

Conceive – Then Achieve

I'm intrigued by recent media comment on the supposed increased difficulty of achieving first farm ownership. The implication is that this difficulty is a new phenomenon. My belief is the only thing that's changed is the numbers – the effort and attitudes needed to secure farm ownership have not!

I'm convinced the key ingredient to achieve any goal is creativity. It's more about conceiving new pathways and strategies. It's less about doing it the way past generations have. The person who declares "it's getting tougher" often is just confirming that the old ways don't work any more!

I like the saying "***What lies before us and what lies behind us is nowhere near as important as what lies within us***". To me, that's all about creativity. It's the ability to begin with the answers and ask the right questions to get there. It's about being informed, developing the right skills, being less operational and more entrepreneurial, understanding your personality and seasoning the mix with commitment and realism.

What's really happening

There is no doubt the capital now required to fund a farming venture has accelerated the required rate of wealth creation. Much of that is because of increasing land values which ironically offer wealth creation opportunities for those with skills as asset traders.

The key is having the skills and time to understand what's happening in land, stock and other asset markets. Constant reading, research, networking and investigation really pays dividends.

Achieving farm ownership is not about higher production per hectare, working longer hours or gaining more qualifications. It's about finding the right investments as stepping-stones to ownership and achieving synergies through career and investment options.

What's possible?

My privilege is to work closely with farming businesses to help them develop and implement strategies. With the experience of hundreds of business plans written over the last 15 years, I get a close up view of what is possible. Sure results are mixed and not everyone makes it, but I've seen compound returns well in excess of 25%. These may be "top end" results but they do show what's possible!

Get Started Early

Fundamental to wealth creation is to "have your money work for you – not have you work for your money". Farming has a real advantage here because it frees resources early by providing housing for employees and minimising the need for vehicles to get to work. Rural based entrepreneurs can start investing early. They can get their money working for them with time on their side to have every chance of moving towards farm ownership.

Creativity and Connections

To achieve any goal, it is critical to constantly enhance creativity. Being a lateral thinker won't come naturally to some because creativity is dependent on personality style. Some personalities are more reserved, anti risk and rule followers. They will need professional support and encouragement to "have a go" and think outside the square. They'll need to use their focus on analysis and following rules in a more creative way – often with the help of professionals and mentors who can show them what's possible.

The opposite will apply for the more autonomous personalities. They will have a greater appetite for risk which can see them getting involved in impulsive and ill-conceived projects. Sure they'll have a strength of intuition and quick decision-making but that can also translate to getting over committed or missing the detail which can take the gloss of results. Knowing and understanding your personality style is critical to progress. It also impacts on who will make the best professional advisors for each individual.

Creativity also requires sufficient time away from day-to-day activities to think laterally. It's about reading, listening, observing and talking to those who have already made it.

It requires understanding of the relationships between capital structure and business success. Learning the "algebra" associated with gross margins and quick assessment of investments by knowing the key drivers for business performance. Knowing how much of the capital required for any venture can be borrowed, what percentage of its revenue can be committed to interest or rent and what capital costs apply for land, stock or plant purchase.

Yes it is about hard work - but it is increasingly about creativity, confirming your dream through a well conceived business plan and a tonne of courage to develop the leadership skills that ensure you can '***conceive it, believe it and achieve it***'.

Kerry Ryan is a Registered Agribusiness Consultant, Speaker and Publisher. You can contact him at www.kerryryan.co.nz.