

Farm Boards – Adoption Accelerator Program

Background

Farm Boards are a key management tool in improving the profitability, sustainability and success of farming businesses. Therefore, this project was developed to assist farmers in the adoption of a farm board structure.

The innovative Adoption Accelerator Program was designed to help each business evaluate their current business structure and then identify and implement a board model that best fit their needs.

The program was developed by Rural Business Support (RBS) and combines best practise information and research presented in a hands-on approach to learning.

The program addresses family business and financial issues; provides guidance in balancing short term and long-term priorities; moves the business from reactive to proactive and helps with timely decision making.

The method

Fifteen farming families from the Riverland and Mallee participated in the Farm Board pilot program.

A total of six monthly meetings were held over a 9-month period.

At the meetings participants covered a range of workshop topics that included:

- Board Meeting Basics
- Strategic Priorities
- Strategic Action
- Profitability and Sustainability
- Risk Management
- Strategic Outlook
- Report to Shareholders.

Workshops were run like a board meeting to give participants practise and confidence to implement the process on-farm.

Workshops also provided knowledge in strategic planning and gave examples of simple document templates used for board meetings. Participants were asked to complete homework, which was the 'step by step' implementation of the board structure within their own business.

The results

Eleven farm families completed the pilot program in March 2016. Although farm board structures varied between businesses, all 11 were successful in implementing monthly business meetings.

Business outcomes also varied between families and are listed below:

- Business reports presented to banks to secure support.
- Business reports used to inform off-farm family members of farm position and progress.
- Business reports used to focus on business outcomes.
- Farm board meetings used to involve next generation in business planning.
- Farm board meetings used to address succession planning.

Two farming families have decided to appoint independent chairman as part of their farm board structure.

As the Farm Board program was a pilot program, participant feedback was sought throughout the workshop series.

Participants commented that communication and decision-making significantly improved by implementing monthly business meetings. The reporting also made it easier to keep all stakeholders informed of the current business position and strategic direction.

Recommendations

The Farm Board – Adoption Accelerator Program was successful in rapidly increasing the uptake of Farm Boards on farm. Therefore the program could be delivered again in the future and in different areas.

Some key learning's were identified at the conclusion of the pilot program and these will be used to improve course content and delivery.

Conclusion

Formalising farming family business meetings can significantly improve overall business performance.

Clearly defining the roles of family members in the business and investing a small amount of time in monthly business meetings can have a large impact on business success.

There is no 'one size fits all' approach. It is important for each farming family business to identify what works best in their situation.



Farm Boards – Putting it into practice



The Andriske family – (L-R) David, Julia, Annette and Ray.

David Andriske – Mallee farming family

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David and Ray both signed up to attend the Farm Board program and the catalyst was that it was becoming more and more difficult to make certain business decisions. Often David and Ray would discuss business matters while they were working but this would not include Julia and Annette, making the decision making process difficult and unclear.

David commented, "We had a general idea of where we wanted to be but no clear direction on how to get there. Without knowing what the others family members were thinking it was becoming stressful to make big decisions that would impact on everyone".

Whilst David and Ray were sceptical at first with what they would gain from the Farm Board program, they were quick to realise the benefits of adopting a farm board structure.

After the first workshop they began implementing what they learned starting with monthly business meetings and assigning different roles to each family member. Annette was appointed Chair of the meetings, Ray the Finance Manager, Julia the Secretary and David the Production and Marketing Manager.

Nearly 12 months later business meetings are still run once a month but during busy times this can be pushed to every two months. The Andriske family try and avoid this where possible as they have found there is a lot to catch up on. Budget discussions are an important agenda item.

David found the workshops very interesting but found the most benefit in the strategic planning. SMART (Strategic, Measurable,

Action, Realistic, Time bound) plans were assigned as homework and this was of great benefit.

On implementing the process at home David answered, "At first it wasn't easy and we started with a rough plan which we tidied up along the way. Generally the SMART plan was in my head, and while we all wanted to head in the same direction the plan gave everyone an opportunity to have a say on how we approached it at a board level".

Now that the first SMART plan is finished David can see that the thinking and decision-making process is clearer and a lot less stressful.

Looking back, David has found the entire process straightforward with no real difficulties. David and Ray made a point of attending every workshop and because there was homework to implement on-farm, it would be difficult to progress if workshops were missed.

At each workshop participants would also share their own experiences in trying to implement the farm board structure, which was useful as more often than not similar difficulties were identified and discussed.

The current farm board structure is working really well for the Andriske family with no intention to make any changes. Even though they don't have an independent chairperson the family will be bringing in external consultants and advisors when big decisions need to be made, be it agronomic, financial or other.

The Andriske family's next big project is to tackle succession planning and David is confident of a smooth transition using the farm board process. He can see it will be a great way to keep his parents involved in the farm during the handover and will be the mechanism to bring in external expertise.

Based on his own experience, David is quick to recommend the Farm Board program to others. He has observed that farming families usually have some informal discussions in place but there is much to be gained in formalising the process. "Have an open mind and be willing to learn", he said.

Here's how to make SMART goals:

S	Specific State exactly what you want to achieve. Can you break a larger task down into smaller items?
M	Measurable Establish clear definitions to help you measure if you're reaching your goal.
A	Action-Oriented Describe your goals using action verbs, and outline the exact steps you will take to accomplish your goal.
R	Realistic Give yourself the opportunity to succeed by setting goals you'll actually be able to accomplish. Be sure to consider obstacles you may need to overcome.
T	Time-Bound Now much time do you have to complete the task? Decide exactly when you'll start and finish your goal.



Janet Flohr – Mallee farming family

Janet Flohr farms with her husband Gary, 14km north-west of Lameroo. They farm 5 blocks in total with their home block north of Lameroo and the rest to the south. In total they own 2000ha and lease an additional 1500ha, mainly for sheep production.

Janet and Gary's daughter Lou works as a private agronomist but helps on the farm at the busy times of year. Lou's partner Andy Hunt is also involved in the business working as a full time employee.

The farm enterprise is approximately 70% cropping and 30% livestock and with no additional labour and farms spread quite a distance apart, the Flohr family is kept busy all year around.

When the Farm Boards program was offered all family members were keen to learn more, and while communication was good beforehand, the implementation of a more formal structure has helped the younger generation feel more involved in the business.

All family members were dedicated to the process right from the start even though Janet and Lou were the only family members to attend all of the meetings. "Because everyone was on-board it worked out ok that everyone wasn't at the meetings. It was easy to implement at home because everyone was supportive of the process", adds Janet.

Early in the process, the family identified risks to their business. One in particular was that Gary was a 'key man' to their farming operation and the number one decision maker. After years of employing transient casual and unskilled labour, Gary had become used to training staff in basics but they would not stay long enough to learn the ropes or take on more responsibility. This made it difficult for Gary to spread the load.

If Gary were unable to farm anymore, the business would be left in a vulnerable position.

Implementing an Advisory Board structure to the business has been a big step forward in addressing the 'key man' issue. The Flohr family have scheduled four strategic board meetings per year as well as fortnightly 'works' meetings to keep everyone up to date with the day to day operations. One day a year is set aside to look at the SMART plan.

The Flohr family would also like to bring in an Independent Chair down the track but admit they are not ready at this stage. "It's been slow going because of our workload", admits Janet, but they are committed to the process and acknowledge it will just take time and practice.

Each person also has a specific role in the business. Janet is the Financial Officer and Chairs most of the meetings. Gary is the Production Manager, Lou is in charge of marketing and Andy is the Task Coordinator.

Janet feels progress with the process has been slow especially

during busy times of year, notably seeding and harvest. She feels there is too much going on for the amount of labour they have and they need to be disciplined with meetings, making sure they lock in dates and have agendas distributed in advance. However the difficulties, the benefits are already evident in the business.

The templates from the course have been easy to adapt and have been used to run the meetings. More broadly the minutes of meetings are now sent to all family members including Janet and Gary's three other daughters who, whilst not directly involved in the business, are all interested members. "All of our daughters have an interest in agriculture and providing them with minutes from our meetings gives them an opportunity to contribute and keeps our decision making completely transparent. This is a big step towards succession", Janet adds.

At each formal meeting, each member has the opportunity to discuss what has been working well and what hasn't. This led the Flohr family to identify there could be improvement in paddock record keeping. Typically a job for Gary who was already pushed for time, the family identified that Andy would be better suited to the job as he was in charge of the spraying. A decision was made by the group to purchase an electronic paddock record keeping App to be managed by Andy, with excellent results.

When asked about the biggest outcomes to the business as a result of the Farm Board structure, Janet listed many.

The outcomes included:

- Progression in succession and open discussions of all the opportunities.
- Having strategic discussions with an accountant.
- Making decisions on issues that have previously sat in the 'too hard basket'.
- Everyone's ideas getting serious consideration at the discussion table and all members actively listening to one another.
- Everyone was accountable for following through on his or her intended actions to make sure the business kept moving forward.

Most importantly the family printed a giant planner to help with scheduling. The first action was to schedule time-off for all family members involved in the business; an important aspect that had been lacking for some time.



In summary the Flohr family found the Farm Board course “totally worth it”. Even though Janet had covered some of the topics in the past, she found it great to hear again and was quickly able to implement set tasks. “It was great to hear what others were doing too as everyone had a different story and reporting back to group made us more accountable for implementing the process at home”, said Janet; “There were some inspiring stories”.

“Our business was crying out for this process and we are really glad we did it”, ends Janet.

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