impossible to keep up with all the changes in the world around us. Much of what is reported is not relevant to our particular needs or situations. A group of individuals can help each other glean information, and turn it into empowering knowledge for the benefit of all.

Risk Management: We often hear that there is no room for error. The stakes are too high, the risks too great. But a network or group can mitigate individual risk, by spreading it out over a larger base.

Utilization of Systems: Due to the inherent restrictions on our industry of capital and labor, it has been virtually impossible for a single individual to participate as a sole proprietor in the complete beef production system. It is very difficult for a single individual to participate in more than two or three phases of our business. Through networking there are many examples, in a variety of industries, of successful vertical and horizontal integration.

LIMITATIONS

We have all heard the old saying, "if it sounds too good to be true, it probably is." This is an be true for networking. While there are many examples of successful networks, there are probably an equal number of examples of ones that, for various reasons, have failed. There are things that networks simply cannot do and realities that they cannot overcome.

Leadership: For networking to be successful, a leader or group of leaders must step forward. Leadership takes vision, motivational skills, commitment, a keen sense of timing, and excellent communication skills. If it is true that leaders are not born but made, then it is time to get the leader production system in high gear.

Commitment: The success of a network is dependent on the efforts and commitment of the people involved. There is little middle ground. For example, in a marketing network, if members

send only their poorest cattle through the group marketing plan, and sell their top cattle in a different marketing alternative, surely the network will fail. Members must trust that if the network succeeds, the individual members will also succeed.

Responsibility: Participation in networks often requires individuals to turn some decision-making responsibility over to others. This can lead to feelings of loss of control. An example could be in a marketing alliance that restricts the choice of bulls a producer can use in his breeding program. A clear understanding in the beginning, of the roles and responsibilities of the members, is needed to avoid latter confusion or disappointment. It also brings out the seriousness of an individual accepting responsibility and acting on behalf of others. For example, if an individual accepts marketing responsibilities for an alliance, they must understand the full impact of his or her decisions on the lives of others.

Structure: There are probably as many structures of networks as there are networks. Some are complex and have by-laws and an organizational structure. Others are loose knit groups of people with similar interests. Generally, the structure of a network needs to reflect the seriousness of the relationship. Learning groups can be loosely organized and very impromptu. However, marketing alliances need a very strong business structure.

EXAMPLES

There are many examples of successful networks that have been developed over the years in just about every conceivable part of the cattle business. The following networks are mentioned to serve as examples and reminders.

Information: Perhaps the greatest example of an information network is the Land Grant University system. It is the envy of the world. Its three-legged stool of teaching, research and extension has proven over time to be an excellent investment for society. Problems are solved, young people are educated and access to unbiased information is available to everyone. On a smaller scale, the "Bootstraps" program developed here in South Dakota is another excellent example. "Bootstraps" helps people network, and gain advantages in information that are not available to them as individuals. The program leverages activity with its holistic foundation, and brings together a wide array of participants, sponsors, and teachers.

Marketing: This is the area that certainly gets the most attention in a discussion about networking. Successful marketing networks, regardless of type, are the ones that contain all of the following criteria: 1. Clear and appropriate goals. 2. A business structure that reflects the complexity of the network or alliance. 3. Pricing systems that fairly reflect each participants share of associated cost and risk. 4. A well developed business plan. 5. Appropriate levels of capitalization. 6. A sound understanding of the complexities of business. 7. Excellent leadership. There are many examples of vertically integrated marketing networks and alliances that have failed, and a few examples of ones that have succeeded. The difference in the two groups is in the failure to meet one or more of the criteria listed above.

Breeding: There are many examples of creative networks in the breeding portion of our business.

The following is an example of how the principles of networking apply independent of size of operation. A small seedstock producer has developed a network of commercial producers to progeny test his potential herd bulls. While EPDs provide estimates of the genotype of animals for many traits, EPDs for yearlings have relatively low accuracies and there are traits for which EPDs are not currently used. To get around these limitations, the seedstock producer selects the potential herd sires that, at some later date, he may be interested in bringing back into his herd. He then allows a commercial producer to use the bull for several years at no cost. The commercial producer collects the progeny information requested by the seedstock producer and keeps the bull year around. After a couple of years, the seedstock producer trades the two-year-old for a second yearling bull. He makes a determination about whether or not to bring the bull back into his herd, as a herd bull, based on the observed and measured performance of the bull's progeny. The arrangement has been mutually beneficial to all parties. The commercial producer gets the progeny of a very good young bull without a large capital investment. The seedstock producer gets to progeny test bulls at a very low cost. This simple network of a seedstock producer and several commercial producers is a win-win for everyone.

Purchasing: The cooperatives in rural America are perhaps the best example of the power of networks in purchasing. Producers can buy electric power, feed, semen, fertilizer, hardware, fuel, credit and many other items through a purchasing network that "pools" demand and is able to negotiate a price that is lower than they could get as individuals. There are several examples of seedstock producers joining together in loose networks to buy advertising at a lower price than they could get as individuals. Here again people gain an advantage, this time in reduced cost, by joining together.

SUMMARY

Networking is a means of gaining access to advantages, that which by one's self or with one's own resources, would not be available to you. It has at its core, a sense of interdependence and cooperation. Networks are not new to rural America, as the Rural Electric Associations are one of the most successful examples. Networks can work successfully in a wide range of areas including, information, marketing, purchasing, advertising, and capital investments. Key components to networks are common goals, excellent internal communication, honesty, trust and an expanded view of the world around us. While networks can solve many problems, they are not, without limitations. When a network fails, it is often due to a lack of leadership or commitment, failure to accept or understand responsibilities, or an inappropriate structure. There are many examples of successful networks in our daily life, and in an industry that is short on advantages, networking has tremendous potential to help solve problems.