

## COVERSTORY



Kim, Lori and Kyle Lennard meet weekly to stay on task and keep each other up to date on personnel or production issues. "Our biggest restraint from growth has been human capital," says Lori.

# Reinventing the farm

*HOW ONE FARM FAMILY RESTRUCTURED ITS BUSINESS  
FOR RAPID EXPANSION*

Continued from page 16

storming with managers to figure ways to remove bottlenecks in the system. "It's about gathering that information from your staff and doing something about it," she adds.

The goal of good communication is to pass on institutional knowledge of the farm business. A lot of people who are good managers may still be unfamiliar with your core business. In the case of the Lennards, that's vegetables. These individuals are making decisions for you often, so you have to train them.

Growing a farm to multiple sites and having many employees demands a more active approach to regulatory compliance and human resource issues. "It's not just making sure you've put the PTO shields on anymore," says Kyle. "You have to look at how you keep everyone safe."

Compliance often gets put on the back shelf during farm expansion. And it's often what discourages farms to make the next "big move" in expansion. But it doesn't have to wreck your growth strategy.

Because the Lennards' business has more than 25 workers, it loses some exemptions with OSHA regulations. The farm uses an OSHA consultant to develop safety protocols, implement training and education, and begin using personal protective equipment. They also inspect equipment to ensure OSHA compliance.

The Lennards know it's more work, but they see why it's important. "Ignorance is dangerous," says Kyle. "If the sixth employee didn't know what the first three knew, that's when accidents happen."

#### UP NEXT


The Lennards plan to put the brakes on growth for a few years to focus on operational excellence.

"We've been growing a lot, and then you realize, if you don't also look at quality or efficiency, you won't be as good as your competitor," says Lori. "We brought in an outside consultant who helped us bring our yields up 25%. We brought on an agronomist to reinforce what we learned from the consultant. We've been learning on the go, but we also need to take time

for research."

Looking back, "the biggest thing that made our operation grow was the networking," says Kyle. "As we got bigger, we talked to other successful people and consultants who gave us a different perspective and knowledge base. The more information you have, the more money you make. We had agronomy consulting firms in Idaho who helped us make quantum leaps in yields. We could consistently produce 25% more yield after integrating new techniques."

So it's no wonder that the Lennards want to pause, catch their breath and enjoy success for just a little while.

"I didn't envision myself ever being on the farm, but I'm very excited that the farm is where it is today," Lori concludes. "I love what we do here." 

### Farm Futures Now!

Go to [www.FarmFutures.com](http://www.FarmFutures.com) and click on Farm Futures Now! to learn more about the Lennards' expansion journey.

# A HEAD ABOVE THE REST



## capello

**LIGHTER... FASTER... STRONGER...  
PLUS SUPERIOR CHOPPING TECHNOLOGY**



**CAPELLOUSA.COM**  
Toll Free: 1-855-CAPELLO  
(1-855-227-3556)

Continued from page 15

everywhere; we knew we had to change,” she says.

The farm added department managers to streamline operations. A full-time agronomist manages plant health; two operations managers oversee field operations; and the shop manager is in charge of mechanics. Recently, the farm added a production manager to oversee seed cutting and shipping, which includes grading, processing and quality checks.

“When we have team meetings, we talk about what’s going on in those areas,” says Lori. “We’ve transitioned into this. Our old structure would not have fit for the size we are today.”

### HUMAN CAPITAL

A businesses’ human capital is one of its most important assets, says Fulton. “Investment in human capital through careful recruiting, appropriate orientation and continual training is critical for business success,” she adds.

Know what you need and recruit the right people. How? First, determine what his or her role will be 12 months of the year; then build a job description, advises Lori.

In the Lennards’ business, multiple skills are a must. An operator, for example, must also have mechanical skills, so he or she can work on equipment in the winter.

“We always evaluate our talent. Do they fit the role? Are they doing what we need them to do?” she says. “If they are not top talent or helping your business,

**“The more information you have, the more money you make.”**

— Kyle Lennard

do something about it. When you get the right person, the long-term benefits are amazing. Having top managers makes our lives easier. There is not one manager I would want to replace.”

These days the Lennards look for ways to deliver quality crops on a consistent basis. A quality control lab will fry samples of potatoes to check for prob-



**The Lennards are stepping back from expansion mode to focus more on quality control and operational excellence. “We’ve been learning on the go, but we also need to take time for research,” says Lori Lennard.**

lems, write a report and attach it to each shipment. “If a customer complains, we know exactly the quality of potatoes we shipped them,” says Lori.

To further build consistency, all employees have checklists and written standard operating procedures, or SOPs. That makes it easier for the siblings to check performance in each step of the production process.

“That also makes it easier to train new hires,” adds Lori. “Farming is cyclical; we get one shot a year to grow an awesome crop, so it’s essential to pull up SOPs from the year before to remind ourselves how we do each step, from tracking planting data to communicating with truck drivers. It’s easier to be consistent and keep building from the SOPs.”

After each growing season, the Lennards sit down and evaluate the rights and wrongs from the year. They tweak SOPs “so we don’t lose the good

ideas we came up with during the year,” she adds.

Truck drivers have written expectations, a new employee handbook and an orientation session where they learn safety initiatives.

### COMMUNICATIONS

With 65 employees, two locations and multifaceted production processes, the farm now requires high-level communication capabilities. For external communication they hired a marketing consultant to provide a consistent approach and more branding for the company. Internal communication is more complicated. A brother who works in information technology built a database to act as a shared server for all digital files and data for both locations. The farm also uses several programs and spreadsheets for analysis.

“We have a lot of computers and cellphones, so managing information technology is a part of our success,” says Kyle. “If you have failures, you need to document them so we can make changes in the off season. You don’t make fundamental changes in your business during the growing season. Long term, these tools help fix inefficiencies.”

Last year the Lennards’ expanded the database to give customers real-time access and check load information. The system automatically generates a text message to drivers, reminding them of deliveries. With up to 25 semiloads of potatoes moving a day, the farm purchased and customized a kiosk so truckers log in when they come on the operation.

“We wanted that information, but paying someone to sit there and log in trucks seemed like a waste of time,” says Lori. “The kiosk costs \$7,000, and now our production manager will always know who is coming in for shipping that day. We know when they arrive and when they leave. It’s useful information at a low cost.”

Everything that is shipping each day is first color-coded in red. When the lab sends a quality control email that says the load is ready to ship, that text automatically changes to black. So anyone who logs in to the system will know how many loads shipped that day. ▶

## By Mike Wilson

Expanding the farm in these risky times can test anyone's nerve. So imagine the wild ride the Lennard family of Samaria, Mich., has been on: In the past decade it tripled acreage, set up a new operation across state lines, boosted revenue ninefold and quadrupled its employee base.

Whew!

Kim Lennard, along with son Kyle, 34, and daughter Lori, 31, are the nucleus behind Lennard Ag Co., a 7,000-acre potato and corn operation with 65 employees in Michigan and Indiana. The farm transformed itself through rapid growth the past eight years as the family restructured its business and moved into uncharted territory.

"To achieve growth we had to invest in major changes in the way we run our business," says Kyle. "For us it came down to capital, communication and compliance."

### GROWTH SPURT

Kyle came home from college in 2002 when corn was \$2.50 a bushel — like it had been the last three decades. Today, roughly 80% of revenue comes from the potato enterprise.

"Growing potatoes was the backbone of the farm since the '40s, but the market changed on Grandpa," recalls Kyle. "Quality became an issue, and farms in irrigated areas were flourishing while we were struggling because of soil structure and lack of water access."

Even so, Kyle saw the change in the market as an opportunity.

"We happened to expand at a time when the potato chip market was expanding and some people were getting out of business," he says. "We had a freight advantage to Wisconsin and northern Michigan, and as long as we could produce a quality crop, I knew our expansion would be successful."

That meant adding acreage and knocking on doors outside the home base. The Lennards set up shop 140 miles away in Dowagiac, knocking on landowner doors and offering 50% cash rent up front while pledging to build soil fertility or help build irrigation. But they ran into a brick wall after three growing seasons.

"It was frustrating," says Kyle. "Farmers in the area were not open to renting out ground to specialty crops. We had no name in the area; we couldn't get access

to the land base. Farmers in the area wanted to farm the ground, regardless if it was more profitable to rent out for potato production. We just didn't fit in with the culture of the community, and I don't have the type of personality to go head to head with these guys and start stealing ground."

The Lennards decided to stop beating a dead horse. They pulled up stakes and set up a new operation in Sturgis-Howe, Ind., where they discovered a whole different mindset.

"Seed corn sets the culture for us to fit into people's rotation, especially now with the surge in rental values," he says. "Soybeans do not generate enough revenue to maximize landowner returns. Potatoes are a great fit to ensure rent competitiveness."

Successful businesses must market on multiple fronts at the same time — not just to the customers who are purchasing their product, says Joan Fulton, ag economist,

Purdue University. "Farming is no exception. The Lennards realized they needed to find landlords who could appreciate the value from renting their land for potato production. The Lennards had to develop the appropriate value proposition and market it to the prospective landlords."

By this time the Lennards realized expansion called for substantially larger amounts of capital. "When we started to grow, we realized we needed lots of stuff — storage, harvesters — and that's just the equipment side," says Kyle. "We had to constantly focus on the bottom line. Invest where there is high ROI, such as storage, and expand in areas with less risk."

Soon Kyle and Kim had their hands full managing two operations. That's why five years ago they asked Lori to join the team. After a brief stint working for a human capital consulting firm, she joined the farm and immediately began devising a new personnel organization chart.

"We had people and ideas going ▶

## Watch for speed bumps

The Lennards' rapid expansion was not without speed bumps. Here are five lessons the Lennards learned on the fly:

- **Have the confidence to make bold changes when needed.** "When the Dowagiac farm wasn't working for us, we were frustrated because we had invested so much time and effort there," says Kyle. "But even so, people get stuck in their original plans, and that's human nature. You have to stop forcing a fit that doesn't work and make another move."

- **Keep creditors in the loop and develop alternative capital sources.** That proved more challenging last spring when banks began tightening credit conditions. "Sometimes your business is changing faster than the bank can change, so you have to keep that in mind," says Kyle. "Even if you are well-financed with your bank, have outside financing; give yourself the biggest cushion possible if things do turn south on you." Businesses need to market on multiple fronts, and often that requires marketing your value proposition to your banker so you have the necessary financial capital for the business.

- **If it's a bad hire, cut your losses.** Sometimes you hire someone, and after three months, it doesn't work out. "Don't carry the dead weight," advises Kyle. "A bad attitude can be a disease; even if it leaves you short-handed, get rid of them." Adds Lori: "Be picky in the recruiting process. Make sure you have the right fit, because you're going to invest so much time training that individual. If you realize a year later you missed it, you have that much more work to do."

- **Put your management structure in place before you add acreage** — especially if that expansion is in remote locations. "We probably should have thought about the structure, defined the farm's departments better and beefed up the staff before expanding," says Lori. "It takes a year to train and pass on knowledge about potato production. If we had that structure in place ahead of time, it would have been less painful."

"We were prepared, but not enough," agrees Kyle. "It could have been less painful if we had prepared better."

- **Utilize outside resources with expertise beyond your capabilities.** Be aware of what you do not know.