

Article for Dairying Today

Bouncing Back in the Downturn

There is not shortage of challenge in the current economic environment - especially with dairy prospects looking modest and plenty of pressure on asset values, budgets and banking arrangements. The negativity around the Industry takes some resisting but, true to form, my top farming clients are demonstrating all the resilience and inventiveness required to profit in the face of adversity.

A resource I am increasingly aware of in both their businesses and mine is the capacity to learn and apply more effective forecasting and monitoring systems. The primary driver of this is that the new era requires farmers to be as much 'hands on' finances as it does 'hands on' farming. The second motivator is that technology can make a major contribution to time effective, timely and accurate financial planning and reporting.

I have seen a couple of situations recently where clients have chosen to the hands off and relied on others to monitor or manage their affairs. These businesses have succumbed to the temptation to stand back thinking they can rely on the judgement of others. While the outcomes have not been disastrous, it is now clear they could have been better if a more 'hands on' approach had been adopted.

In the past, some farmers have relied on consultants, accountants and others to update their business outlook and keep Banks and other stakeholders informed. While these systems have generally been satisfactory, there is perhaps a risk to abdicate responsibility for living within the budgets and the process is more about professionals packaging excuses for variances rather than farmers and their professional team driving for agreed results.

I have noticed my better clients have become more self-contained in their budgeting and forecasting. Not only can they produce the information but they can speak without falter about the physical assumptions and management policies that will ensure the results are achieved. In short, they are increasing their focus on controlling the controllables knowing that for every step of progress they make in that area, they mitigate the downside of Industry or international issues they cannot control.

All of this takes time and organisation. The whole process can be fast tracked by using the latest techniques for data management. I am impressed by the progress being made with electronic budgeting and recording systems. I have to offer a bouquet to Cash Manager Rural and work they have done on further enhancing what has always been a great farm management tool in their Cash Manager Rural Programme. It holds the dominant share in farming software and right now it is proving its worth in its simple and time effective systems as well as the advanced use of ability to download information direct from Bank websites etc. That's just one example of a system that can save a lot of time, provide easy access to and preparation of information and achieve confidence for all involved.

I know I'm on track when my visit to my farmer clients is about checking rather than preparing their budget. The process of critiquing and signing off gives my clients confidence, double checks the quality of information and use of systems and enables us to get on with strategy and tactical decisions to stay ahead of the game.

As one who has less than the required patience to stop and learn new systems are constantly reminded of how little we take advantage of the capacity and technology at our disposal. A small amount of time spent on training to understand electronic systems delivers substantial gains in timeliness, accuracy and simplifying systems. From enhanced methods of telephone and internet communication through to budgeting, physical recording, planning and reporting, there is a whole raft of gains that can be made at modest cost and major benefit.

The physical demands of the farming season are about to unfold. I'm glad my clients have systems in place to continue to function fully informed and confident of their strategies despite what the season and circumstances might throw at them. It certainly is a step forward and one of many growth areas that always occurs in times of adversity.

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