



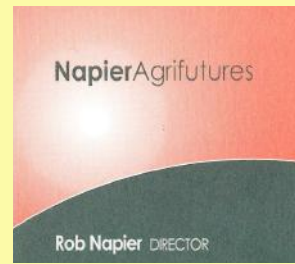
Building Resilient Families & Businesses in a Time of Volatility & Change (Day 2)

**Rob Napier, Napier Agrifutures
Orange, New South Wales, Australia**

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

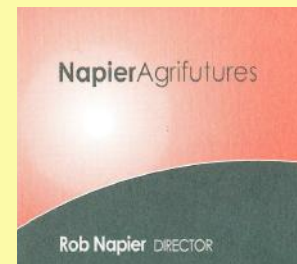
**Thursday 8 September, 2011
robnapier@bigfoot.com**

Introduction

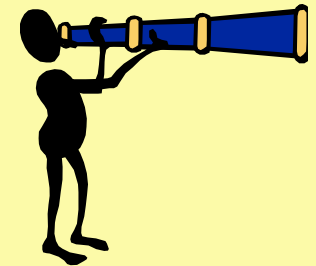


- **Welcome**
- **Why are we here?**
- **Doing something new**
- **Expected outcomes**
- **Program for the day**

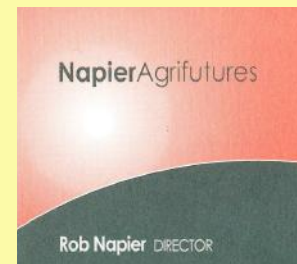
What is the World Telling Us?



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



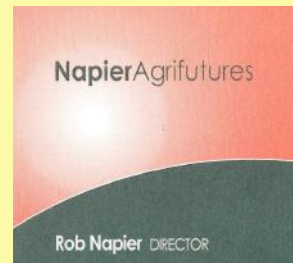
Events of the Last Six Months



- **Middle East unrest – oil price volatile**
- **Live cattle export ban**
- **High Aussie dollar & volatile**
- **Australia – a two speed economy**
- **Big increases in electricity prices**
- **USA political grid lock - European debt problems**
- **Cotton price falls from \$1000 to \$500/bale**
- **Wool price almost double last year – but volatile**
- **Dire food security & climate change predictions**
- **Carbon Farming Initiative – a cattle station locked up**

What Leading Farmers Do

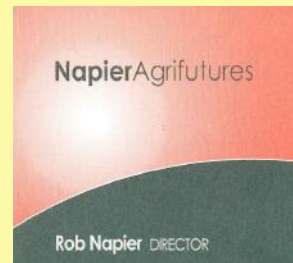
What is your score?



	Your Score /10
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	

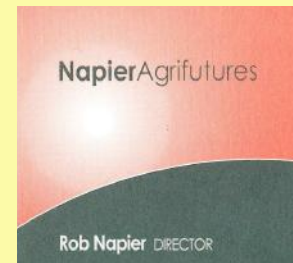
What Leading Farmers Do

What is your score?



	Your Score /10
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	

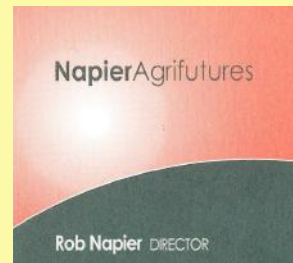
Strategic Opportunities & Threats



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

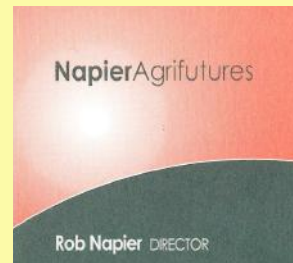
**Danny Klinefelter –
Twenty Five Attributes of the 21st Century Farm Executive**

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



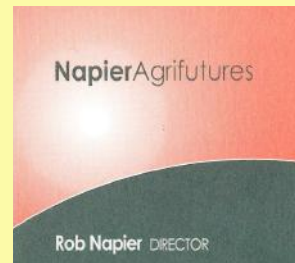
1. Energy

- **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



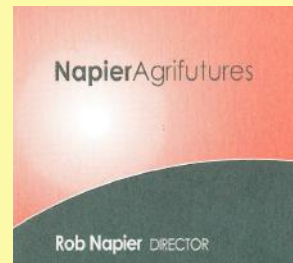
3. Environment

- **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



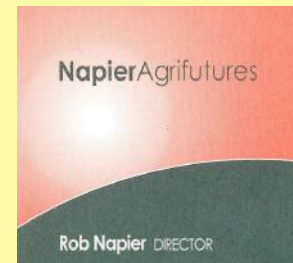
5. The 'land' business

- 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



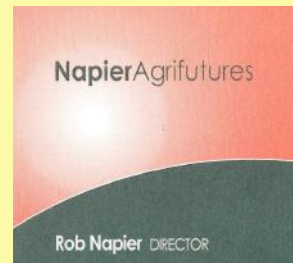
7. Government policies (domestic & international)

- Understanding domestic policies & trends
- Understanding our trading partners' politics & policies
- Keeping an eye on the rest

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?

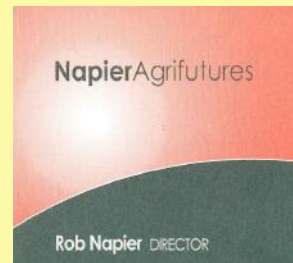
Opportunities & Threats



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**

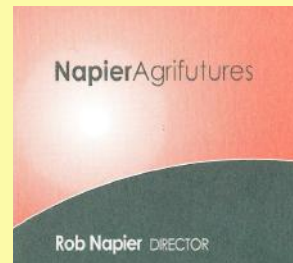
Opportunities & Threats



10. Food & fibre 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

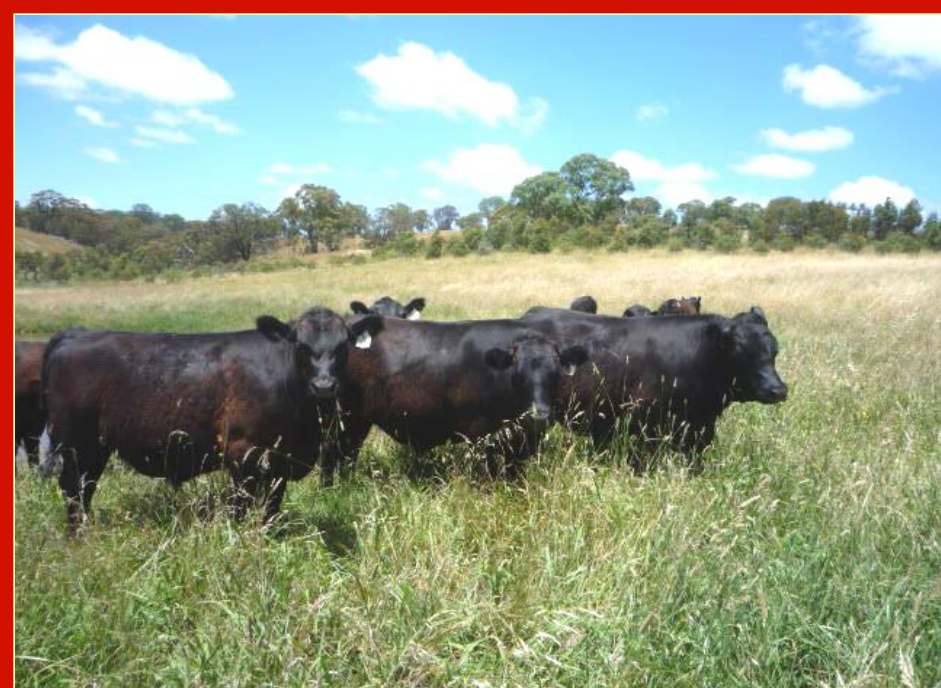
12. Unknown changes

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

What is the Napier family doing about all this?





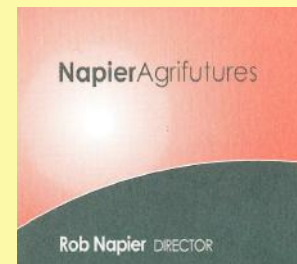


NapierAgrifutures

Rob Napier DIRECTOR



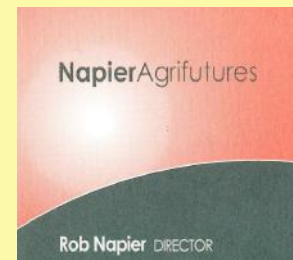
Our small farm is involved in the following businesses -



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

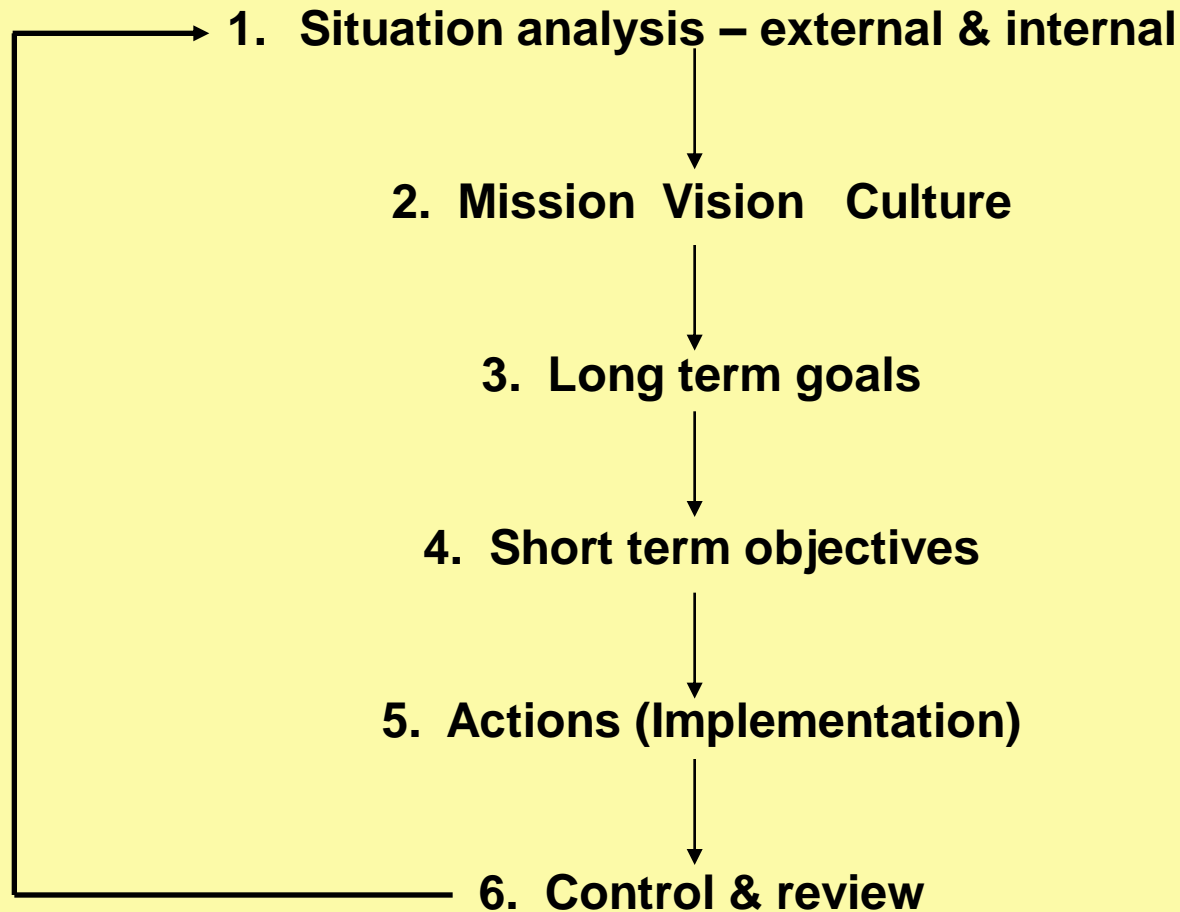
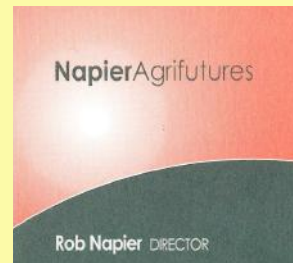
Family Farm Resilience & Teamwork

The Role of Farm Family Meetings

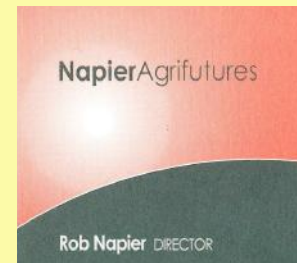


- **Why are regular family meetings so important**
- **What should be on the agenda**
- **Why do they rarely occur**
- **Why are they such a challenge**
- **How to initiate meetings and maintain the momentum**
- **Leadership**
- **Meeting guidelines & memoranda of understanding**
- **Handy hints**

How Can Your Family Prepare a Strategic Plan



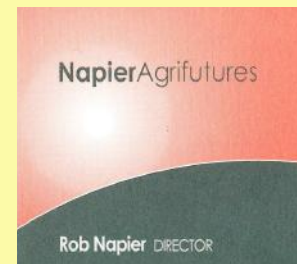
Homework Before Next Meeting



- 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

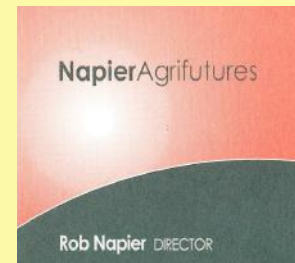
Summary of the Day



1. How might the MBTI improve your family/business

- communication
- people management
- change management
- decision making
- planning
- creativity
- teamwork

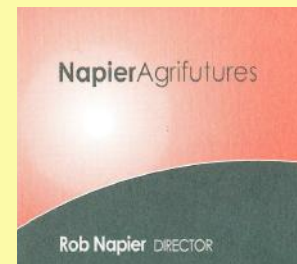
Summary of the Day



2. Some questions for you to consider

- how can you improve energy use efficiency?
- have you secured sufficient water (quantity & quality) for the future?
- how can you earn income from environmental services (eg, the Carbon Farming Initiative)?
- how are you preparing for more extreme weather events?
- how will you respond to higher fertiliser & chemical prices?

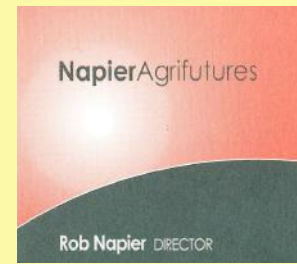
Summary of the Day



2. Some questions for you to consider (continued)

- how can your small business 'be small but act big'?
- how can you become good at 'seeing what others don't see'?
- who will lead your gathering of strategic information?
- how can other members of your family become involved?
- what steps are you taking to improve family planning, communication & creativity?

Summary of the Day



2. Some questions for you to consider (continued)

- who will take responsibility for family meetings?
- how can you benefit from the different personalities in your family?
- how will you keep up the 'revs' on these issues? –
'if it is to be, it is up to me'

3. Where to next?

4. Discussion & close