

Farm Advisory Boards

In any family farm enterprise you are the current custodians of assets on behalf of future generations. Good governance, policies and planning is about building wealth for all in the long term. Advisory Boards provide an opportunity to seek some 'outside' views on business direction, bringing new and fresh ideas to the business.

Farm Advisory Boards enable a regular, structured process to make informed decisions about the running of farm businesses. They provide a platform for discussion and decision making that can involve all farm business members in a disciplined way.

They provide an opportunity to share business and personal goals for business and family members, which help set the direction for the business in the future. They also improve communication, which reduces misunderstanding and possible subsequent conflict between business and family members.

Farm advisory boards can assist with:

- Managing succession / transition (management and estate).
- Managing business growth and setting business strategy.
- Managing business capital and family wealth portfolios.
- Managing business relationships.
- Innovating farm management resources and processes.
- Providing accountability and a reporting discipline to the Board.
- Providing rigour to strategic decisions and investment.
- Leading, developing and managing people.
- Engaging non-farming family member's skills on the board.
- Establishes governance, professionalism and business discipline.
- Mentoring farm family members between meetings.

Board composition

Who should be on the board? Where do you start?

- The key to a good board is a good chairperson.
- Engage family members, including non-farming family if they have skills to contribute.
- May include accountant or advisor/s.

Board Roles and Responsibilities

There is no legal or formal definition for advisory boards, determine the roles and responsibilities to suit.

- ✓ Generally created to focus on the big picture and principal roles are to provide objective advice and contribute to strategic planning.
- ✓ Good advisers can give fresh insights and thinking on emerging or unfamiliar issues, respond to ideas, play devil's advocate and supply high quality objective advice to support decision making.
- ✓ Provide 'wise counsel' on issues raised by the owners/directors or management.
- ✓ Act as a resource for family members.
- ✓ Monitor business performance and challenge options for improving the business.
- ✓ Effective communication will contribute to the success of the advisory board.
- ✓ The ultimate aim of an advisory board is to add value to the business.

Farm Advisory Boards

What families say about their Advisory Board:

- ❖ The single best thing about establishing a good advisory board is that it creates critically important space for you to regularly work on your business rather than in it.
- ❖ A board with competent advisors enables perspective and encourages the structured and meaningful decision making that only comes with a degree of distance from busy operational matters – overcoming a common pitfall of business owners (“can’t see the wood for the trees”) so involved on a day to day basis that it’s almost impossible to identify where the business systems/structures are not functioning efficiently or even failing to back up and support performance and growth.
- ❖ An independent chair assists greatly to create the necessary space for reasoned discussion on sensitive succession and family business issues that may be otherwise almost impossible and imbued with excessive, often damaging, emotion.
- ❖ Take time to look back, reflect and applaud yourself and your board for its achievements. Share the wins with your staff and family.
- ❖ If Succession Planning is on the agenda for any business, then the professional services of an Advisory Board provides a valuable transition tool.
- ❖ The objective analysis and independent observation that came through working with an advisory board identified the strengths and weaknesses of our business and stimulated members to explore opportunities, to improve systems and develop policies for growth and profitability.
- ❖ Our advisory board creates the space for individuals to present and discuss their goals, ideas and business plans in confidence and in the boardroom.

What families warn to watch out for:

- ❖ Seek personal recommendations from like-minded friends or colleagues to find a good ‘match’ for your chairperson/facilitator. This will make all the difference in the smooth establishment and operation of your board, in your succession planning and business strategic growth and direction.
- ❖ Don’t expect a plethora of immediate, simple or suit-all outcomes. Difficult and complicated issues, particularly those that have built up over years of habitual behaviour and involving different personalities, will take time and effort to untangle to implement positive and effective change.
- ❖ Encourage an appropriate level of professionalism. Just because it’s small business and/or family, that shouldn’t mean a half-hearted lackadaisical approach is acceptable.
- ❖ The costs of bringing decent advisors to the table may seem beyond the reach of many small businesses. Spend as much as you can possibly afford – with the right people around you’ll never regret a cent, and save immensely in the long run, dollars and relationships-wise.
- ❖ An Advisory Board requires the services of professionals and regular meetings with associated costs and occasional inconveniences.
- ❖ Advisory Boards can bring out the best and not so best in people and may bring to light some uncomfortable issues that need to be dealt with.
- ❖ Expectations on board members to develop professionally and personally can be stressful and requires individuals to put time into research and some soul searching in addition to being active in the business.

Farm Advisory Boards

Challenges for a Farm Advisory Board

- Family and business issues often overlap, leading to disputes.
- Meetings need formality to be effective: the kitchen table doesn't work.
- Multiple family units within one business may find it hard to achieve a shared vision.
- Succession may be complicated by history and perceptions.
- Some family members may resent advice from outsiders.
- Generational cultural differences need understanding and tolerance to smoothly transition management of the business.
- Advisory Boards demand more formal systems and structure which may create discomfort for some in the change process.
- Quality Board membership is an investment of both time and skills, you get what you are prepared to invest in.
- Be prepared to allow for emotions to be expressed.

Farm Advisory Board – checklist

- ✓ Build from your existing key trusted adviser network.
- ✓ Appoint a Chair with good interpersonal skills and ability to mediate and facilitate discussions.
- ✓ Use an independent minute taker so everyone can participate and a record is kept.
- ✓ Set an agenda that suits your business.
- ✓ Encourage diversity of thinking and skills in your team. Engage extended and non-farming family members to utilise skills and provide perspective.
- ✓ Build the strategic plan and review it at Board meetings. This is the roadmap to achieve your vision, but it has to be on the agenda to make it happen.
- ✓ Set clear deadlines, responsibilities and a budget.
- ✓ Celebrate success with your team.

VISION

Growing our business, people, and skills to utilise the farm asset base to generate wealth and accommodate our preferred lifestyle.

OBJECTIVES

1. Position the business to be ready for further investment, growth, and review with a ten-year horizon.
2. Maintain an equity above xx% for the Family Business.
3. Lift productivity to achieve a profitable return of \$xxx per hectare.
4. Create equal opportunity and support for family members to participate in the family business.
5. Build up a fund of \$xx m of off farm investment, of which \$xx m will be in superannuation.

STRATEGIES

Manage the farm business to optimise the farm production.	Invest in people and developing our management.	Resource farmland asset and environmental management.	Sound governance drives business development.	The Advisory Board directs business growth.
<ol style="list-style-type: none"> 1. Continually improve financial recording and analysis to establish performance benchmarks and improve decision making. 2. Determine the rotational mix and balance with livestock and land management priorities. 3. Conduct an independent review of the two enterprises to challenge our numbers and establish both internal and external benchmarking. 4. Be aware of and analyse to employ the new technologies and science to improve farm productivity. 5. Review machinery requirements / future investment / replacement vs maintenance / infrastructure investment schedule. 6. Set the marketing strategy. Invest in information sources and resources, with regular revision through the season against targets and timelines. 7. Share a calendar of key date trigger points, timing of key operations, with 'late break' and 'no spring' scenario plans. 	<ol style="list-style-type: none"> 1. Develop an organisational structure that identifies skill levels and roles that will support future growth. 2. Write job descriptions for the role's directors are currently performing, and build the job descriptions for future manager positions to identify what and how these roles will evolve in the business. 3. Identify labour resource needs, and management of the operational team at seasonal peaks. 4. Implement an HRM plan including performance reviews, remuneration, development, roles and responsibilities. 5. Invest in developing people to make the best decisions. 6. Review OH&S across the operation, assess risk and plan to address these. 7. Plan for future housing needs of staff members. 	<ol style="list-style-type: none"> 1. Review infrastructure for future investment to aid short and long term management needs. 2. Develop the farm plan with overlays for future infrastructure development, land management, livestock and crop needs. 3. Invest in secure water resources for livestock, crop and domestic. 4. Monitor sustainability issues (wind erosion, salinity, weed incursion) through soil monitoring, photography, weed mapping, analysis of production data. Use this to assist decision making. 5. Sustainability and regeneration of farmland is a constant investment. A focus for new land on the 3 year down and 3-year recovery cycle. 6. As a business be aware of the need to recognise the changing public interest issues in carbon, social licence, and animal welfare. 	<ol style="list-style-type: none"> 1. Establish disciplines and good governance around the Advisory Board process, use an independent director to drive review and scrutiny of business performance and strategy. 2. Review and develop the Family business agreement on an annual basis to meet the changing needs. 3. Be clear and aware of respective Members off farm engagements (Shire, Grower Group, Livestock, sport etc) 4. Identify opportunities for family members to gain new skills and information through access to expertise and PD. 5. Review the farm business services to ensure we are getting value for advice and services. 6. Identify the risk management strategies, and how change and risk is monitored to trigger key decisions. 7. Consider estate planning for all family members – ensure Wills are current, insurance, guardianships, powers of attorney etc. 	<ol style="list-style-type: none"> 1. The Advisory Board takes responsibility to understand and identify the nature and value of holdings, describe the portfolio (titles, nature of holding, ownership, description of the property, valuation, costs, security of tenancies, photos, management / legal agreements), and set strategies to achieve growth target 2. Maintain the business in a 'business ready' state of preparedness to take up the next opportunity. 3. Maintain a watch on new opportunities, revisit the land scan. 4. Establish a yearly calendar of farm business meetings, key reporting dates, and Advisory Board meeting dates and deadlines. 5. Ensure the business structure is appropriate for current and future needs and expansion. 6. Investigate other farm related investment opportunities for value adding to current production.

TACTICS

Action Plan – July 2024

Strategy 1: Manage the farm business to optimise the farm production.

Tactic	Actions - How we will go about it	Who we need to involve / consult	What resources do we need	Finish by date
<p>1. Continually improve financial recording and analysis to establish performance benchmarks and improve decision making.</p>	<p>Change accounting and management system to Xero. 4 family members to attend training session. Key data held in office with 3 remote access. Review annual Consultant's Report and match KPIs</p>	<p>Accountant, Farm Consultant</p>	<p>Xero subscription</p>	<p>June 30th</p>
<p>2. Determine the rotational mix and balance with livestock and land management priorities.</p>				
<p>3. Conduct an independent review of the two enterprises to challenge our numbers and establish both internal and external benchmarking.</p>				
<p>4. Be aware of and analyse to employ the new technologies and science to improve farm productivity.</p>				
<p>5. Review machinery requirements / future investment / replacement vs maintenance / infrastructure investment schedule.</p>				
<p>6. Set the marketing strategy. Invest in information sources and resources, with regular revision through the season against targets and timelines.</p>				
<p>7. Share a calendar of key date trigger points, timing of key operations, with 'late break' and 'no spring' scenario plans.</p>				

Strategic Plan Template

VISION

OBJECTIVES

1.

STRATEGIES

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TACTICS

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Strategy 1:

Tactic	Actions - How we will go about it	Who we need to involve / consult	What resources do we need	Finish by date
1.				
2.				
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