

MINNESOTA FLP

“Structured for Success”

The Farm Loan Programs (FLP) division of the Minnesota Farm Service Agency (FSA) has had to endure many recent challenges. Fueled by a dwindling caseload, the reinterpretation of the “1165” classification of the Farm Loan Manager (FLM) position has been the spark that has ignited discussion about the delivery structure of FLP in Minnesota. In contrast to the structure in many neighboring states, Minnesota has continued with a philosophy that a greater number of smaller staffed offices are better than fewer larger ones. The 1165 classification has challenged this philosophy and consequently left many offices vulnerable; the resulting uncertainty of what the future holds has caused many employees to question their professional security within FLP.

The following have been identified as optional methods of dealing with the existing FLP structure:

- 1) **Stay the course and let attrition guide us.** This approach would involve maintaining the current structure with no changes made until positions are vacated. This is obviously the most reactive approach as it assumes that the system is the most efficient and effective as presently structured. It is the most employee friendly (short-term) as it calls for no immediate radical changes. It also likely puts the least amount at risk as no commitments are made until a change absolutely needs to be made. This approach, unfortunately, may be more painful as it sometimes prolongs the inevitable. It also makes for difficult plan implementation and consistency as it adopts a more “fly by the seat of your pants” approach that may lead in one direction today but in an opposing one tomorrow. In many cases, employees will struggle with this approach because of the uncertainties lingering from the lack of commitment by management.
- 2) **See where the implementation of the Strategic Plan takes us and act accordingly.** This approach would involve waiting to see what effects Minnesota’s FLP Strategic Plan has on caseloads. This method would prevent radical decisions now that may have to be altered in the near future because of unforeseen variables; i.e. increasing caseload resulting from the efforts of the strategic plan. It may, however, be difficult to determine how long to wait for the results of the Strategic Plan, and if these results can be substantiated over the long run. Even though positive results are expected from the strategic planning efforts, it is not expected that they will overwhelmingly favor one office over another.
- 3) **Make adjustments now based on what we know now.** This approach is the most proactive and involves making more radical/long-term decisions based on what we know now. In some ways it is the most employee friendly as it clearly defines the road map that will be followed, but it reacts to presumptions of what we think we know. Aggressive/radical changes made through this method need to be carefully considered as backing up is difficult.

While each of these methods has strong merit, it is suggested that, rather than adapt any one single (cookie cutter) approach, consideration be given the unique circumstances affecting each situation. Radical restructuring is likely not the answer because the delivery system is working well in many areas. Ignoring potential trouble spots isn’t the answer either. The initial step is to identify, and then build upon, the elements most critical to effective delivery of the program.

For the Farm Service Agency to be successful, the structural strategy must be one which will accomplish the mission for which FSA was created. "Stabilizing farm income, helping farmers conserve land and water resources, providing credit to new or disadvantaged farmers and ranchers, and helping farm operations recover from the effects of disaster"; this is the mission of the U.S. Department of Agriculture's Farm Service Agency. This is the foundation on which FSA was built. In order to meet the mission of the agency, the structure of FLP must enable delivery of the program in a manner that most favorably meets the needs and expectations of the producers, taxpayers, and employees.

Because resources are limited, a balance needs to be struck between, customer service, employee content, program efficiency, and cost effectiveness. While it is imperative to put customer service first, the program will not be effective if it is too costly, or if there is a constant shortage of trained staff members. In addition, the level of success will be measured by the most critical factor. For example, all the loan funds in the world are insignificant if there are only two employees in the state to process the requests. In contrast, a credit team in each FSA office could provide a high level of customer service and outreach, but the administrative cost would outweigh the benefits.

It is believed that, in "Today's Minnesota FSA", the most critical factor to a successful delivery of FLP is visibility and accessibility of the program and staff members. As providers of supervised credit it is important that we remain in the eye of the potential user; once we are no longer visible or accessible, once it becomes too cumbersome or time consuming for FSA personnel to travel to the customer or for the customer to travel to FSA they will either go somewhere else (perhaps to their financial detriment) or will not try to start or continue farming at all. Either option represents a potential loss to the rural communities and a breach of the agencies commitment. In order to hold fast on our commitment to rural America as well as those who provide for our existence, it is recommended that we maintain an FLP presence in as many offices as possible, encouraging outreach and providing funding and supervision to our borrowers and those who seek our services. While the program does obtain visibility through Farm Program staff, the responsibility of meeting the mission of providing "supervised credit" should be reserved for those most highly trained in this field and most closely associated with the program and customer. This mission can not be accomplished outside the visual eye of our customer.

Because of limited personnel, it is impossible to obtain maximum visibility by having a credit team in each county; the best we can hope for is to serve all of our customers in the best method possible. Because of Minnesota's varied agriculture and demographics, it is impossible to construct a model that fits the entire state. While it is important to have staff in relatively close proximity to the customer base, it is understood that this is not realistic in less dense agricultural areas. Therefore, the following guidelines should be used when looking at the current structure as well as dealing with changes that come about:

- Maximize the number of FLM positions. Driven by classification, the FLM position has become the cornerstone of the FLP delivery team. Many of the immediate problems we are faced with result from the potential loss of the "Supervisory FLM" position in an office. Retention of these positions provides increased stability for the other employees in that office and provides for career advancement potential for credit officials. These factors are important if the agency is to retain the employee skill level needed for success.
- To the extent possible, minimize the number of counties served by each credit team. For effective outreach and customer service, credit teams need to travel to the satellite offices within their credit area. This process, unfortunately, reduces staff efficiency. Employees in small offices spend so much time traveling to the satellite offices to provide adequate outreach and customer service that they are rarely in their "home" office to accomplish the work.

- Employees need to be located in areas that provide service to the greatest number of existing and potential customers. At current staffing levels, this will unfortunately, require producers in less "agricultural dense" areas to travel greater distances.
- Because of classification, there will be times when an office will not qualify for an (supervisory) FLM position. In these cases, it is suggested that Farm Loan Officers (FLO), under the supervision of an off-sight FLM be placed in these offices. These "stand-alone FLO positions" will be revered as the position for the best FLO's, and for many will be the proving-ground for the future FLM's. These FLOs will work independently with the FLP PT in that office under guided supervision from the FLM supervising that caseload. Selection for these FLO's should initially be conducted via a volunteer basis and then reassignment with the understanding that these positions are not necessarily for the ones that may want to migrate to the office location, but rather those with the highest skill level.
- Each "credit office" should be staffed, at *a minimum*, with a FLP PT and one credit official (FLM or FLO). By the nature of the work performed in FLP, a minimum team of two FLP staff members is required to present the program efficiently.
- Where practical, pair the FLO stand-alone offices with non-supervisory offices in an attempt to maximize the number of supervisory offices. As these offices are an extension of the office where the FLM is located, "pairing" of offices should be done in a manner that will make for convenient travel between the offices.
- Backfill FLP PT positions when they come open.
- Hire to the minimum level established by Minnesota's 1165 Plan

It is important to note that it is not suggested that the present structural model be frozen. The present configuration of offices provides the minimum acceptable level of outreach and credit supervision, and in some instances, the current office structures may not provide the best customer service for the entire state given the resources available. Consideration should be given to the realignment or redistribution of credit teams, their members, and their service area so that efficient delivery of the program is provided across the entire state. This does not mean that the credit presence in an office needs to be lost, but in some cases, simply realigned so that customer service and employee efficiencies are maximized. Utilizing the guidelines as tools to maintain status quo without full consideration of the "big picture" compromises the entire delivery system for the sake of employee content.

In summary, it is important that we utilize our employee base resource in a manner that provides, promotes, enables, and encourages outreach and supervision to needy customers. In some instances, this will mean adopting a "wait-and-see attitude"; other times it will be more aggressive so as to better align the employees with the customers. In each case, however, effective delivery of Farm Loan Programs in Minnesota should be based upon the continued belief that better visibility equates to better customer service.

Respectfully submitted,

Minnesota Association of Credit Specialists
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