

AN INITIATIVE OF

Making More From Sheep



Making Multi-generational Businesses Work

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EVENT SUPPORTERS:



Major Areas of Need in Multi Generational Businesses

- Improve interpersonal skills
- Ongoing problem of low profits
- Improve structures, systems and processes
- Lack of big picture planning – growth and scale
- Improve work life balance

Major Areas of Need in Multi Generational Businesses

- Improvement in focused training
- Lack of a complete team
- Confusion over business and lifestyle
- Capitalize on diversity
- Good reward systems

Some Fundamentals

Golden Rule - Don't go into business with family or friends. Business from friendship must be avoided at all costs but friendship from business is OK.

- Family farming breaks these rules so we need good structures and discipline to avoid problems
- Most young farmers have been gifted a position – never attended an interview.
- No one has a “god damn” right to take over the family farm – earn the right.
- This will be all yours one day son – usually a silly promise.

Before the Son and/or Daughter comes home to the farm Mum and Dad must have a written down:

- Business Plan
- Personal Plan
- Succession Plan
- Estate Plan
- Retirement Plan

THE YOUNGER GENERATION MUST UNDERSTAND THEM BECAUSE THEY WILL IMPACT ON OR HELP SHAPE YOUR OWN ASPIRATIONS

WITHOUT THEM YOU ARE FLYING BLIND – INVITING TROUBLE

Earlier you start the easier it will be.

Good Business in its simplest form

- Mindset – Attitude
- Structure - Systems
- Plans – 5 WH, Strategy and Tactics
- Chemistry – How it all gels/relationships
- Culture – Values on display

85% of your financial success is due to your personality and ability to communicate, negotiate and lead.
Only 15% is due to your technical knowledge

- *Carnegie Institute of Technology US.*

- Andrew Carnegie established a unique organization over 100 years ago dedicated to scientific discovery “to encourage, in the broadest and most liberal manner, investigation, research, and discovery and the application of knowledge to the improvement of mankind...”

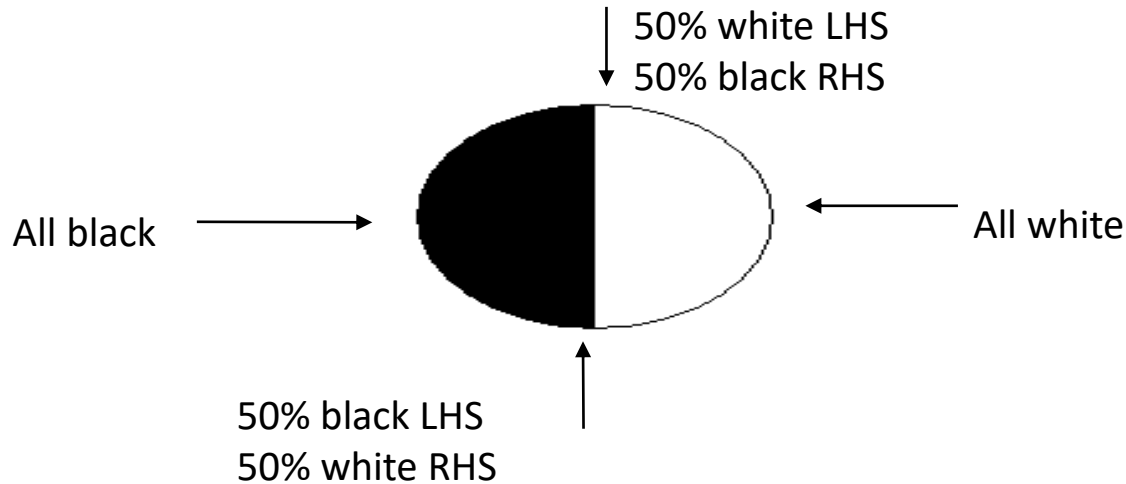
Are you improving in these areas

- Communication
- Problem Solving
- Negotiation
- Stress Management
- Conflict Resolution
- Leadership

How many have done a training course in one of these areas in the last twelve months - Should be doing one a year

Perception

Don't stay in the one position



All positions are viewing the same object/problem and seeing different things

Think strategically, take a helicopter view

Entering the Farming Business

- *Complete an agreed apprenticeship*
 - * 20% in right job, 40 % not far off it and 40% in wrong job.
 - * Test drive 2 other alternative careers outside of Agriculture
 - * If farming is to be your game then work for at least 3 of the very best farm employers you can find – make sure they are different, top 20% farmers, good teachers and you spend at least a year with each
 - * Make your mistakes at others expense rather than your own

New members returning to the farm need

- * Tertiary training desirable not essential
- * Job and Person Description – all members
- * Personal Development Plan -1% to 2% of gross income
- * Agreed non negotiables
- * Disagreement resolution process
- * Agreed career plan

Decision making processes

- * Board of Management is almost a must – Meet ½ Yearly
- * Engage outside expertise where business is deficient
- * Weekly Operations meetings – ½ hour
- * Monthly Planning & Management Meetings – ½ day
- * Annual review and strategic planning meeting – 1 day
- * Involve consultant, agronomist, banker and accountant

Learn to think/search outside the square

Solution or opportunity	x	0	0
	0	x	x
	x	0	0
x	Solution or Opportunity		

Learn the business Fundamentals

CASH – invest a dollar and make 3 to meet all other costs

PROFIT – Is what we have left after we have met all costs

WEALTH – It is how we invest our profits so we are continually growing. Appreciating not depreciating assets.

Stimulus – Response - Reward

Long Term Goals

- SMART Goals are required – Describe your farm/business/self in 20yrs
- You need to know where you are going. If you don't know where you are going any road will get you there but there fair chance you will be dissatisfied with your destination.
- 20 year goals takes pressure off succession
- You only learn the real lessons with “skin in the game” not as a wage earner.

Your 20 year plan?

Year	Task	Extra Area HA	Area Farmed HA	Area Owned HA
1	Share farm	200		
3	Lease	400	600	
6	Buy 1 st Block	200	800	200
8	Lease Additional	300	1100	200
12	Buy 2nd Block	200	1300	400
14	Lease Additional	300	1600	400
18	Buy 3 rd Block	200	1800	600
20	Lease Additional	200	2000	600

Your priorities should rarely change

- 1. Your physical and mental health - performance
- 2. Your family – love, support & responsibility
- 3. Your Business – self worth, livelihood
- 4. Your personal priorities – relief valves
- 5. Your Friends - fun
- 6. Your community – take focus away from self
- 7. Others

Work Life Balance?????

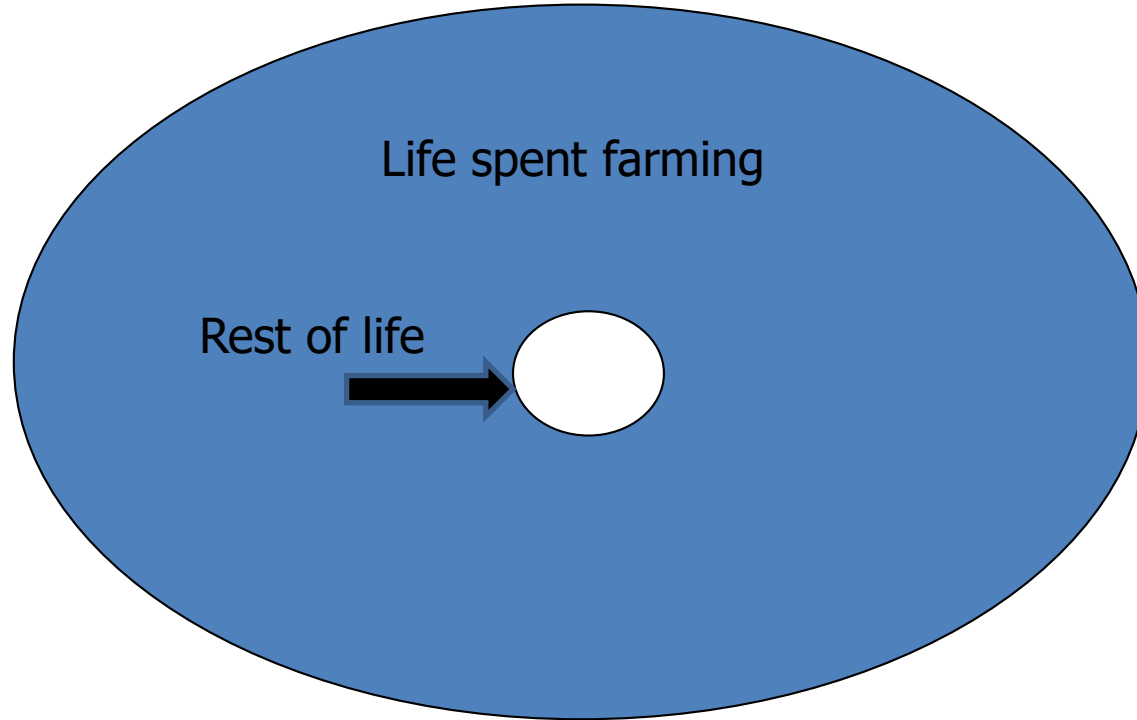
- 168 Hours in the week – time is your real currency

Ken's Balance

- 56 work = 5 days x 10 hours = 7.30am to 6.30pm. Plus 6 hours on weekend.(1 hour lunch/smoko)
- 56 Sleep = 8 hours x 7 days
- 56 Other = Family, Community, recreation, rest
- The work you put into your time is more important than the time you put into your work – Efficiency

Our reliance on our work for our self worth

– Facing the hidden addiction



Non Negotiables in life

- Your **relationship with Mum and Dad/Son Daughter is non negotiable**
- Keep choosing your **best possible attitude** - self talk can assist
- Avoid the **victim mentality don't keep SOL.**
- Keep acknowledging the **good things/people** in your life
- Continue to be **sceptical of your own beliefs** – that triggers new learning
- Make sure the **head not the heart** is making the decisions

Take Home Messages

- **Relationships are everything** – invest in the people
- It must be a **top 20% business**
- Get the **best expertise** involved
- **Good business structures, systems & processes** are paramount.

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References

- *Making More from Sheep - Capable & Confident Producers.*
- **A Guide to Communication for Farm Families – GRDC**
- **A Guide to Succession for Farm Families – GRDC**
- **Building Resilience at Work – Kathryn McEwen**
- **Building the Family Farm - Multi-generational Farm Business - Andrew Baldock (Nuffield report)**
- **Family Farm Business Decisions -Better outcomes from improved decisions – Derek Tiller (Nuffield report)**