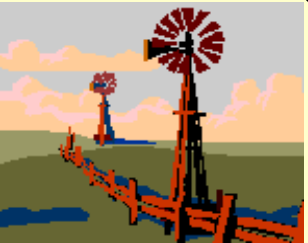


WORLDWIDE, WORLD CLASS FARMERS WHAT SETS THEM APART?

**ROB NAPIER - NAPIER AGRIFUTURES
Orange, New South Wales, Australia**

**Presented at the
Monaro Farming Systems Meeting
*Wednesday 20 August, 2008***

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INTRODUCTION

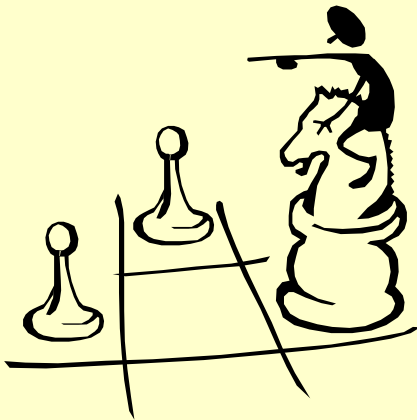
Change

**Redefining the roles of
a farm business manager**



Outline of Presentation

- (1) The 10 areas that set the leaders apart**
- (2) Conclusions**
- (3) Giving yourselves a score**
- (4) Discussion**



TEN AREAS THAT SET THE LEADERS APART

1.Planning

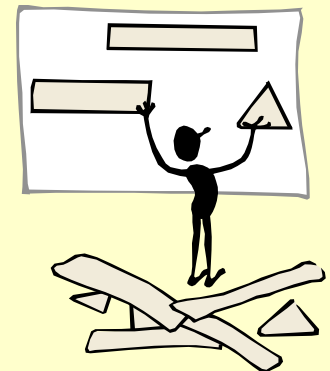
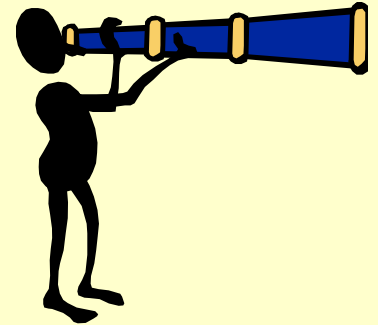
‘The future will always belong to those who see the possibilities before they become obvious’

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

TEN AREAS THAT SET THE LEADERS APART

1.Planning

- (1) Strategic thinking – no sacred cows**
- (2) Business, family & personal goals + a business plan**
- (3) Documenting systems as enterprises grow & boundaries are stretched**
- (4) Redefining roles, structures & focus**
- (5) Family farm boards/outside expertise – continuous improvement**



2. Gaining Benefits from Environmental Management

- (1) Leading farmers are on the front foot**
 - seeking business opportunities
- (2) Management innovation - evolution to a more ecological approach**
- (3) Europe setting the pace**
- (4) Creating market advantage**
- (5) Winning stakeholder support**



Farms' new 'eco' income

By MATTHEW CAWOOD

Income From The Farm Of The Future?

The Land
5 April 2007

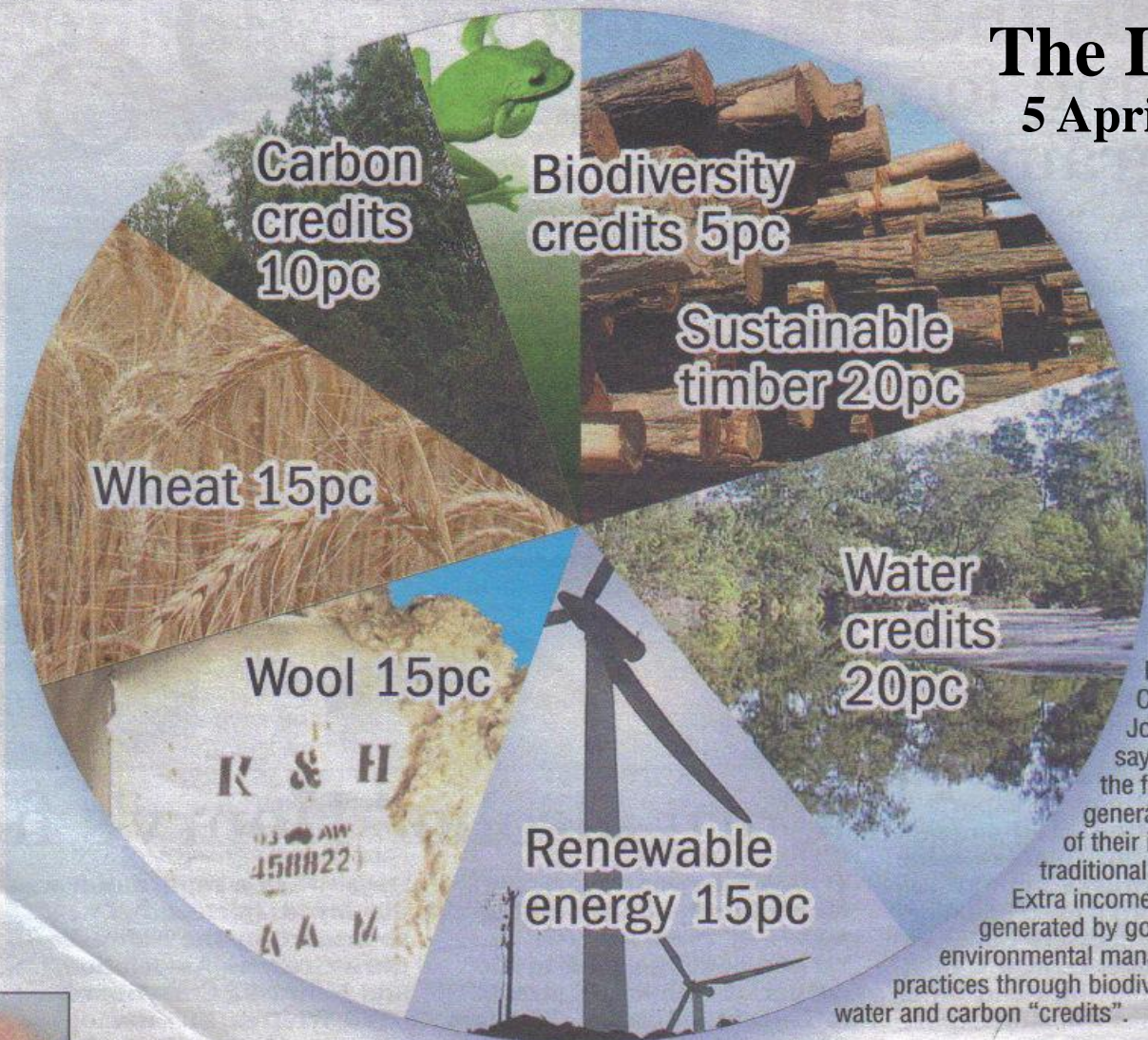
THE farm of the not-too-distant future may only earn part of its income from food and fibre production; the balance will come from "ecosystem services" like carbon sequestration, maintenance of water quality, and habitat preservation - all paid for by the community.

That was the vision sketched out a Landcare Farming forum in Grafton last week by NSW Natural Resources Commissioner, Dr John Williams, who hopes to see agriculture meet its environmental and economic challenges by making adjustments well beyond a "rejigging" of present systems.

The former chief and deputy of CSIRO's Land and Water Division, and a member of the Wentworth Group of scientists, Dr Williams' latest role as Natural Resources Commissioner gives him a direct line to government as adviser on the future of natural resources management in NSW.

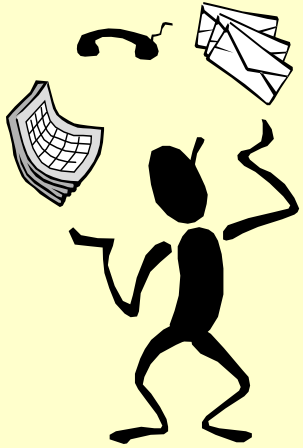
The future, as Dr Williams portrays it, will be to many farmers partly reassuring, and partly worrying.

It involves the community paying for land taken out of production for the public good, but also a lot more trees, and a lot fewer inputs.

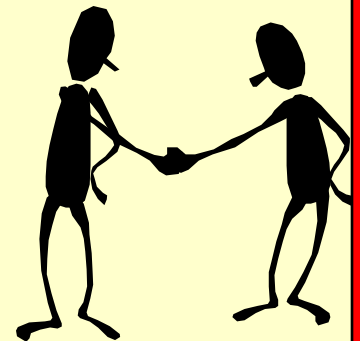


NSW Natural Resources Commissioner, John Williams, says farms of the future may generate only part of their income from traditional commodities. Extra income would be generated by good environmental management practices through biodiversity, water and carbon "credits".

3. Selecting and Managing New Technologies

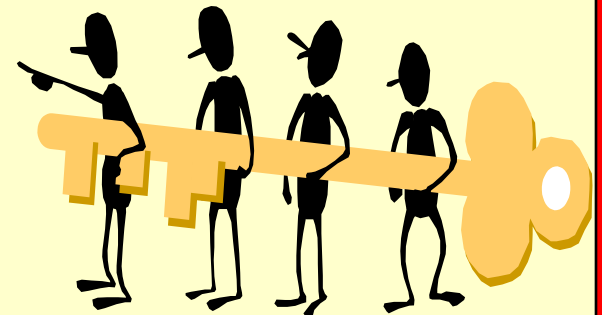


- (1) Excellence in production systems**
- (2) Working with researchers**
- (3) On-farm/group experimentation**
- (4) Learning & positioning
- experimenting for tomorrow**
- (5) Outsourcing to experts**



4. Farmers Working Together

- (1) ‘Spend time with the most profitable farmers’**
- (2) Being small & acting big**
- (3) Purchasing & information power**
- (4) Marketing & management power**
- (5) ‘Understand your competitors – they are often your best partners’**



5. Becoming Market Driven

- (1) Active participation with customers & markets**
- learning what it is to be a marketer
- (2) Supply & value chain management**
- (3) Products & services**



Royal Agricultural Show, UK, July 2007

Plan A.

Five years.

Five commitments.

One world.

100 things to change.



Climate Change.



Waste.



Sustainable Raw Materials.



Fair Partner.



Health.

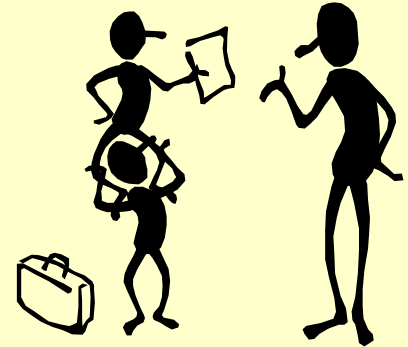
Plan A.
Because there is no Plan B.

YOUR M&S

6. Growing The Business

(1) Positioning to grow

- organisation structure
- capabilities
- financial structure



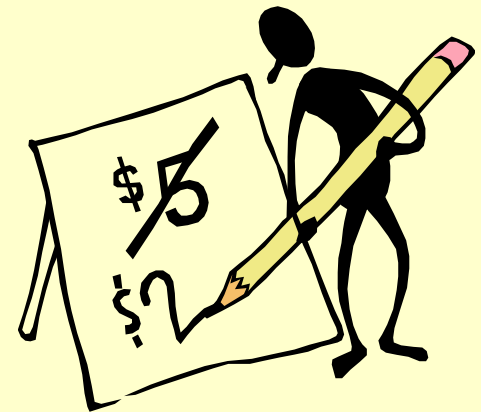
(2) Land as its own profit centre

(3) Achieving a cash rich balance sheet

(4) Leveraging capital

(5) Attracting investment capital

(6) Every entry strategy should have an exit strategy



7. New Management Models

Traditional

- Walk around hands on management
- Hierarchical command & control structure
- Operations oriented
- Do it all
- Internal expertise
- Can add activities without giving up
- No need for replication
- Family personal dynamics dominate
- Interpersonal skills not critical

New

- More remote, 'in the office' management
- Team structure
- CEO mentality – people, money, relationships, strategy
- Leadership & delegation
- Out-source/hire capacity
- Trade off's –can't add without giving up
- Must scale or replicate
- Business relationships combined with family dynamics
- Interpersonal skills are critical

Source: M Boehlje, S Hofing
Centrec Consulting Group

8. Risk Management



Business risk - operational

- **Technology**
- **Relationship**
- **Legal/regulatory**
- **Human**
- **Production**
- **Distribution systems & channels**

Business risk - strategic

- **Strategic position & flexibility**
- **Marketing reputation & image**
- **Competitive conditions**
- **Governmental trade & farm policies**

Financial risk

- **Interest rate**
- **Financial structure**
- **Currency exchange rates**

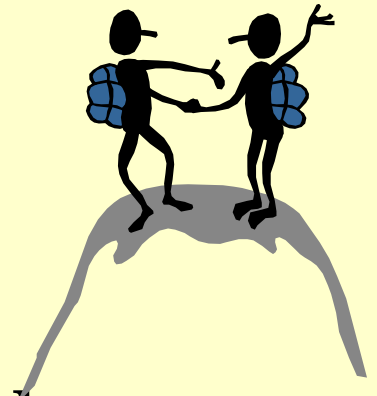
Market risk

- **Input & product prices**
- **Contract terms, delivery & payment**
- **Market outlets & access**

**Source: M Boehlje, S Hofing
Centrec Consulting Group**

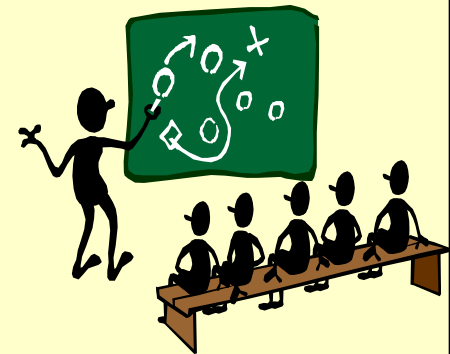
9. Adding Businesses To The Farm Business

- (1) Organisational structure (including delegation)**
- (2) Capabilities**
- (3) Networks/relationships**
- (4) Isolation no barrier**
- (5) Opportunities – start with underutilized resources**
 - people
 - buildings/machinery
 - lazy capital



10. Managing People

- (1) The next area for major productivity improvement?**
- (2) People as an investment not a cost**
- (3) Using all human resources**
 - women, young people
- (4) Developing capabilities - the best insurance policy**





CONCLUSIONS: What Leading Farmers Do

- (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) Are active in customer-driven co-ordinated
value chains**



CONCLUSIONS:

What Leading Farmers Do

- (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**



CONCLUSIONS:



- (1) Common best practice issues globally**
- (2) Leaders are ‘surfing’**
- (3) Question everything, cull sacred cows, redefine roles & focus – creativity & passion!**
- (4) ‘Change – the freeway of business’**
- (5) Live, love, learn & leave a legacy**

What actions are YOU going to take ?



Thank You!

