



Labor: These Steps Can Help Keep the Help

By Curt Olson

Good help always has been hard to find. That's increasingly true for agriculture. Fewer kids are growing up on farms and ranches and good paying energy jobs siphon from the labor pool. Despite the competition for labor cattle operations face, there are things companies can do to compete for labor that doesn't always require a pay increase.

Wayne Fahsholtz runs the Padlock Ranch in Ranchester, Wyo. He competes with the energy industry for labor to keep the 35 jobs in his operations filled. Right now, he says the average tenure of an employee on the ranch is 12 years. This summer two retired — one after 46 years, the other 28. This kind of success isn't a matter of luck. For Wayne, it starts with a philosophy.

Be the Best Employer

"Right after I came here we established a policy that we wanted to be the employer of choice," he says. "That manifests itself in lots of different ways. Benefits are one way but it really goes way beyond that. More importantly, you've got to care about your people and they have to feel like they're part of the organization."

Erika Brandt is the marketing and communications manager in the Ames, Iowa, office of *AgCareers.com*. She says that with a shrinking base of people with agricultural experience, it is critical for ag businesses to start visiting local classrooms and talk with students about the job opportunities in agriculture. "It's important to reach them at an early age and keep them engaged through high school so they are at least aware of the opportunities," Brandt says.

Not every job requires the

employee to wear a cowboy hat. The question is how common is that knowledge in your job market? Wayne says the jobs that are toughest for him to fill are bookkeepers and mechanics.

Brandt says Wayne's decision to be known as an employer of choice is an excellent way to recruit. Your reputation is your brand in the local job market and it begins with those who work for you and what they say about you away from work.

It would be nice to say money doesn't matter but everyone knows that it does. Still, Brandt says surveys repeatedly show that salary trails many other attributes that employees value.

"It always sounds attractive to hear the higher wages, \$25, \$32 an hour, Wayne says. "But I've had several folks leave then come back."

The reason? Lifestyle — and it isn't just about being a cowboy.

"Many of the energy jobs are shift work and are very unattractive to families. Single moms, single dads, they're hit pretty hard because of the inflexibility of the work schedules," he says.

Brandt says other things employers can do are pretty simple and affordable.

Recognition

Chief among them is employee recognition. If an employee does a good job, he likes to hear it. While it is normal to expect or want employees to do a good job, a verbal "attaboy" adds to job satisfaction. If the boss wants to extend that recognition with some token of appreciation — a dinner certificate, employee of the month designation — that, too, can score points.

Managers Are Key

Clarity of job expectations is coupled with this. Brandt says it is critical that employees understand the job that they are expected to do, what it means to do it successfully and how they will be evaluated.

"I really think it pays to play toward employee strengths in forming a team," Wayne says. "It allows you to build them up."

Failure to supply instruction leaves employees working in a void where criticizing their job performance may seem arbitrary or personal since they initially weren't given the tools to succeed.

So if you're the head boss, begin with your managers. "People don't typically leave because of the money," Brandt says. "They leave because of their manager so invest time in your managers and give them the training they need."

This has been a point of emphasis for Wayne.

"An employee that's working for a larger company, the guy on top can be good or bad and it doesn't matter a whole lot to the employee, but maybe the supervisor in the middle isn't good or doesn't appreciate people. That employee only relates to that immediate supervisor who makes his day good or bad so training middle managers is really important."

Value of Benefits

As a way to help retain employees, Wayne has begun more actively promoting — to his employees — the value of the benefits they receive, which include a retirement and health plan. Some may be offered housing.

"Many times, we as employers end up taking the benefits we offer for granted," he says. "Having a way



to explain them helps.” He uses the spreadsheet below, supplied by Dick Wittman of Wittman Consulting (www.wittmanconsulting.com/index.htm), to show the differences of what they have and what they think they can get elsewhere. “They may think they need to go elsewhere to make it, but you can show that they may be making it where they are rather than the place paying \$30 an hour. If you calculate those benefits well

and communicate those well, you can show you really are competitive.”

For instance, relocation costs money. Housing may cost more where the employee is going and if that person has to live further away from work, gas prices will eat at any pay increase.

Wittman says that many times people only value the cash portion of their compensation. They think they’re a \$7-\$9 an hour employee

when in reality they’re \$16-\$18 an hour.

“If you can communicate that, they’re going to do everything in their power to give you what they’re getting paid for,” he says. “Their self concept changes. It makes them think like an \$18 an hour employee.”

Brandt says if labor is in short supply, look outside your normal labor pool, including people without agricultural backgrounds.

Compensation Summary							Name: Good employee Year: 2007	
		Period	Rate/Mo		No Mos.	Yearly Total		
1	Salary	Nov-Feb	\$1,650	Base	0	\$0.00		
			Rate/Hr	Hrs/Mo				
2	Wages	Mar-Oct	\$10.11	260	12	\$31,543.20		
		Cash Salary & Wages Subtotal:			\$31,543.20			
3	Social Security Benefit - % Rate:			7.65%		\$2,413.05		
				Rate/Mo				
4a	Housing			\$700.00	12	\$8,400.00		
4b	Utilities - Power, Phone, etc			\$300.00	12	\$3,600.00		
4c	Meal Allowance, Groceries			270 days @ \$4.00/day		\$0.00		
5a	Beef, Farm Produce			1/2 beef - 350# @ \$1.40/lb		\$0.00		
5b	Board 2 extra horses			\$40.00	12	\$480.00		
6a	Medical Insurance			\$1,300.00	12	\$15,600.00		
6b	Uncovered Medical Reimbursement							
6c	Other-							
7a	Commuting Pickup					\$1,500.00		
7b	Other- Auto Insurance, gas, maint.- Spouse & children							
7c	Other-							
8	Total Wage and Benefits Value (Items 1-7)					\$63,536.25		
9a	Bonus- Based on Yearend Results					\$3,000.00		
9b	Retirement Contribution @			5%		\$1,577.16		
9c	Total Compensation:					\$68,113.41		
10	Total Hours Worked Per Year					2750		
				(excl bonus & ret.)		(incl bonus/ret)		
11	Total Compensation per Hour			\$23.10	(line 8/line 11)	\$24.77		
12	Total Value of Non-Taxable Benefits (Items 4-7)					\$29,580.00		
	Non-Taxable Benefit Analysis @ Tax Rate:				35.65%	22.65%		
13	Pre-Tax Wage Equivalent (Line 12/(1-TaxRate)				\$45,967	\$38,242		
14	Total Tax Savings (Line 13-Line 12)				\$16,387	\$8,662		
15	Tot. Pre-Tax Wage Equivalent-(Line 9c + Line 14)				\$84,501	\$76,775		
16	" " " " " - Per Hour				\$30.73	\$27.92		
	Tax Table Summary				High Rate	Low Rate		
	Federal Tax				28.00%	15.00%		
	State Tax				0.00%	0.00%		
	Social Security Tax				7.65%	7.65%		
	Total Tax Rate				35.65%	22.65%		

Source: Dick Wittman, Wittman Consulting