



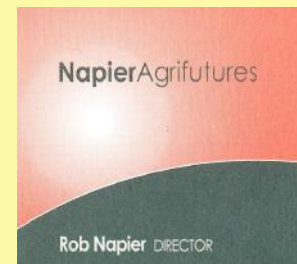
# **Building Resilient Families & Businesses in a Time of Volatility & Change**

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Orange, New South Wales, Australia**

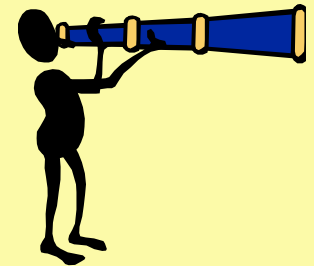
**Presented at the  
Monaro Farming Systems Workshop  
Bombala, NSW**

**Wednesday 23 February, 2011  
robnapier@bigfoot.com**

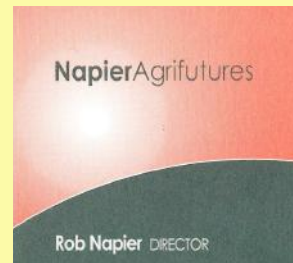
# What is the World Telling Us?



- **Hot, flat & crowded**
- **Three certainties – death, taxes & volatility**
  - **the world is fragile & nervous**
- **We must do more with less**
- **Re-defining the business we are in**
- **Family and small business challenges**
- **The boiling frog problem**

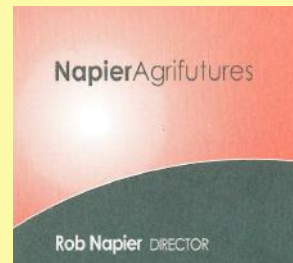


# Drivers of Change



- **Marketing revolution**
- **Globalisation & consolidation**
- **New technologies**
- **Management innovation**
- **Government policies (domestic & international)**
- **Environmental management challenges**
- **Consumer & community demands**

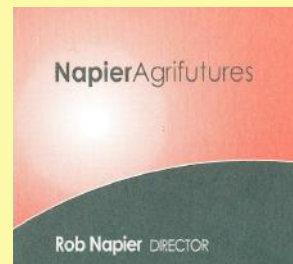
# Outcomes of Change



- **Structural change**
  - larger farms
  - disappearing middle
- **Increasing critical mass for supply chains**
- **Greater vertical co-ordination**
- **Multi-functional farms**

# What Leading Farmers Do

## What is your score?



	<b>Your Score /10</b>
1. Plan from the outside in not the inside out	
2. Have written individual, family & business goals + a business plan	
3. Plan to benefit from providing environmental services	
4. Seek & evaluate new technologies	
5. Be active in customer-driven co-ordinated value chains	

# What Leading Farmers Do

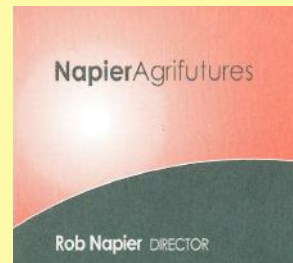
What is your score?

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	<b>Your Score /10</b>
6. Work together with like-minded people	
7. Grow the business using new management models	
8. Prepare risk management plans – ask what if?	
9. Look for opportunities to add businesses	
10. Achieve excellence in people development, management & succession planning	

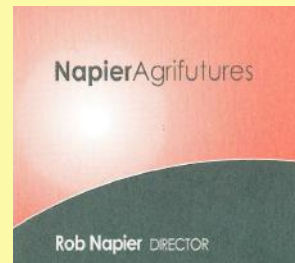
# Strategic Opportunities & Threats



*'The future will always belong to those  
who see the possibilities before they  
become obvious'*

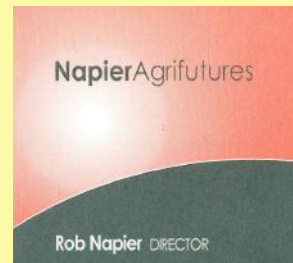
**Danny Klinefelter –  
Twenty Five Attributes of the 21<sup>st</sup> Century Farm Executive**

# Opportunities & Threats



- 1. Energy**
- 2. Water**
- 3. Agriculture and the environment are now linked**
- 4. New technologies**
- 5. The 'land' business**
- 6. Consumer demands**
- 7. Government policies**
- 8. Realignment of global centres of power & production**
- 9. Structural change**
- 10. Food prices, input costs, global economies**
- 11. Market shocks**
- 12. Unknown changes**

# Opportunities & Threats



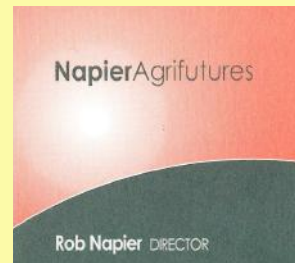
## 1. Energy

- Agriculture is now in the energy business
- Increasing cost of energy
- Renewable energy opportunities
- Understanding government policies

## 2. Water

- By 2050 seven billion out of nine billion people will face chronic or critical water shortages
- Get hold of it, control it, trade it

# Opportunities & Threats



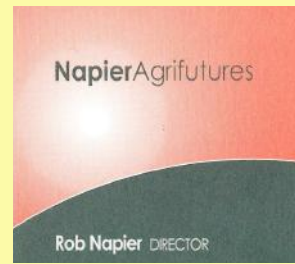
## **3. Environment**

- **Agriculture & the environment are now linked**
- **Income opportunities**

## **4. New technologies**

- **Yield increases**
- **Energy use efficiency**
- **Plant & animal breeding (conventional & GMO)**
- **Precision farming**
- **Communication & information management**

# Opportunities & Threats



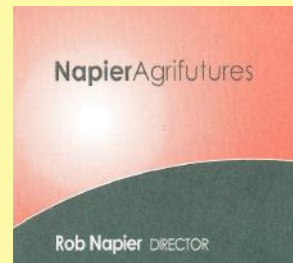
## **5. The 'land' business**

- **The value of quality land will rise**
- **Land as a business – wealth creation**
- **Creating a cash rich balance sheet**

## **6. Consumer demands**

- **Understand customers and food trends**
- **Integration with food/tourism/health/recreation industries**
- **Perceptions are reality**

# Opportunities & Threats



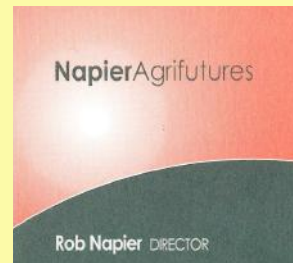
## **7. Government policies (domestic & international)**

- Understanding our trading partners' politics & policies

## **8. Re-alignment of global centres of power & production**

- China/ India
- Commodity production in low cost countries
  - Brazil, Eastern Europe, Russia, Africa
- How can high cost western countries stay in the commodity race?

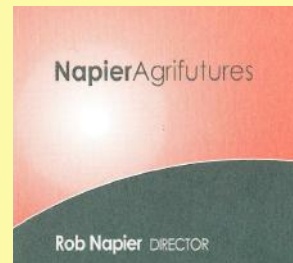
# Opportunities & Threats



## 9. Structural change

- **U.S.A. – 6% farms (125,000) 75% ag. output.  
Australia - 20% broadacre farms produce 75%**
- **Understanding economies of size**
- **The future of family farming**

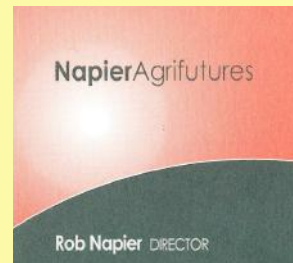
# Opportunities & Threats



## 10. Food prices, input costs, global economies

- **By 2030 need 50% more food with**
  - less water
  - less arable land
  - fewer nutrients
  - diminishing fossil fuels
  - more erratic & warmer climate
- **Will the profitability of food production increase?**

# Opportunities & Threats



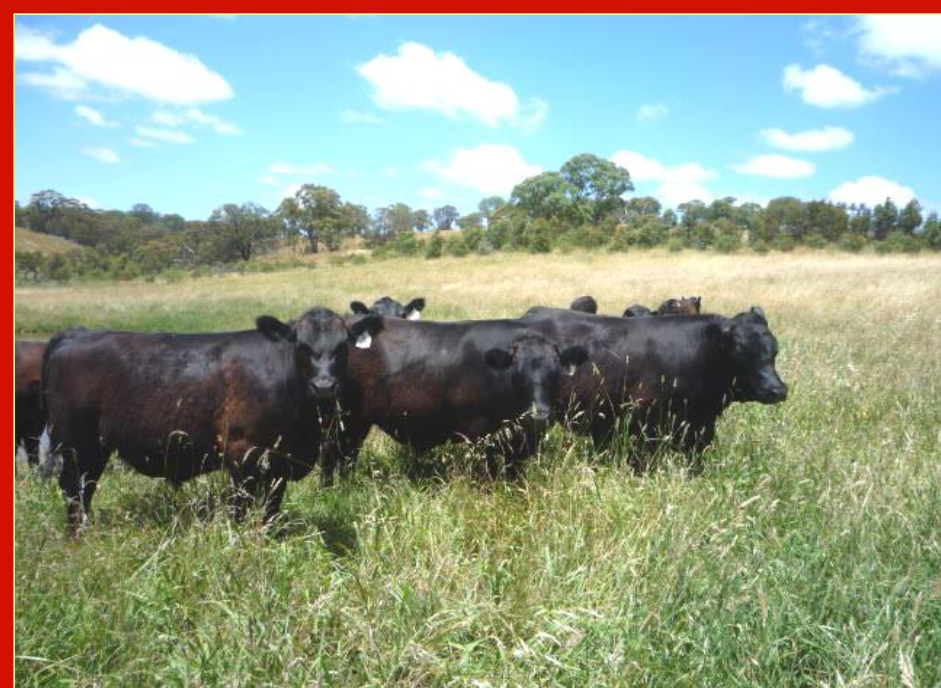
## 11. Market shocks

- Terrorism
- Food safety scares – BSE, H1N1, etc
- Government policy shifts
- Civil unrest/refugees/war
- Global financial crises
- Corporate decisions
- Production booms/busts

## 12. Unknown changes

(We need to be able to anticipate and manage whatever comes along)



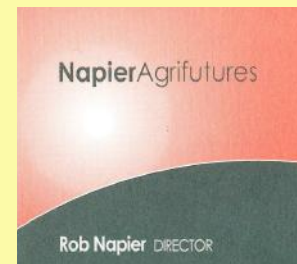


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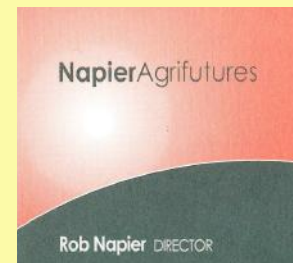
# **Our small farm is involved in the following businesses -**



- **Energy**
- **Water**
- **Tourism/recreation/health**
- **Food**
- **Environmental management**
- **Real estate**
- **Education**
- **Charity/legacy**
- **Potentially aged care/art gallery/retailing, etc**

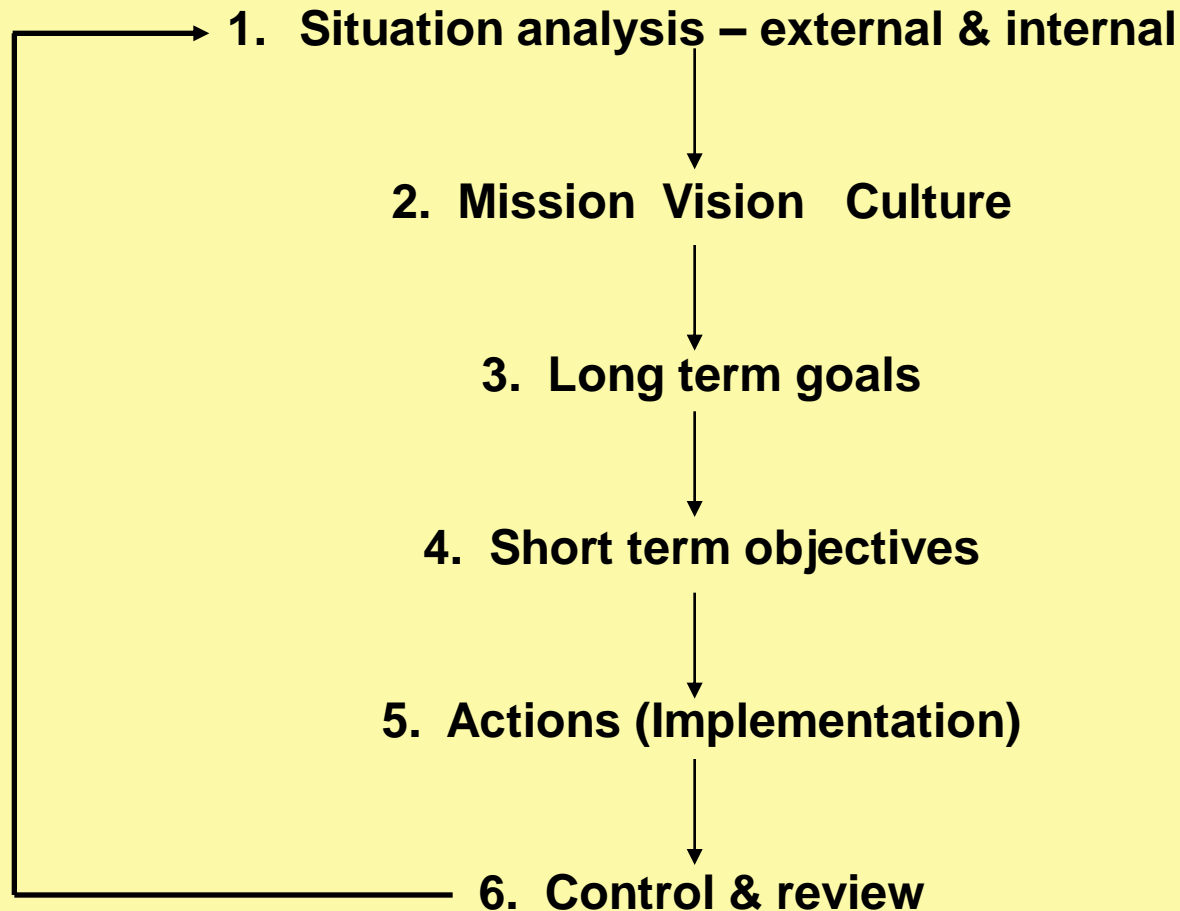
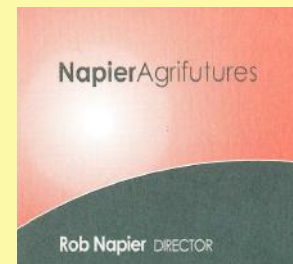
# **Family farm Resilience & Teamwork**

## **The Role of Farm Family Meetings**

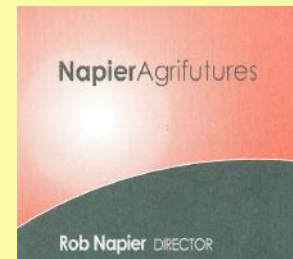


- **Why are regular family meetings so important**
- **What should be on the agenda**
- **Why do they rarely occur**
- **Why are they such a challenge**
- **How to initiate meetings and maintain the momentum**
- **Leadership**
- **Meeting guidelines & memoranda of understanding**
- **Handy hints**

# How Can Your Family Prepare a Strategic Plan

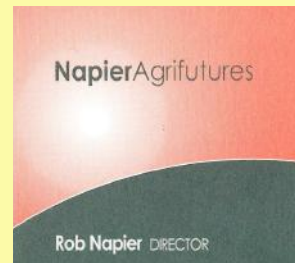


# Homework Before Next Meeting



- 1. Discuss workshop outcomes with family members (preferably with both on & off-farm members)**
  - future of families with a farm business
  - opportunities & threats
  - strategic planning process
  - regular family meetings to seize the opportunities
  
- 2. Conduct two formal family meetings with a focus on**
  - family, personal & business goals
  - strategic plans
  - commitment to regular (say) six monthly meetings

# Workshop No. 2 Follow Up



- 1. Report back and discussion**
- 2. Formation of an MFS Support Group to achieve follow up on progress and initiation of subsequent workshops/seminars, etc.**

Live, Love Learn & Leave a Legacy!



# *Thank You!*

