



# Family Business Matters

Benchmarking & Family Farm Businesses

Monaro Farming Systems

# The beginning

## The complexity of family and the figures?

7 years in .....

- ✓ External conditions (interest rates , drought, wool prices, sheep deaths)
- ✓ Internal conditions (conflict over direction and control and \$)
- ✓ Capacity ( lack of financial understanding)

# No idea where we were or what was possible

Analysed how we performed in our district in our major enterprises (18 farms)

1993/94	
Merinos	15 <sup>th</sup>
Beef	3 <sup>rd</sup>
Crops	Middle
Total Income	11 <sup>th</sup>
Total Costs	4 <sup>th</sup>
Profit/Ha	8 <sup>th</sup>
DSE/Labour unit	3,300

# Benchmarking :At partnership split

1997/98	Income source	Our comparative 3yr av profit/ha if Merinos =1	Our performance vs benchmarking Grp top 20% Par=1
Merino Sheep Breeding own rams	43%	1	0.5
Beef (Shorthorn)	25%	2.5	1.2
Crop Wheat/Canola	26%	1.6	0.75
Dual purpose sheep	2%	3.2	1

# Benchmarking and Decision making: 10 years in

2007/2008	Income source	Profit/ha 1998-2008
Dual Purpose Sheep (buy in ewes)	57%	\$208
Beef + terminal sires	21%	\$164
Crop Wheat/Canola	20%	\$104
DSE/labour unit	Beef Dual purpose sheep	10,000 5,500



# Benchmarking and Decision making : 20 years in

2017/18	Income source	Profit/ha 2009-2018
Dual Purpose Sheep (buy in ewes)	50%	\$289
Beef + terminal sires	30%	\$217
Trading livestock	20%	\$555
DSE/labour unit		unchanged



# What would have happened if we didn't change From SR Merinos and stop growing crops?

<b>Profit/Per DSE HSA Merino Wool 2002-2017</b>	<b>Our profit/DSE Dual Purpose 2002-2017</b>
\$10/dse	\$35/dse
<b>Profit/ha HSA Wheat 2012-2017</b>	<b>Our profit/ha Dual Purpose 2012-2017</b>
\$115	\$280

We  
know

**We return, on average 5% return on assets annually over a 20 year time period represented by cash flow**

**We have returned 7.6% annually, compounding on net assets represented by increases in land values, cash and livestock over 20 years.**

**In very simple terms if we kept doing the same thing we would have forgone an annual profit of over \$200,000 annually.**



# Benchmarking Investment Decision Making and Growth

We have:

- ✓ Split a partnership and land assets
- ✓ Bought out family members
- ✓ Sold land to buy more land
- ✓ Bought more land



# Benchmarking Family business education

## We have:

- ✓ Learnt about ourselves, what it takes to change and the costs and benefits of acting or not acting.
- ✓ Learnt about the numbers that matter and the numbers inside out & made ourselves accountable
- ✓ Used the annual results to educate and communicate with our children about the performance of the farm and the opportunities this may provide
- ✓ We have presented the next generation with the facts and discussed the opportunities using the rich data pool that benchmarking has given us.

# Benchmarking and Networking

## Support and growth

To embrace Benchmarking you need to be a “learner” and not a “knower”

We opened our books as a Group more than 10 years ago.

We challenge and learn from each other and HSA challenge us

We do not limit ourselves to learning from businesses, farmers or enterprises like us.