Why Monitor?

Control What?

by Tony Malmberg

Why don't we get our planning, monitoring, and controlling done? I have repeated the feedback loop so many times, it has become a mindless mantra. Plan> Monitor> Control> Replan>; Plan> Monitor> Control> Replan??? Monotonous repetition has blurred the distinct and necessary purpose and mindset of each individual step. Our sloppiness blurs monitoring toward simple record keeping. Grasping attempts to regain control boil into "busyness," just to be busy. Monitoring and controlling are ineffective until we realize they are an interactive event.

Creating your Record

Not that record keeping is bad. Records give us useful information for planning in future years by documenting actual events—during the moment we think we will never forget significant events. But over time, our memories modify toward the dramatic exaggeration or we simply forget. Good decision-making requires accurate records for better future planning.

Accurate records provide critical perspective toward the limits of our abilities. Without this perspective we create unrealistic plans; plans doomed to fail.

Planning identifies the desired future record. Monitoring provides reference to our reality, relative to our plan. Control gets our reality back to the plan. It sounds so simple, so why is it so difficult? Let's revisit our analogy used by Allan Savory.

He likens meaningful monitoring to driving a car down the highway. Meaningful monitoring looks out the front window so we can apply the brakes and turn as we enter a curve. Looking in the rear view mirror does not provide feedback to keep us on course. The rearview mirror provides a record of where we have been. Many monitoring plans are actually records and do not provide data necessary for making daily management decisions. For example, on the ranch we owned in Wyoming, the Bureau of Land Management monitoring documented changes in species diversity, bare ground, and plant density. These records provide a necessary documentation of what things look like out the rearview mirror.

Knowing the route we took last time, the time that route took, the gallons of gasoline, etc., give us perspective on planning the next trip, but not in navigating our trip in the "live, three dimensional" present. Records from past trips inform our plan. Executing the plan creates the record.

Monitor What?

The first big transformation toward practicing Holistic Management happens when we start planning. Most of us look forward to doing our grazing plan and monitoring plant growth to regularly adjust our recovery period. It took much longer for me to get into the habit of Holistic Financial Planning and my wife Andrea would drag me by the ear to the planning table. The fact remains that we have nothing to monitor or control until we have a plan! What should we have in a plan?

Monitoring and controlling are ineffective until we realize they are an interactive event.

Everyone knows that a plan identifies 1) where we are starting from, 2) where are going, 3) how we are going to get there, and 4) how we know when we have arrived. However, what makes Holistic Management different from others is that we identify early warning indicators. This needs to be done now and stated in our plan.

How do we think through identifying effective early warning indicators? Too often we spend time and money on factors that don't significantly affect progress toward our holisticgoal. To begin, think of the potential 100% perfect outcome, whether a crop, grass, a field of potatoes or our cash flow. Think of ways to prevent lost potential. Ask, "What are the early warning indicators that will prevent that loss?"

Back to our Wyoming ranch scenario. The BLM monitoring provided good records of results but not on controlling our grazing plan. Our grazing plan estimated ADA, on a paddock basis. If we have to move before our planned time due to lack of feed, we immediately know that we are over stocked. This monitoring allows us to make an immediate adjustment in stocking rates that will minimize our necessary reduction. We monitor plant re-growth daily and adjust our moves to minimize overgrazing. Monitoring plant re-growth and residual cover are two means of looking out the front window and adjusting our actual grazing to control it towards our planned grazing. These two forms of monitoring help control our grazing plan.

Another example would be, what if we miss the opportune time to harrow and weeds rob some moisture and nutrients from our crop? We are suddenly at 90% of the planned potential. We will never get that 10% back again. It is gone forever. If we are three days late on irrigation and cause plant stress, we have lost another 3%, and are down to 87%. If we miss another irrigation by 5 days, it might take us down to 77% of our potential. Finally, if we are a week late harvesting, we might end up with a crop that is 60% of the initial 100% potential.

Much of agriculture literature is designed around "best practice" to achieve the 100% potential. Perfection may not be the best marginal reaction. As we think through the design of our early warning indicators, think marginal reaction towards our holisticgoal. For example, if it takes 20 hours a week to retain the last 5% of potential, that time might be best spent playing softball with our children. Therefore, we may only plan for a 95% crop. Plan early warning indicators toward our holisticgoal to know exactly what to look for as execution begins to unfold. Don't get confused by "best practices" that only consider a crop or a grazing event.

Execute Means

The best of plans are useless unless they are executed. This means control. Back to the car analogy, we control the direction and speed of the car as we navigate through heavy traffic and road interchanges. Our plan identified that if we drove the speed limit we would approach exit 23B, to cross the second bridge into Denver, Colorado, sometime between 2:00 and 2:15 PM. We might have coasted on cruise control for hours and monitored our speed and time casually. Having noted little deviation from our plan we relax until we approach 2:00 PM.

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Knowing we are not exact, we need to intensify our monitoring to control our actual course to align with our planned course.

We need to be "full-on" as the exit approaches because if we miss this one it's several miles and maybe an extra hour of driving to get back on course. To control our potential five-hour trip we must prevent missing this exit and making it a six-hour trip. We need to have our eyes peeled, our hands on the wheel and our mind in the middle. We have a constant exchange of monitor-control-monitor-control to navigate the exit, lane change, turn to a one-way street, lane change, turn to parking garage, and finally stop. The high-speed interaction between monitor and control results in creating the record we planned. Our plan prepared us for the window of time to apply acute awareness to monitor and control for the best marginal reaction.

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In the grazing plan example above, we might specify that one inch of growth per day signals fast growth and we speed up our livestock moves. In the farming example, we might specify that weeds with a density of 4-inch spacing and 2-inch height signal a need to cultivate. These monitoring "red flags" specify a predetermined action that we can readily execute.

Sticking Our Head in the Sand

There are times that we just flat get behind. We seem to have a default mechanism kick in and we just look the other way. Ignoring is not the same as controlling. At this stage we become like a small child, covering our eyes to become invisible. We have a tendency to "look away" or "explain away" the red flag an early warning indicator provides. For some reason we haven't registered the urgency and best marginal reaction of keeping on course.

I suggest this default takes us back to poor planning. If our plan doesn't register commitment to controlling the plan, it was a bad plan. The plan must clearly connect our need to control to our desired quality of life. If we have a hard time getting out of bed in the morning, our plan didn't connect to our quality of life statement. We need to revisit our holisticgoal.

In the early part of the worst drought in recorded history, I recognized we were overstocked on our Wyoming ranch. We relied on pasture cattle and destocking directly affected our cash flow. I knew our cash flow and debt service were already marginal. I became depressed and would struggle to get out of bed and monitor the pasture utilization. I knew I would find 700 head of cattle bunched in the corner and bawling for fresh pasture. The tendency was to ignore the situation and hope for rain. And I may have, had it not been for a planned early warning indicator.

We were into the fourth year of drought and I learned that rain after June 20 did not result in significant growth in our sagebrush steppe environment. The previous fall we had decent moisture so we planned to increase our stocking rates. However, I knew we were pushing our potential. We planned the early warning indicator demanding action if we did not have significant rain. I took a huge red ink marker and drew a line down through our grazing plan and wrote DDD at the top of the line, at the bottom of the line, and in the middle of the line. DDD- Drop Dead Date.

No matter how how depressed, how lethargic, or how much I wished to ignore the situation, I could not ignore that big red line and **DDD**. It is imperative to define early warning indicators when we do our plan. If we clearly identify the reason for the red flag and the necessary action, it will more likely be implemented in a time of stress. I called trucks and we destocked to a level that got us through the year.

Our tendency to ignore early warning indicators happens most often in controlling our financial plan. If we fail to check our actual spending against our financial plan by the 10th of the month, it is in fact, an early warning indicator. This may be fine if you have a strong sense that you are on track and coasting. But when we get behind in monitoring and we know we've experienced several unplanned spending events, we often panic. In a grasping effort to regain control we place a moratorium on our spending. We think we are controlling our plan but once again this attempt at control is just another way of sticking our head in the sand. We may actually be causing damage.

How? By freezing spending we gain a false sense of security. We developed a Holistic Financial Plan, and we did not plan for an expense that wasn't rigorously scrutinized. We are monitoring and controlling so our costs are actually investments toward achieving our plan. Freezing spending may starve necessary inputs for creating our desired outcome. We run around being busy and are soothed by activity that is not controlling our plan.

Still another form of early warning indicators is failed testing questions. Brushing failed testing questions aside fails to "control." In the case of early warning indicators and failed testing questions, "control" means addressing the uncomfortable situation. A bad situation has a tendency to get worse and the more we prolong control the more we veer off course. When a testing question fails it usually means to modify our proposed action or revisit our holisticgoal.

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For example, let's say building a permanent fence fails the marginal reaction test in favor of using a temporary electric fence. An example might be spending $10,000 to build one mile of permanent fence to minimize overgrazing. If our interest cost is 10%, we have an annual cost of $1,000. If the life of the project is 49 years, our depreciation is $250. We will have an annual maintenance fee of $100, at least. So we have a total annual cost of $1,350, without considering retiring the initial investment.

If we have temporary electric fence, already, and it takes two hours to put up and take down the fence, $1,350 is a pretty good marginal reaction for labor and a little wear and tear. Yet, we often blunder ahead because we don't want to trudge up the hills and fight the brush. We reason our way around the testing questions to avoid something we don't want to do!

In this example, the failed test may mean revisiting our holisticgoal and specifying our desire for shade on hot days and saving time to open a gate rather than put up a mile of temporary fence. Be careful not to lie to yourself in testing decisions. Ignoring a failed testing question is an early warning indicator demanding action. In this example, the action directs us to use temporary fence or change our holisticgoal.

Do Nothing to Get More

The most damaging instance of mindless activity is addressing the social weak link with action. This is the only testing question that is not a pass/fail test. It tells us to be aware of social issues and adjust our action to address those concerns or be forewarned of what might happen if we proceed. Those of us who have "been there and done that," recognize the wisdom in Bud Williams rule in handling cattle: Slow is Fast. His advice especially rings true in the social weak link. If we "stick our head in the sand" and blunder ahead, we could make a bad situation worse. In this case, responding to early warning indicators means doing nothing.

Corporate structure and government agencies tend to exacerbate the social weak link by forcing imposition. This provides a false sense of control in a situation asking for pause. Don't confuse "control" with doing something just to do something. When dealing with the complexity of nature and human nature, "control" means self-control.

Making Monitoring Meaningful

Finally, we will never find the gumption to "get 'er done," if our plan is not relevant to each of us in our own individual way. In the most basic sense this means totally comprehending how monitoring and controlling will create our desired quality of life. If we grasp and internalize that connection, we want to get up in the morning. If life is getting in the way, we need to revisit our plan because the plan should be directly proportional to creating our desired quality of life.

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We have a huge investment of time and energy in our plan. We identified decision makers, those with veto power, and our future resource base. An unexecuted plan, makes the planning a very poor marginal reaction. Time wasted. A replanning event is simply an acknowledgement that we did not have buy-in to our plan, or we did not adequately identify early warning indicators in our plan, or we didn't have a plan meaningful enough to control.

Our feedback loop may be more effective if we stop thinking of it as Plan>Monitor>Control>Replan. There is, in fact, a clear disconnect between plan and monitor. A plan is completed and set aside. It is done. There is not a disconnect between monitor and control! There is a constant interaction between monitoring where we are relative to the plan and nudging control to keep us on plan. This interaction, back-and-forth continues until the plan is complete. The need of a replan is due to the failure of identifying early warning indicators in the plan or failing to respond to early warning indicators. Maybe our feedback loop should read: Plan. Monitor and Control. Replan if we fail to Control. In other words, Plan>Monitor><Control>Replan.

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