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CC334 Goals for Business Operations and Family Life Supplement to Instructor's Guide

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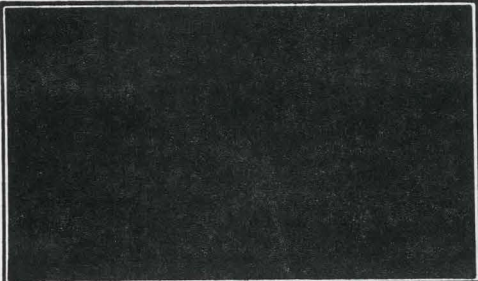
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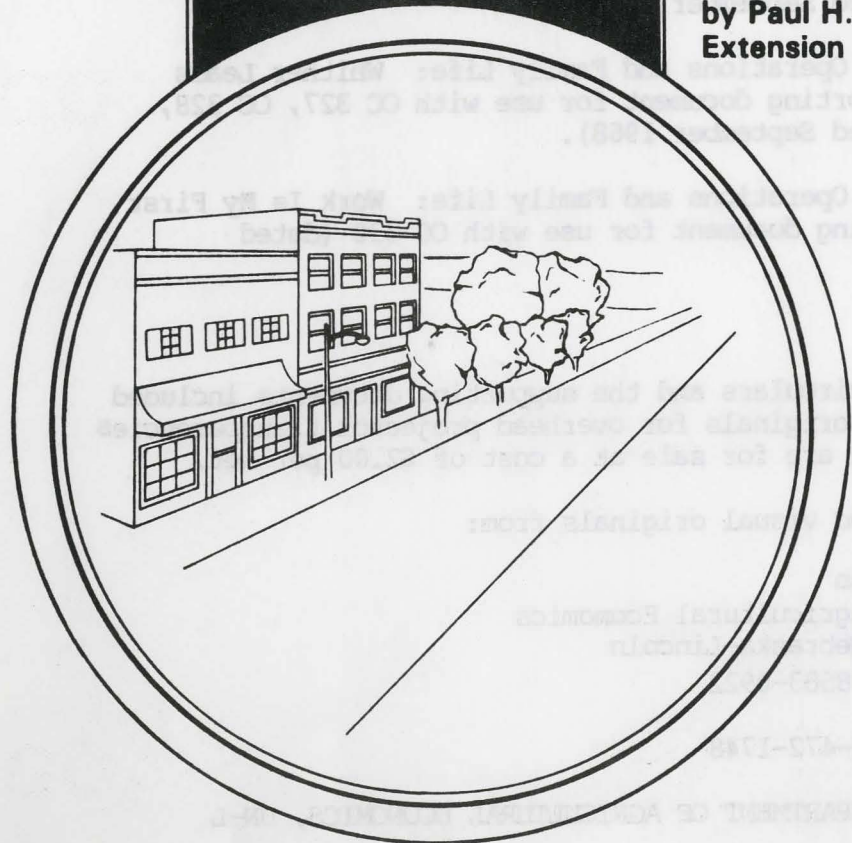
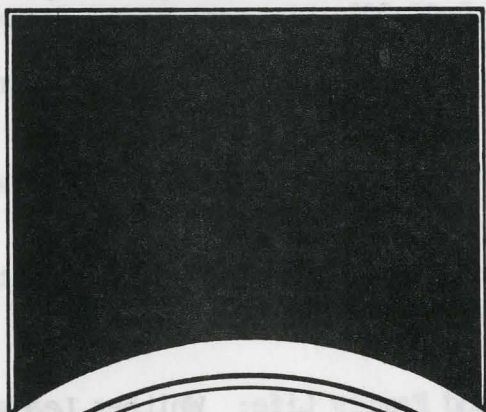
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GOALS FOR BUSINESS OPERATIONS AND FAMILY LIFE

SUPPLEMENT TO INSTRUCTOR'S GUIDE

by Paul H. Gessaman
Extension Agricultural Finance Economist



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GOALS FOR BUSINESS OPERATIONS AND FAMILY LIFE

SUPPLEMENT TO INSTRUCTOR'S GUIDE (CC 332)

This publication contains three supporting documents to be used with the Nebraska Cooperative Extension Service Business GOALS Materials (CC 323 through CC 332). These documents can be copied and used in your GOALS workshops.

If possible, make a copy of each document for each participant. As indicated in the "Instructor's Guide," CC 332, the supporting documents are handed out during participants' work with the GOALS materials. They will be most effective if used at the times indicated in the "Instructor's Guide."

The titles of documents included here and the circulars with which they are to be used are:

"Goals for Business Operations and Family Life: The Clam That Steamed People." Supporting document for use with CC 324, CC 325, and CC 326 (all dated September 1986).

"Goals for Business Operations and Family Life: Whither Leads the Cowpath?" Supporting document for use with CC 327, CC 328, and CC 329 (all dated September 1968).

"Goals for Business Operations and Family Life: Work Is My First Priority." Supporting document for use with CC 330 (dated September 1986).

In addition to the circulars and the supporting documents included here, a set of 26 visual originals for overhead projector transparencies has been compiled. These are for sale at a cost of \$2.00 per set.

Please order overhead visual originals from:

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Telephone: 402-472-1748

Make payment to: DEPARTMENT OF AGRICULTURAL ECONOMICS, UN-L

For use with:

CC 324

CC 325

CC 326

September 1986

GOALS FOR BUSINESS OPERATIONS AND FAMILY LIFE

THE CLAM THAT "STEAMED" PEOPLE

by Paul H. Gessaman

Extension Agricultural Finance Economist

As he came in the door, Jerry was greeted with, "Why didn't you tell me that your parents are coming tomorrow evening?"

With a guilty look, he replied, "Gosh, Jeanne, I intended to, but it slipped my mind. They'll be here for only a few days so you don't need to go to any fuss and bother."

"No fuss and bother! What do you mean? The house is mess! The laundry hasn't been done since last weekend! You know I'm supposed to help Betty with a garage sale tomorrow. And, I still have to get my Sunday School lesson ready to teach."

"This is the fourth time since spring that you've pulled a surprise like this. What are you, a clam? Can't you remember to tell me anything?"

When the excitement died down, and an apologetic telephone call had delayed the parental visit, Jerry thought back to a heated exchange that took place earlier in the week. His partner, Dan, had reacted strongly when a carpenter arrived with tools and materials to remodel the front display area of the store. Some weeks back, Dan and Jerry had talked briefly about the need for that remodeling. Later, when Jerry happened to be talking with a contractor whose work he liked, he made arrangements for the work. But, now that the carpenter had arrived to do the job, all was conflict and dissent.

Jerry responded with, "What's the matter? You said that you thought we should make some changes. I just forgot to tell you I was having it done."

At that point, the nature of the discussion changed. Suddenly, Dan was as "steamed up" as ever he had been. "Just forgot! Baloney! You're always able to remember your vacation trips, and to remind me about my past mistakes. How can you forget to tell me when and how you've arranged to remodel the store?"

Dan and Jerry were starting their second decade as partners. Over the years, it had been an "up and down" business relationship. Dan liked to keep close contact with the dynamics of business operations and the thinking of customers and employees. He talked regularly and at length with customers, employees, and other members of the business community.

Jerry's strong suit was his ability to quickly size up a situation and decide what he wanted to do about it. He was likeable, alert, shrewd, and

(though impulsive) had generally good judgment on business matters. He liked "to get things settled." To him, most things that were out of sight were out of mind. He spent little time in what he called "chit-chat" with other people, as he didn't see that it had any payoff for him. Accomplishment was what counted, not sharing of information.

While their business had done reasonably well, there had been a series of crises over the years. In the early days, most had been financial problems, the loss of key employees, or the need for more store equipment. As time went on, more of the "downs" resulted from misunderstandings over events that came as a surprise to Dan and the store employees -- times when Jerry "forgot" to tell others what he had done. Increasingly, Dan reacted to such situations with frustration and anger -- in his words, "Jerry has me 'steamed up' again."

What was Jerry to do? In one week he had "steamed" both his wife and his partner. Even though his intentions had been good, both had ended up angry. What should he do, and how should he do it? That seemed to be the primary question?

* * * * *

What do you think that Jerry should do? What should Dan do? And, what should Jeanne do? Should they do it as individuals or as a group?

Take a little time to discuss this story with the person sitting next to you. Try to agree on some suggestions for each of these three persons. Write brief summaries of your discussion here:

Things that Jerry should do are - _____

Things that Dan should do are - _____

Things that Jeanne should do are - _____

What should be done within the family unit? And, within the business?

For use with:
CC 327
CC 328
CC 329
September 1986

GOALS FOR BUSINESS OPERATIONS AND FAMILY LIFE

WHITHER LEADS THE COWPATH?

by Paul H. Gessaman
Extension Agricultural Finance Economist

Awakening from a nap in the warm afternoon sun, the calf was all alone. With hunger stirring in its stomach, it moved from tuft to tuft of succulent grass, meandering across the meadow and through a draw. At one point, a wind-blown tumbleweed seemed a sudden threat, and it jumped, turned, and blindly ran to the right. With the luck of the innocent, no predator was present, and the calf went on to rejoin the herd.

That evening a rabbit out for a stroll came upon the calf's meandering route. Travel along that faint trace seemed easier than hopping through untouched weeds and grass, so the rabbit went where the calf had gone. Nose glued to the rabbit's scent, a coyote soon followed close behind. The rabbit soon became an involuntary, but motivated leader.

As other rabbits and coyotes passed along the way they followed the path wearing down the grass and weeds. The trail widened as deer browsed along its sides. Then came an Indian hunting venison, and an explorer searching for adventure. Each thought, "That track must be the easy way - it's very well used." They, and others who later followed, made the track a trail.

The years went by, people moved in, the trail became a country road, the road became a highway. "Tumbleweed bend" from the calf's long-forgotten search for the herd became a "Dead Man's Curve" of widespread, but dubious, fame. Danger no less real than the coyote's threat was to the rabbit became a part of daily life for all who used the highway.

Finally, the roads department called a hearing. It asked for suggestions for change in what was now identified as "a most dangerous corner." People who gave testimony spoke eloquently of travelers' risks. One asked, "Why did you build that corner anyway?" The only answer was, "I don't know, do you?"

No one could answer, for no one then living knew of the warm afternoon, the calf, the tumbleweed, the rabbits and coyotes, the deer, the Indians and the explorers, and the early road builders. Even as they lived, and sometimes died, in traveling that wretched highway, no one knew or cared about the animals and humans whose passage had transformed a trace stirred by the calf's hooves into a dangerous highway.

Do You Travel Along A Cowpath?

How do you make decisions that determine the nature of your life? Are you one who travels along a cowpath? Do you follow the familiar way without conscious thought, and change direction when momentary events intrude? If so, your answer to "Why did you . . . ?" also may be, "I don't know, do you?"

If so, you may be making important decisions while on an "automatic pilot," one that was set by persons other than yourself. If you don't set your own course, you may be ruled by the expectations of friends and family - maybe it has always been understood that you would grow up and marry the boy/girl next door, or go to a certain school, or have the same occupation as a relative. Some aspects of life may be determined by events as unexpected as the wind-blown tumbleweed. Someone will say, "What you ought to do is" And, since you're on automatic pilot, you do it. You do what you do because your decisions are governed by habit and based on others' opinions.

When the choices that shape your life are made by others - when you're not the one who sets your course - you can't determine important aspects of your own life and well-being. Not every decision must be exhaustively examined, discussed, and debated - if you did so, you would be perpetually involved in decision making. But, it's important that you make the key decisions, thus determining the nature of your life and work. When this is so, you'll be free of the cowpath and its dangers.

The Decision Pyramid

If you want to be a winner in life - to be one who assesses reality and takes constructive action - it may help to think of life as a pyramid of decisions. At the top of the pyramid are a handful of major decisions that determine the nature of your life. At the bottom are the many micro decisions that make up your lifestyle. Between these extremes are the minor and tertiary decisions that "set the stage" for your actions and activities. The pyramid looks like this:

-- Major Decisions. These decisions determine the fundamental nature of your life: the person you marry, your choice of occupation, where you live, the nature of your family relationships. You make ten or a dozen of these decisions in your lifetime - they form the top of the pyramid.

-- Minor Decisions. There may be as many as 100 minor decisions that provide the framework for your daily life: the level of education you seek, your choice of school and major subject, the nature of your social circle, your personal standard of performance. (You could earn an "A." Do you settle for a "C" because it's easier?) Through minor decisions you select the ways in which you implement your major decisions.

-- Tertiary Decisions. These decisions set your approach to daily life. Is your work done on time? Are you adequately prepared for work responsibilities? Do you keep learning new skills? Are you on time for meetings and appointments? Do you spend more or less than you earn? Is your credit good? Can people rely on you as a confidant? These things and many more are determined by your tertiary decisions that guide the things you do each day.

-- Micro Decisions. In their position at the bottom of the decision pyramid, micro decisions set your operating style. They determine the quality of your work and the nature of your interactions with others, the image you create in others' minds, the extent to which you use and expand your capabilities, your level of awareness about actions and activities that affect your life. Are you "with it," or "out-of-touch?" Are you mentally growing, or only existing? Over time, micro decisions set the limits of your attainments, determine the extent to which you are able to achieve your potential.

Do You Want the Cowpath?

Travel on the cowpath takes you where others have been. Mostly, it reflects past events while skirting the peaks and valleys of life. You can follow the cowpath without being challenged to think or do your best. And, it may lead you into presently dangerous "corners" that exist for reasons now unknown.

If you want to reach your most coveted destinations - to achieve your most important goals - the cowpath is not for you. To avoid it, take actions that only you can take. Know where you are going, how you intend to get there, and when you intend to arrive. Be sure you are the one who controls your "automatic pilot," and be ready and willing to "re-set it" when the need arises. Recognize your mindset. If it is negative, be willing to change. Focus on making purposeful decisions at all levels of the decision pyramid.

Be willing to trust people - yourself and others - as trust is the basis for constructive action. Recognize that life will have many setbacks and disappointments while continuing to believe that you can attain a better tomorrow. Be willing to abandon things that don't work, and to replace them with things that you can do well.

You can be a winner in life - one who assesses reality and responds constructively to that reality. It may require that you change your style and approach, but that can be done. Is it easy to change? Usually not. But, change is possible for amateurs like you and me. And, change often is the key to a tomorrow that's better than today.

GOALS FOR BUSINESS OPERATIONS AND FAMILY LIFE

WORK IS MY FIRST PRIORITY

By Paul H. Gessaman
Extension Agricultural Finance Economist

Jim was the energetic owner-manager of a manufacturing plant located in a small rural town. As appropriate to the customer's needs, Jim's ten employees fabricated a wide variety of small steel parts and products. In most cases, customer-provided "specs" and quality control standards were followed, though some of the products were Jim's original designs. Jim especially enjoyed the challenges of designing products and production methods, and a high proportion of his time was spent in solving design and production problems.

The plant has been in business for more than 30 years, though Jim had had full management responsibility for only the last eight years. He had become the principal owner and manager following his father's untimely death from complications following what was thought to be a minor coronary. Despite his life-long association with the plant, Jim still found it somewhat uncomfortable to be "the boss."

Prior to the last two years, fabrication of steel products had been the only production activities. Then, Jim had been asked to develop a molded plastic part containing metal inserts. He was intrigued by the possibilities of plastic-and-metal fabrication, and worked day and night to make the process successful. It took many hours of experimentation and considerable ingenuity to modify the new injection molding machines so they would reliably produce the desired parts. Jim's success in developing a reliable fabrication process had opened up new product markets.

Despite this significant victory, many things were not going well. Two long-time customers had taken their business elsewhere when their production was held up by late deliveries from Jim's plant. During the past year, the Internal Revenue Service had assessed penalties for late payroll tax deposits. Jim now avoided contacts with his banker, because the banker wanted a 50 percent paydown of the plant's short-term debt (short-term debt had tripled in the past three years). Last month, two key employees left for other jobs when their paychecks were returned by the bank due to "insufficient funds." In a recent conversation with his best friend (a local businessman), Jim summed it up by saying, "Things just never seem to work out."

The friend responded by suggesting that Jim keep a complete record of his work activities and use of time during the next quarter. He suggested that if Jim would do so, then they could sit down together and talk about major work activities and priorities for the use of Jim's time. Jim responded, "Work is my first priority," but agreed to keep the work record. As he commented to his wife that night, "What do I have to lose?" And, he secretly expected that the record would show he was the busiest person in town.

The next three months went past quickly. Jim genuinely tried to keep a record of his activities and time, and was reasonably successful in doing so. Then, he and his friend got together to look over the data and discuss its meanings. Among other things, they discovered that:

- When work for all purposes was included, Jim had worked an average of 75 hours a week.
- Jim had worked all night at least once in the final business days of each month to bring the company books up to date. The books had to be brought up to date so he could provide documentation justifying the borrowed funds he needed to cover monthly payroll checks.
- Efforts to collect accounts receivable from two customers had required several days of Jim's time. In both cases, the customers had been sending partial payments in response to billings for monthly shipments. In one case, the amounts owed included balances owed for more than a year. Unfortunately, neither firm could pay the back amounts, so Jim had discontinued production for them.
- About one hundred hours of Jim's time had been used for a pilot effort with a new product. It required some modification of an injection molding machine making that machine unsuitable for the parts production for which it was regularly used. This meant that other machines were run overtime at an extra labor cost that consumed the profit margin. Jim greatly enjoyed his success in devising the needed production process though the entire venture cost more than it returned.
- The city cited Jim for excessive trash accumulations around the plant. Most of the "trash" came from manufacturing overruns that had occurred during the past five years. Jim was having his attorney try to get the citation abated because he believed that purchasers for the overrun parts could still be found.
- The entire plant was closed down for five days following a flash fire in the paint booth. It resulted from a breakdown of the ventilation system that hadn't been repaired. Both the painter and Jim had thought that keeping windows and doors open would provide ventilation needed for safety. But, other workers were bothered by a cold wind and closed the doors and windows without Jim noticing the change. When painting started, it wasn't long until a fire ignited.
- A long-standing tense situation with the office manager had "boiled over," and wasn't yet settled. The manager had periodically objected to Jim's writing checks for supplies or incidental expenses without recording them in the ledger. When some checks "bounced," it turned out that the bank balance was \$2,000 less than the ledger showed because of Jim's unrecorded check to a trucker. The manager always had taken great pride in the accuracy of her work, so was angered and frustrated by having checks returned by the bank.
- The quarterly closing financial statement prepared for the bank showed a substantial decline in net worth during the quarter. The banker responded by telling Jim that within a week he must have a workout management plan showing how he planned to restore financial viability.

As Jim and his friend examined the work record and discussed this information and the meanings that might be drawn from it, the friend wasn't enthusiastic about the things he saw. Jim defended his use of time and money saying, "But, my employees and I work harder than anyone else in town."

The friend's reply was, "Maybe you just need to work smarter, not harder."

What do you think? Do you believe that Jim knows where his manufacturing plant is going, how he is to get there, and when he will arrive at his intended destination? In other words:

- Would you say that Jim has identified his goals for business operations?
- Would you say that Jim has, and follows, management priorities?
- Does "Work is my first priority" make Jim a good manager?
- How might Jim's situation be improved?

Think for a few minutes about these questions, and your impression of Jim's management style. Discuss your reactions with others. On the lines below, record your answers to the four questions and any other ideas, thoughts, or concerns that emerge in your discussion.

Do you think that Jim has identified his goals for business operations?

What are Jim's management priorities? _____

Does Jim's hard work make him a good manager? _____

What should Jim do to make his work more effective? _____
