



Chad and Stacey Meunier: A Case Study

By Larry J. Martin, Ph.D.

INTRODUCTION

AME recently wrote a paper, “The Relationship Between Strategic Management and Success in Farming”, that reviews literature on the nature and benefits of strategic management, defined broadly as management processes that define measurable objectives; actively monitor changes in the external environment as well as internal performance; and appropriately adjust processes in response to those changes.

It is of interest to provide a more detailed look at them with case studies of people who intentionally set out to improve their managerial capabilities and to make changes in their businesses. Typical of most people who intend to make changes, Stacey and Chad Meunier, about whom we have written in this account, took courses intended for that purpose, as well as other activities aimed at improving their management.

The Strategic Management paper emphasized that measuring and assessing the results of improved strategic management is broader than just the economic outcomes achieved by a business. There are also benefits to the effectiveness of the organization, as well as benefits to the owners/managers of the organization. All three were addressed in studying the case of Chad and Stacey.

This case study describes the path the Meuniers took to improve their management capabilities, the changes they made in their farm business as a result, and the impacts the changes have had on the business and the couple themselves.

CHAD AND STACEY MEUNIER



Stacey and Chad are from Barrhead Alberta. They took CTEAM in 2015/16 and Advanced CTEAM in 2021, two futures and options courses in addition to training Chad had received at Olds College and Stacey at the University of Alberta. They also took the Leadership course sponsored by Farm Management Canada in 2020 and again in 2022.

Upon entering CTEAM, the Meuniers had a cow-calf holding of their own and worked on the main farm which was owned by Chad's father and his father's two brothers. The latter had a feedlot and a cow-calf operation separate from Stacey and Chad's. When they entered CTEAM, a major issue was planning and implementing succession from that older generation to themselves, and doing so while integrating the two businesses.

After the changes that are detailed below, the business has evolved with Chad in charge of the feedlot and cow-calf operations and marketing, while Stacey is responsible for Human Resource Management and cropping/ranchland operations. Both collaborate to make decisions about finance, investment, and other strategic matters.

THE BUSINESS PRIOR TO 2015

The combined operations consisted of 3500 acres that produced grains and oilseeds for cash sales as well as feed for 4,000 head of feedlot cattle and 2,500 mother cows. There were also approximately 2000 acres of pasture. There was no formal management structure, but 1 elder partner was the *de facto* head of the farm, the second elder partner was a farm employee and the third elder partner managed the family's concrete and gravel business. They used a traditional, impersonal management process whereby the 12 employees were expected to do their jobs without much direction or feedback. There was no formal HR process in place for employees or any other aspect of the business, resulting in confusion regarding responsibility and a lack of accountability. The elder partners were hard-working with expectations that others would follow their lead. At times though, morale was poor.

The business was on the edge of profitability and financing was done through a patchwork of short-term and trade credit. Because of the lack of an overall credit facility given the size of the operation, financial planning was done based on cash flow needs rather than long-term business goals. The business did not have sufficient financial stability to attract a bank for longer-term stable financing. Marketing was mainly done by selling cattle on a cash basis as cattle were finished, leaving the company exposed to the extreme fluctuation of margins in the cattle business.

Succession was stuck with an older generation concerned about its identity, its legacy, and frozen by inability to make decisions.

AFTER 2016

Chad and Stacey's biggest takeaway from CTEAM was finding a process for succession. Along with a number of other takeaways, from their various training programs this led to significant changes and improvements on the farm.

Succession

After leaving the CTEAM session in Niagara Falls, where family communication about succession was discussed, they hired a consultant who specializes in succession to work with the family. Most of the consultant's time was spent with the older generation, identifying the issues that held them up from making decisions, providing information, and working toward a consensus. This resulted in an agreement that included Chad and Stacey buying out the older generation and taking over management of the business. The design of the resulting transition process addressed the concerns of the older generation. For example, the name of the business did not change, maintaining the identity and legacy of the older generation. This was done at no cost but reaped considerable dividends in goodwill for the older generation.

The succession plan contributed to family harmony. The uncles now visit the farm frequently (Chad's father has passed). Uncles are happy with the way it is run, including the fact that the name of the farm was not changed, a major concern of the senior generation. Succession was done in a way that caused no disharmony among the non-farming offspring of the uncles. This harmony is exemplified at least in part by family social gatherings that didn't happen before but have since. It appears that the succession plan not only succeeded in transferring ownership and management responsibility to the next generation but also created a higher degree of family unity than existed before.

Planning

Chad and Stacey were planners before CTEAM, but the course gave them a framework that helped them to more clearly understand and articulate what they want to achieve. This helped them improve the focus of the business. It also provided their employees and others associated with their farm business more clarity about their objectives, including their current lender. One of the practices they instituted was to place their Core Values and Strategic Intents on their office walls, keeping the messages in front of themselves, staff, and visitors, helping to focus on what they want to achieve and what's important about the way they achieve it.

All four of their original Strategic Intents have been measurably achieved.

Continued planning has identified the next four, thereby providing current focus to the Meuniers and their staff. Much of the Meuniers' progress and success in building their business can be attributed to the focus their planning and resulting implementation processes have given them, even in the face of a very tough cattle market over the past several years.

Marketing

Meuniers have made considerable use of the training they received in marketing and risk management. They use a combination of packer contracts, the Alberta cattle option program and hedging with exchange-traded options for both cattle and the Canadian dollar. The application of these instruments at appropriate times has been exceedingly helpful in getting through a very difficult period in the beef market, which has been well-documented by a number of sources. The hedging program has especially helped the farm meet its cash flow and debt service requirements at a time when many cattle operations have struggled with sluggish cattle prices and rapidly rising feed and other input costs.

Finance and Financing

As indicated above, the farm had trouble obtaining and properly structuring a financing facility. But with the culmination of the succession plan and with Stacey and Chad taking over management, this changed. Understanding their financial position and measuring the important factors that affect it helped provide focus. This, as well as having their Core Values and Strategic Intentions on their office walls, immediately led to questions from a banker about their plans and how they manage the implementation of those plans. This showed the lender that the Meuniers have a clear direction and focus. This resulted in a bank now providing a financial facility to the business, debt was restructured so that the balance sheet is much more manageable: a higher portion is in long-term debt, while operating debt is in a few well-conceived facilities instead of a scatter of trade and short-term credit.

Perhaps most significantly, the farm has been able to access substantially more credit to fuel its growth. This is despite three years of “treading water” at best in a beef cattle market that has been sluggish while feed and other input prices have risen dramatically. The balance sheet for the business shows that total assets grew by almost 300% from the average of 2013-16 to 2020-21. This could only have been achieved with debt financing by a lender. In turn, the lender provided several million dollars of financing because of its faith in management.



Total assets grew by almost 300%

Human Resource Management

Management of people has changed markedly since Chad and Stacey took over. Most fundamentally, they have been intentional about creating a culture. They want their business to be one that attracts both their own children and their employees' children. Employees now have position descriptions and there are regular staff meetings to track progress and clarify expectations. Everyone knows what is happening in the business, and any problems, and everyone knows what to do. Most employees receive annual performance reviews. Short and long-term measurement of performance is fundamental.

The old culture was replaced by one that strives to make coming to work a pleasant experience while having clear expectations about what is to be accomplished. The number of employees expanded from 12 to 15, and the Meuniers have focused on improving their hiring and retention practices.

The limited growth in staff compared to the much greater growth in the size of the business is an indicator of how much productivity has improved.

Asked whether they would characterize their hiring and retention practices as "hire fast, fire slow," or "hire slow, fire fast," the response was neither. Rather they strive for "hire slow, fire slow," meaning they are very intentional about first, trying to hire the right people for each position. Then Meuniers are equally intentional about making sure new employees are on-boarded, trained and coached in an effort to ensure their success. With these processes, the business has extremely low turnover but has let people go when it was clear that fit was not correct. Emphasis is on constantly improving leadership ability for both the Meuniers and for people in supervisory positions.

Growth



The Meunier farm has experienced an increase in net worth of over 700% since 2016

In spite of the difficult cattle market of the past several years, the Meunier business has grown substantially. This was facilitated by the combination of factors cited above: improved management; improved labour productivity; improved access to capital; and improved risk management. The feedlot has grown from 4,000 hd. to 10,000. The beef cow herd grew from 2,500 to 3,800. This has been accomplished with no change in cropped acres and an increase in grazing acres from 2,000 to 10,000 acres. Quite significantly, the number of employees has increased only from 12 to 15. As indicated above, employee turnover is extremely low and morale is high despite a 250% increase in feedlot throughput, a 52% increase in the cow herd, but only a 25% increase in the workforce.

Overall, the Meunier farm has experienced an increase in net worth of over 700% since 2016 and is positioned to take significant advantage of the projected improved cattle market going forward, or at worst, to be able to withstand another shock if the projections are optimistic.

Personal Improvement

When asked separately about what has changed for them personally, each said without hesitation that they have gained confidence. Chad's comment was to the effect, "We were presented with a set of tools in our training programs, we learned and applied them, they worked, and now we are very much more confident in our ability to manage, solve problems and lead." Part of that improved confidence comes from improved leadership, exemplified by more engaged and productive employees and the intentional process of passing on leadership skills to others.

A second area of personal improvement is reduced day-to-day stress. While the beef cattle market requires tremendous amounts of borrowed capital, extremely tight margins, and extraordinary market volatility, they feel less stress now with a larger operation than when they started. This comes from the improved financial position of the company, the application of its risk management instruments, and the fact that engaged and trained employees "have their backs."

Stacey and Chad believe their intent to set the farm up as a safe place where families want to live and work has been successful, that their people enjoy working there, and that employees' families may want to come back. While their own four children are too young to make final decisions, Meuniers are confident that they have created the kind of home and business that they wanted to expose their kids to.

One of the major complaints of many farm owners, especially those with livestock, is that they "can't get away," meaning either that no one is capable of making day-to-day decisions and carrying them out or, that owners are continuously bothered with questions about what to do and how to do it. Stacey and Chad have worked to train and trust their staff to manage in their absence. They recently had a week away during which they received no calls and the business ran quite nicely. An advantage of what they learned and applied about managing people has contributed to a good work/life balance.

CONCLUSION

Stacey and Chad's experience parallels the more general results conveyed in the literature review paper discussed above.

Developing better managerial skills led to better decisions. Initially, this manifested through their succession plan which, in turn, provided the opportunity to improve their financial management, cattle and feedlot operations, marketing and risk management, and human resource management. These decisions improved the economic condition of their business, stabilizing their margins from cattle production.

Improving margins led to the ability to obtain a much better debt facility with improved access to capital. In turn, the combination of better economic performance and improved capital access provided the basis for growth in the business.

None of this would have been possible without a few key characteristics of the Meuniers. From the start, they appreciated the value and the need to improve their skills, which they continue to do. They also started from the perspective that people are assets: if you give them tools, opportunity, proper management, and trust, they will perform with pride, thereby contributing to the business by taking responsibility.

Quite notably, the Meuniers' experience points out that improving competence leads to better business performance. and better business performance leads to improved confidence. The combination also leads to improvements in other non-economic factors such as work/life balance and reduced stress. All of this combines to have helped them construct a relatively contented family life.