

Decide your motives – then take action!

Continued negative trends for the global economy and their downstream effects on New Zealand and Australia's economies and the dairy sector have highlighted the importance of farming businesses having a clear strategic vision combined with sound day to day planning, monitoring to ensure they maintain perspective. A strong link between personal objectives and business tactics driven by regular budgeting, analysis and strategic review is critical to performing in challenging times.

Priority in these situations must be not to lose sight of the big picture and why you do what you do.

I have long subscribed to the view that a business driven by the vision and values of its owners will be more enduring than one based just on possessions and accumulation. My recommendation has been for business plans to be built on in depth assessment of three key questions: "Who are you? What do you stand for and what do you need to succeed?"

The answers differ according to individual values – the things each of us wants to be remembered for at the end of a career or the end of a life. They inevitably involve personal integrity, lifelong relationships, family and wealth creation goals to deliver the best outcomes.

The payback from this approach is most often characterised by settled personal relationships, stronger families, greater job satisfaction and increased confidence about business success. There is less distraction from "issues" outside the business and greater energy to invest in it. There seems to be a more realistic perspective about what really is success and enhanced sustainability through better work life balance.

There is a subtle difference between this model and the alternative approach that I commonly see at the root of inferior business performance - a focus on accumulation for the sake of it. This often generates unhealthy tension between work and play and unsustainable sacrifices required of spouses and families as they accommodate what can seem to be obsession for material gain.

Too often I have seen wealth and possessions achieved too late to save relationships, unsettled teenagers who have been put on hold as parents "slave" for their business and health failures just as supposed riches were about to open the door to happiness.

Knowing where your values lie is even more critical to decision making in the current environment. There will no doubt be anguish as businesses struggle with the need to revise budgets, restructure capital or even cash up assets. It will be interesting to observe how potentially tough calls impact those affected.

The greatest risk is to those who get their self worth predominantly from what they possess. If the business strategy is based on broader, timeless values it is unlikely that lifestyle, personal relationships or job satisfaction will suffer long-term.

With that in mind, now is also the time to sharpen management tools that have been of real value in previous down turns. Analyse your options and get top advice, work closely with your bankers and professional team and keep the financial scoreboard

right up to date. When assessing budgets or capital restructure – remember to cut fat not muscle so you are in the best position to capture the inevitable recovery phase.

The interplay of changing asset values, income prices, operating costs and interest rates will conceal as much opportunity as it reveals challenges. Recognise that adversity is often just opportunity in disguise -- an opportunity to consolidate and launch again.

True motivation lies in our values and a focus on the people that we can make a difference for in our world. The satisfaction of delivering on this will at the very least compensate for any dent the “recession” may bring.

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