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FOREWORD

It is my pleasure to welcome you to the GRDC’s ‘Farming the Business’. A new and exciting GRDC resource providing you with farmer case studies demonstrating techniques used to improve your farm businesses, the impact it is having and interviews with experts on various farm business topics. A good example of your levy at work!

In the past, the GRDC has placed a lot of attention on agronomic factors and plant breeding with a concentration on varieties, rates, seeding dates and row spacing type work. While all of this has a place, growers are now seeking greater advice on how they fit the various technologies together to best effect. That “best effect” no longer just means production as it often did in the past – growers see profitability, better targeted inputs and management of risk as the major drivers.

With the establishment of the Regional Grower Services business group within GRDC to actively listen, service and deliver results to growers we heard this loud and clear. Our Regional Cropping Solutions networks and Grower Solutions Groups have told us that growers now need more specific information, tailored to their environment and in a format they can access when they need it most. Having this all in one location so they don’t have to go trawling through the internet is another critical feature.

Management of farming enterprises in Australia has never been more important and requires quality information, a high level of knowledge and timely decision making in order to achieve improved efficiencies and profitability. Significant improvements in production and profit can be realised if this information is packaged in easy-to-use products and services that are tailored to growers in local regions.

So what’s special about ‘Farming the Business’? It really comes down to the intense collaboration between our Regional Grower Services group, our project partner capably led by Mike Krause, and actively listening to growers and their advisers. All feedback that we receive from growers about our publications and products will ensure that we continue to improve and extend our products and services to meet their needs. ‘Farming the Business’ was tested with growers and advisers and this manual and ebook is the result of that valuable feedback.

I encourage you to provide any comments or feedback you have so we can continue to improve and extend our products and services to meet your needs. I want to thank all of those who have already provided input and feedback on the various beta versions. They’ve given us a lot of feedback that has allowed us to develop our new product range including “GrowNotes”, “eXtension AUS” and “On Farm Trials” that I think takes things to a whole new level.

I hope you find the GRDC’s ‘Farming the Business’ useful.

Yours sincerely

Stuart Kearns
Executive Manager, Regional Grower Services
Grains Research & Development Corporation
INTRODUCTION

Farming is a unique business, offering opportunity to work with nature, technology, the markets and people. Done well, it offers a fulfilling life and business career. However, the business of farming is becoming more challenging with greater variations in commodity prices, continual uncertainty with weather patterns and the challenges of declining terms of trade. At the same time, the demand for agricultural produce is significant and provides great opportunity to Australian agriculture. The need for improved farm business management skills has been identified as a crucial element for Australian farmers to maintain business sustainability, while taking up the opportunity currently occurring in Australian agriculture.

This farm business management manual is a significant investment by the Grains Research and Development Corporation (GRDC) to assist farmers with their business skills. This is an exciting project as there is both a traditional manual and an eBook version of the manual. You have the traditional book in your hand which covers both the thinking behind farm business management and the ‘how to’ for putting the various budgeting tools together. The technology of the eBook has the same text but includes short videos of six experts and ten leading case study farmers from across Australia to share their experiences in farm business. You can read or watch this information on farm business management, and use the templates provided to apply these principles to your own farm business. The eBook version of this manual can be found by going to the book section of Apple iTunes store and searching for ‘Farming the Business’. This means the eBook can be accessed on iPads and Mac computers.

As farmers are at different stages of their business career, this manual has been broken down into three modules to cater for a wide variety of need. The aims of the modules are:

MODULE 1
WHAT DO I NEED TO KNOW ABOUT BUSINESS TO MANAGE MY FARM BUSINESS SUCCESSFULLY?

The first module provides an overview of the business of farming, covering the economic environment, people management and the basics of sound farm business management. The aim of this section is to provide an overview to highlight areas to improve your farm business management skills.

MODULE 2
WHERE IS MY FARM BUSINESS NOW AND WHERE DO I WANT IT TO BE?

This module covers the ‘how to’ of sound farm business management. It goes through how to develop a business vision, the essential farm business budgets and financial and performance ratios. It provides detail on what financial reports should be generated so that you can have greater control of your farm business management and improve business sustainability.

MODULE 3
HOW DO I TAKE MY BUSINESS TO THE NEXT LEVEL?

This module covers more advanced topics to extend and refine your farm business management. Some of the topics are risk management, succession planning and what analytical tools you should use to answer those important ‘what-if’ questions for scenario analysis.

We hope you enjoy using this manual and find the information provided to be a valuable support for your business.
Author

Project manager and major contributor to the ‘Farming the Business’ Manual and eBook is:

Mike Krause
CEO, Plan2Profit Agri P/L

Mike has been the project manager and major contributor to the ‘Farming the Business’ Manual and eBook.

Mike has worked for over 35 years’ in helping farm businesses improve their profitability. His farm business management experience has come from consulting to over 200 farm businesses and from training many farmers, bankers, accountants and agricultural advisers in farm business and risk management.

He has a passion to help farmers become better business people, more capable and independent farm business managers. He has developed a unique farm business management training and software program called P2PAgri. This measures farm business performance and, more importantly, scenario analysis - those ‘what-if’ business questions such as the effects of land purchase, machinery up-grade, changing farming systems and succession planning. ‘Mike’s P2PAgri program has pulled farm business management into the 21st Century’, says Assoc. Prof Bill Malcolm.

Mike has a B. Ag Eco (Hon.) from UNE and a Masters of Comm. (Hon) from Lincoln University (NZ). He has held roles as a rural economist in government, an economist in rural banking, agricultural insurance and running his own consulting business in applied economics and farm business management.

EXPERT CONTRIBUTORS

Experts who have contributed to the ‘Farming the Business’ Manual and eBook are:

**Tony Hudson**
Director, Hudson Facilitation
Tony has had 18 years involvement in the rural sector, with roles in rural banking and as senior lecturer in farm business management at Marcus Oldham College, Victoria. He now runs his own farm business management consulting company.
Tony has contributed both video and written content to Modules 1, 2 and 3, in the sections on Production economics, Cost of production, Farm business costs, Financial ratios, Benchmarks, How banks lend to farmers, and Leasing and share farming land.

**Assoc. Prof. Bill Malcolm**
Farm Economist, Melbourne University
Bill has worked with farmers and the rural industry over his 30-year professional career and is one of Australia’s leading farm business management experts. He is involved in both farm business management research and teaching in his role at Melbourne University.
Bill has contributed to section 3, Farm Business Management in Module 1 for both the written and ebook versions of this manual. He has also professionally reviewed all three modules.
www.findanexpert.unimelb.edu.au/display/person12734

**Linda Eldredge**
Director, Eldredge and Associates
Linda is a farmer and farm business management consultant based in the Clare Valley, SA. Her skills include farm business management training and consulting. She recently undertook a Nuffield Scholarship, travelling the world studying computer application decision making tools to help farmers survive and thrive into the future.
Linda has contributed to section 2, Leadership and People Management, Module 1 in the this written manual. She has contributed to videos on this topic in the eBook.
www.eldredgeandassociates.com.au

**Bill Long**
Managing Director, Ag Consulting Co.
Bill is a SA farmer and one of Australia’s leading consulting agronomists. For the last 20 years, he has provided consulting services to farmers in the Yorke Peninsula and Mid-North regions of SA and has been involved in farming systems research. He is currently on the GRDC Southern Panel. Bill’s video on Boards of Management can be found in Module 3.
Bill has contributed to videos on Advisory Boards, Module 3 in the ebook.
www.agconsulting.com.au

**Scott Young**
Senior Director, Hood Sweeney
Scott has had 25 years assisting farmers and the rural industry with professional tax and management accounting advice. His clients are generally SA–based and his company provides leading business advice to Australian farmers.
Scott has contributed to videos on Management Accounting, Module 2 in the ebook.
www.hoodsweeney.com.au
Case studies of farming businesses across a variety of rainfall zones around Australia:

1. ‘Kolora’, Dysart, QLD
2. ‘Berryjerry Station’, Wagga Wagga, NSW
3. ‘Yallock’, Holbrook, NSW
4. ‘Winburn’, Launceston, TAS
5. ‘Murdeduke’, Winchelsea, VIC
6. ‘Bretton Estate’, Campbell’s Bridge, VIC
7. ‘Bulla Burra’, Allawoona, SA
8. ‘Comfomabov’, Minlaton, SA
9. ‘Mourcourup’, Borden, WA
10. ‘Brookvale’, Kojunup, WA

High rainfall zone
Medium rainfall zone
Low rainfall zone
Case study farm locations and rainfall zones

- High rainfall zone
- Medium rainfall zone
- Low rainfall zone

WA
NT
SA
QLD
NSW
VIC
TAS
ACT

1
2
3
4
5
6
7
8
FARM CASE STUDIES

Case studies of farming businesses across a variety of rainfall zones around Australia. You can also view their stories in the eBook version of ‘Farming the Business’.

1. ‘Kolora’, Dysart, QLD

Brian Gregg

Brian’s farm ‘Kolora’ is approximately 130kms north of Emerald in central Queensland, which is about the most northern cropping land in Queensland. This is a high risk cropping area, with the country being either too dry or too wet. He loses more crops to inundation from flooding than lack of rain. His primary crops are sorghum and chickpeas, and he is able to crop across 9 months of the year.

Brian began his farming life as a share farmer many years ago and at the age of 40 bought some virgin property at about 30% equity. He said if you have debt, it helps sharpen your focus. He has significantly addressed the debt issue since then and has now begun the business succession process with his son.

2. ‘Berryjerry Station’, Wagga Wagga, NSW

David & Nell Mott

David left Melbourne and the family business 39 years ago in search of a farm management career. After four years working as a jackeroo and overseer, he studied at Glenormiston College in Victoria and then went to work on a property near Holbrook. He eventually purchased ‘Berryjerry Station’ near Wagga Wagga. When he took over, it was predominantly beef and wool. His passion was wool, but the floor price collapse in wool prices didn’t help his early career.

Since that time, he has followed a strategy of increased intensity rather than expansion. He has river flat country that suffers from floods, but brings great opportunity. He now has a mix of enterprises including beef, lambs (no wool), irrigation of crops and dryland cropping.

David, Genevieve and their daughter Nell are the business management team. Their involvement in Edge Management, a quarterly board structure, has brought them together more as a team.

3. ‘Yallock’, Holbrook, NSW

Tony & Vicky Geddes

Tony is a farmer’s son who came home 17 years ago after studying for an Agricultural Economics degree at UNE and spending 2 years in London. Vicky was a science graduate from University of Tasmania who had been working for the federal Department of Agriculture, Fishery and Forestry (DAFF) in Canberra, when they met. They both run the farm by dividing responsibilities: Tony manages the cropping and cattle trading, and Vicky manages the sheep enterprise and finances. Their farm is in a high rainfall area (700mm) and they are introducing cropping, where traditionally grazing has been the enterprise of choice. Tony has been through a successful succession planning process with his parents. He and Vicky are currently involved in Edge Management, a quarterly board structure.
Farming the Business

‘Murdeduke’, Winchelsea, VIC

Bruce & Lachie Wilson

Bruce, Judy and Lachie run a mixed farm with a range of enterprises, one of which has been to successfully introduce cropping to a high rainfall environment by pioneering raised bed technology in the area. Bruce praises GRDC for their work with raised bed technology.

Bruce and Judy have successfully gone through succession planning with their son Lachie, who has been home from Marcus Oldham College for 8 years. Bruce was also a Marcus Oldham graduate and is currently the chairman of the Marcus Oldham Board. Bruce was also the initial chairman of the Southern Farming Systems.

‘Bretton Estate’, Campbell’s Bridge, VIC

Robert & Scott Nicholson

Scott & Laura run a mixed farm near Campbell’s Bridge, 20 km north of Stawell, VIC with the help of Scott’s father Robert, who now lives in Stawell. Robert and Scott are an effective team, sharing both planning and workload. Robert does the accounts while Scott inputs the stock and crop data.

Succession planning started when Scott said he wanted to come back onto the farm. Robert and Lorraine saw education as essential to becoming better farmers and developing a sustainable business into the future, so the succession process began with Scott attending Marcus Oldham College. Their succession planning also identified the need for more land, which led to selling the home farm and buying a bigger property, as well as leasing extra land to improve capacity.

‘Winburn’, Launceston, TAS

Michael & Fiona Chilvers

Michael & Fiona farm half an hour out of Launceston, trading livestock and growing a mix of dryland and irrigated crops. Michael comes from a farming background and Fiona, who grew up on a farm, also has extensive experience in education and leadership. They farmed as part of a broader family operation until they successfully separated the business in 2010. They now run their farm business independently, whilst still benefitting from the continued working relationship with the other family members, including sharing the synergies of some jointly-owned machinery, and marketing opportunities. They share strategic, business relationship and planning responsibilities, with Michael taking prime responsibility for the various enterprises and broader farm management, and Fiona managing the farm office and financial administration.

Michael is a 2012, GRDC-sponsored Nuffield Scholar, and completed his scholarship study on how systemising management of intensive mixed farms could assist with expansion, gaining insight into diverse expansion models for agricultural businesses and efficiencies of enterprise management.
FARM CASE STUDIES

Case studies of farming businesses across a variety of rainfall zones around Australia. You can also view their stories in the eBook version of ‘Farming the Business’.

7 ‘Bulla Burra’, Allawoona, SA

John Gladigau & Robin Schaefer

John Gladigau took over the family farm at Alawoona in the Northern Mallee of SA in the mid-1990s. He is a ‘big thinker’ and knew his business needed to change to make the most of the opportunities provided by farming. As a Nuffield Scholar in 2007, he investigated collaborative farming worldwide which led him to develop a collaborative farm with a neighbour, Robin Schaefer. They created a farming business of 8,000ha by combining their land, machinery and financial resources.

‘Bulla Burra, now in its 6th year of operation, has proven to be successful and has provided many personal and business benefits, including increased efficiency. John looks after the finances and strategic planning, while Robin manages the farm activities.

Robin was also a Nuffield Scholar in 2012. His study focus was on farm business management systems, medium to long-term weather forecasting, and decision making tools.

8 ‘Comfomabov’, Minlaton, SA

Steve, Lhot & Jerome Martin

Steve and Lhot Martin farm about 6 km east of Minlaton, on Yorke Peninsula, South Australia. Steve took over the farm from his father, Peter, and further grew their farm business. When Lhot married Steve and joined the business over 20 years ago, she made a conscious decision to learn about the business of farming and improve her contribution through farm business management, rather than work off-farm. She has educated herself and now with their children, Jerome, Hannah and Rachelle, they run a very effective farming operation. They have clear delegated responsibilities and show the business benefits of good team work.
Tim & Rebecca O’Meehan

Tim and Rebecca run a mixed farm in a relatively reliable farming area of WA, the Albany zone. They are in a 350 – 400mm annual rainfall area, growing half of their cropping program to wheat, which has a ten year average of 2.7t/ha, with the other half equally sown to canola, barley and lupins. This rainfall reliability has enabled them to have had a fixed rotation plan for the last 20 years and has allowed them to focus instead on high risk issues such as weed resistance. To complement this rotation, they run 4500 merino sheep which include 2300 breeding ewes.

Rebecca does the financial recording of the business. Tim and Rebecca have successfully come through a succession planning process with Tim’s brother.

Lynley Anderson

Lynley farms a mixed cropping, fine wool, prime lamb and stud ram business 20kms north-west of Kojonup in the Great Southern area of Western Australia. The business includes the original family farm her grandfather cleared in 1935, with added leased land for cropping. Lynley originally studied nursing and midwifery, and only came home ‘for a while’ to help her parents. That was 20 years ago, and 10 years ago, she took on management of the business. Attending a WA Dept of Ag ‘Plan, Prepare, Prosper’ workshop 4 years ago encouraged her to develop a strategic plan that is helping her business grow into the future.