

Making Dollars and Sense



The 7 Practices of Canada's Top Farmers

Presented by: Heather Watson, Executive Director

Today's Journey

1. The 7 Practices Driving Farm Financial Success
2. Making Farm Business Management a Reality on your Farm



Who and What are in your
Farm Management
Toolbox?



Fact:

The success of any farm enterprise, regardless of demographics, is directly related to the farm business management skills and practices of the farm manager



How do we know this?



Dollars and Sense Study

- Ground-breaking research – the first to establish a measurable link between business practices and financial success that is nationally representative and cross-commodity
- Management activities tested:
 - Strategy, Planning, Communications
 - Marketing, Supply Chain
 - Financial Management, Benchmarking
 - Human Resource Management
 - Risk Management, Contingency Planning
 - Animal Care, Environmental Management
 - Training, Education, Use of Farm Advisors



FARM MANAGEMENT CANADA
GESTION AGRICOLE DU CANADA



KNOWLEDGE, LEADERSHIP, PROSPERITY
CONNAISSANCE, LEADERSHIP, PROSPÉRITÉ

The research found
7 farm business management practices
that drive farm performance...



The 7 business management practices driving farm financial success:



1. Lifelong learning, skills development
2. Business decisions made using accurate financial data
3. Seeking the help of business advisors and consultants
4. Having a written business plan, following it, reviewing it annually
5. Knowing, monitoring your cost of production and what it means for profit
6. Assessing risks and having a plan to manage and mitigate risk
7. Using a budget and financial plan to monitor financial position and options



So...how are we doing?









- 49%** 1. Lifelong learning, skills development
- 59%** 2. Business decisions made using accurate financial data
- 32%** 3. Seeking the help of business advisors and consultants
- 26%** 4. Having a written business plan, following it, reviewing it annually
- 50%** 5. Knowing, monitoring your cost of production and what it means for profit
- 32%** 6. Assessing risks and having a plan to manage and mitigate risk
- 33%** 7. Using a budget and financial plan to monitor financial position and options



What do we stand to gain?



Farm Business Management pays!

		Actual Value	Industry Rating	Percent Change
Asset Turnover	Top 25%	20%	Moderate	<div>  100%  </div>
	Bottom 25%	9.7%	Vulnerable	
Gross Margin Ratio	Top 25%	50%	Moderate	<div>  155%  </div>
	Bottom 25%	19.6%	Vulnerable	
Return on Assets	Top 25%	10%	Strong	<div>  525%  </div>
	Bottom 25%	1.6%	Vulnerable	

That’s the difference between \$100,000 and \$16,000 profit.

It's not just about the money...

CTEAM alumni were asked the impacts of the program...



Financial Impacts include: profit, debt management, reduced costs



Business Impacts include: having a process for decision-making, performance management and a network of experts



Personal Impacts include: confidence in management decisions, the ability to prioritize, provide clearer direction, and understand personal dynamics to better manage people and communicate



It's about the confidence that comes from preparedness

- Results revealed that there were significant financial impacts (over 60% ranked ROI >50% after program costs)
- However, business impacts (ex. improved decision-making) outranked financial impacts
- And, personal impacts (ex. confidence in decisions, the ability to prioritize and better manage people) **far** outranked both financial and business impacts



Farm business management means...

- Taking a proactive approach to build the underlying capacity to weather any storm and seize every opportunity, positioning the farm for continued success
- It boils down to having accurate, reliable data to create a realistic picture of what's possible and a plan to guide you towards success



Let's take a closer look at the 7 practices...



Lifelong Learning, Skills Development

- When was the last time you assessed your skills against the skills required to meet the current and future needs of the farm?
- How about the skills of your farm team?
- Do you have job descriptions for all of these positions, including core competencies and experience requirements?
- Create a culture of lifelong learning to create the space for new ideas and empower your team



“When the human mind is stretched, it never returns to its original size —
similar to most new underpants.”



Do your Best, Hire the Rest

- Identify where you want to focus your energy and time, where you need others to be supporting you
- Use professional farm business advisors (beyond your accountant, lawyer and lender) to facilitate the process and keep you on track
 - Personal coach
 - Psychologist
 - Marketing specialist
 - Etc.
- A multi-disciplinary team working together for you
- Not just “the professionals” – consider peer advisors



Business Decisions via Accurate Financial Data

- Are you using a recognized accounting system for your farm?
- Is data entered in a timely manner by a qualified person?
- Is data easily changeable (what-if scenarios) and ready to review and analyze at a moment's notice when making business decisions for your farm?



Budget, Monitor Your CoP, Financial Planning

- While you may know **if** you're making money, do you know what's making you money, what's not?
- How many distinct businesses are you running?
- Do you know your Cost of Production?
- Have you prepared a budget for your farm, and the distinct business entities within it?
- Do you review your plan when making business decisions?
- While assets are important for access to capital, cash is still king to weather the storm and/or seize opportunity



Plan for Risk and Uncertainty

- Uncertainty can lead to stress and poor decision-making
- Do you know what's in your control? What's outside of your control?
- How prepared are you? Are you taking a comprehensive look at risk and risk management (people, finance, markets, production, policy, strategy) and the connections between them?
- What measures could you put in place?



Have a Written Business Plan

- Your plan is your roadmap to success and trusty side-kick when stress runs high or times get tough and decision-making becomes clouded
- Writing the plan down facilitates important conversations about the future of the farm and everyone's role within it
- The business plan is the most effective tool for uniting the farm team around a vision as a guiding light to **keep the farm healthy for generations to come.**



Like the seasons, business planning is a cycle:



1 Assess your business (January)

Take stock of your farm in the context of change.

2 Plan your future (February-March)

What is your vision? Mission? What are your priorities and goals? How will you get there?

3 Implement and Monitor your plan (April-August)

Host a start-up meeting to discuss priority items, timelines and goals to operationalize the plan and to guide your decision-making.

4 Assess your performance (November)

Measure your progress towards achieving your business goals over the past year and start to think about next year's goals.





BC Agri-Business Planning Program

- Webinars, Workshops, Conferences
- Publications
- Land-matching program
- One-on-one advisor coaching
- List of qualified business consultants

Funding and Support

- Cost-share funding for:
 - Advisory services
 - Speaker and event support
- \$5,000/individual or \$30,000/group

Visit: www2.gov.bc.ca/gov/content/industry/agriculture-seafood/programs/agri-business-planning-program

Next Steps

- ✓ Conduct a farm business assessment to identify strengths, weaknesses and opportunities (get the whole farm team involved)
- ✓ Create an action plan to fill any gaps towards reaching your business goals (build this into your Plan)
- ✓ Identify and seek skills development training and/or advisory services
- ✓ Host regular farm business team meetings to track progress and maintain a management focus for your farm

Important: Host a farm team meeting to share the learnings and insights gained from this session. Demonstrate how investing in skills development is invaluable to the farm to endorse a culture of sharing insights and lifelong learning on the farm.



Thank you. Questions?



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**"Coming together is a beginning;
keeping together is progress;
working together is success."**

-Henry Ford