

Proactive Farming Businesses Managing Drought

Having just finished a 2 week road trip through central and southern NSW visiting our fully integrated services package clients (StrategicFocus Plus members), I thought that it would be a good idea to share with you some of the proactive actions they are taking to manage the dry conditions.

The majority of the people that I visited have done training in the last 5 years and are now in a StrategicFocus board.

People

- Even though stress levels are up they are continuing to have regular meetings (every 2 weeks) *working on the business*. These meetings are focused on both day to day management decisions and long term strategic plans.
- At times there is some procrastination over issues where there is an emotive attachment.
 - When they review their blueprint policies that were put together when there was no stress, the decisions are straightforward.
- They have been attending Kit group meetings looking at grass, fencing and water. Social activities that provide support for the members are now being organised.
 - Christmas drinks are a great way to get away from the farm and forget about dust for a while.
- Where holidays over Christmas have been scheduled, they are making sure that they are taken.

Profit

- 06-07 budgets have been re-assessed due to early sales at lower than budgeted prices.
- The focus is now on a **break even budget**
 - We are looking at what a 0% ROA looks like then planning the next 6 months to achieve that result.
- There is a focus on identifying long term income needs, and creating a passive off-farm cashflow that can at least cover the overheads when there is no income from the farm.

Production

- This is the area where most of the procrastination is occurring.
 - Seems to be caused by the falling commodity prices and reluctance to take a loss.
- Feed budgets are being done fortnightly and the goal is to always have at least 3 months worth of feed ahead of the stock.

- Where there is a need to de-stock critical dates are set and a hit list has been created.
- Options of selling heavy and buying light are being looked at.
- Looking at budgets that sell existing stock and selling the remaining grass to agistment.
- Re-stocking options are being looked at with a focus on looking at creating relationships with agents, agistment and backgrounders.
- The Brew is being used to supplement existing dry feed.

Property

- All properties are de-stocking.
- The focus is on maintaining existing ground cover and ecological state.
- All water systems are being either maintained or upgraded.

Pecuniary - Finance

- Some incomes for the year will be lower than budgeted, revised budgets are being sent to their financial providers.
- In a couple of instances income will be higher due to sales of breeding stock. Where there are capital sales of core stock, plans are being put in place to replace those animals when there is available feed.
- Accountants are being contacted to look at the tax implications associated with the increased income.

Richard Groom
Director

If you have any questions about what these producers are doing and how you can implement similar plans into your own business please call your nearest PrincipleFocus consultant.