

BUSINESS MANAGEMENT FACT SHEET

SOUTHERN REGION

YOUR FARM BUSINESS MANAGEMENT CHECKLIST

Farm business management covers a very wide range of issues. How do you know if you are addressing them in your business? Where do you go if you want more information or guidance?

This checklist will help you get an appreciation of your current level of understanding of farm business management and identify areas you may want to focus on. **There are references to recent GRDC Farm Business Management Fact Sheets to provide you with suggestions and guidance on improving your farm business management skills.**

Farm business management has three key areas of focus:

- 1. Strategy** – setting direction and overseeing your business.
- 2. Finance** – financial indicators and tools useful for management purposes.
- 3. Resources** – getting the best from your people, machinery and other assets.



PHOTO: REBECCA JENNINGS

Strategy

Business planning

Do you:

- have an up-to-date business plan written down?
- know where you want your business to be in five years time?
- understand the limitations of your business?
- have business goals and plans that are shared by all family members?
- find your business plan a useful resource for you and your business?

Have you:

- established SMART goals for your farm business?
- completed a SWOT analysis on your business?
- undertaken an analysis of your whole business recently?
- had an external adviser or third party assess your business in the past three years?

Fact Sheets Business management – Simple and effective business planning

www.grdc.com.au/FBM-Planning

Farm business overview – How do you keep track of your farm business performance?

www.grdc.com.au/GRDC-FS-FarmBusinessOverview

Business monitoring

Do you:

- know the cash surplus compared to the tax profit/loss of your farm business?
- analyse the profitability of your farm business based on actual figures?
- participate in group benchmarking or comparative analysis activities?
- benchmark the performance of your farm business?
- analyse the relative performance of individual enterprises?

Fact Sheet

Benchmarking – How can benchmarking assist in the management of your business?

www.grdc.com.au/FBM-Benchmarking

Business structure and investment

Do you:

- evaluate alternative capital investment options including off-farm investment?
- compare the performance of your land assets with your operating business?
- review the suitability of your farm business structure?

Fact Sheet

Business management – The benefits of separating land assets from the operating business

[www.grdc.com.au/FBM-](http://www.grdc.com.au/FBM-LandAssetsVsOperatingBusiness)

[LandAssetsVsOperatingBusiness](http://www.grdc.com.au/FBM-LandAssetsVsOperatingBusiness)

Farm expansion

Have you:

- evaluated options for expansion such as purchasing, leasing or share farming?
- got a current, written agreement for all lease or share farming arrangements?

Fact Sheet Leasing and share farming land – Share farming and leasing land can reduce cost of production
www.grdc.com.au/FBM-LeasingShareFarmingLand

Succession and estate planning

Do you:

- have an up-to-date succession plan?
- have short-term and long-term succession plans?
- have family meetings to discuss succession and estate plans?

Are:

- your wills current and in line with the succession plan?
- all members of your family aware of the details of the succession plan?

Fact Sheet Succession planning – Plan to manage family changes and your farm business
www.grdc.com.au/GRDC-FS-SuccessionPlanning

Decision-making

Do you:

- make timely business decisions?
- know what influences your decision-making?
- review decisions made during crises or stressful periods?
- know what decisions and outcomes you are responsible for?
- understand the difference between making decisions at a strategic, tactical and operational level?

Fact Sheet Farm business management – Making effective business decisions
www.grdc.com.au/GRDC-FS-MakingEffectiveBusinessDecisions

Risk management

Do you:

- know whether your business risk capacity is low, medium or high?
- know if the individuals in your business are risk-averse, neutral or risk-seeking?
- understand your business's overall risk profile?
- have appropriate life, property and public liability insurance?
- want to change your business's risk profile?

Fact Sheet Farm business management – Farm business risk profiles
www.grdc.com.au/GRDC-FS-FarmBusinessRiskProfiles

Finance

Financial performance and status

Do you:

- understand your business's financial performance?
- have an up-to-date assets and liabilities statement?
- have an up-to-date cash flow budget?
- calculate key financial ratios for your business?
- know what your net profit was last financial year?
- compare your business's return on capital to other forms of investment each year?
- know your net worth?
- know what the growth in net worth was of your business last year?

Fact Sheets Farm financial tool: balance sheet – How secure is your farm business?
www.grdc.com.au/GRDC-FS-FFT-BalanceSheet

Farm financial tool: cash flow budget – How do I know if my business has adequate funds?
www.grdc.com.au/GRDC-FS-FFT-CashFlowBudget

Budgeting

Do you:

- prepare a budget each year?
- compare your actual figures against your budget at the end of each year?
- actively monitor your budget throughout the year?

Fact Sheets Farm financial tool: profit and loss budget – How do I know if my business is viable?
www.grdc.com.au/GRDC-FS-FFT-ProfitLossBudget

Farm financial tool: cash flow budget – How do I know if my business has adequate funds?
www.grdc.com.au/GRDC-FS-FFT-CashFlowBudget

Enterprise analysis

Do you know:

- the cost of production for each enterprise last year?
- how to analyse gross margins at an enterprise level?
- which enterprises on the farm performed well and which did not?

Fact Sheets Cost of production – What is your business cost of grain, wool and meat production?
www.grdc.com.au/GRDC-FS-CostOfProduction

Farm financial tool: livestock gross margin budget – Do you know the relative profitability of your farm's enterprises?
www.grdc.com.au/GRDC-FS-FFT-LivestockGrossMarginBudget

Farm financial tool: crop gross margin budget – Do you know the relative profitability of your farm's enterprises?
www.grdc.com.au/GRDC-FS-FFT-CropGrossMarginBudget

Farm financial tool: balance sheet – How secure is your farm business?
www.grdc.com.au/GRDC-FS-FFT-BalanceSheet



PHOTO: KELLIE PENFOLD

Cost management

Are you:

- aware of your cost structures?
- monitoring your key cost areas?
- happy with the level of your operating costs, such as variable, overhead and financial costs?
- happy with the level of your non-operating costs, both personal and capital?

Fact Sheets	Production economics – Are you maximising your profits? www.grdc.com.au/FBM-ProductionEconomics
	Farm business costs – Do you know where your money is going? Can you justify it? www.grdc.com.au/FBM-FarmBusinessCosts

Financing

Do you:

- regularly assess your profitability, liquidity, solvency and cost efficiencies?
- negotiate competitive interest rates and repayment terms?
- know your debt servicing capacity?
- proactively communicate with your bank?

Fact Sheets	Key financial ratios – Understanding your key financial ratios helps manage your farm business sustainability www.grdc.com.au/GRDC-FS-KeyFinancialRatios
	Understanding a bank's approach to farm business – Are you getting the best deal from your bank? www.grdc.com.au/FBM-BankApproach

Tax

Do you know what:

- your annual tax return tells you?
- your tax return does not tell you?

Fact Sheet	What your tax return tells you – How much does your tax return tell you about your business? www.grdc.com.au/GRDC-FS-TaxReturn
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Resources

Machinery

Do you:

- know your annual machinery and labour costs?
- know your machinery investment ratio?
- assess your capital, operating, labour and contracting cost?
- feel comfortable with your level of investment in machinery?

Fact Sheet	Business management – Machinery investment and costs www.grdc.com.au/FBM-MachineryInvestmentAndCosts
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Workplace health and safety (WH&S)

Do you know:

- what your WH&S obligations are?
- where to find out more about your WH&S obligations?
- if your WH&S policies and procedures are up-to-date?

Fact Sheet	Farm labour – Recruiting and inducting new employees www.grdc.com.au/GRDC-FS-FarmLabour-Recruiting
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Assessing labour needs

Are:

- the hours worked by all the people on the farm consistent with their expectations?
- you using the best techniques to attract candidates?
- you chasing labour at the last minute to get important jobs done?
- your expectations of what can be achieved realistic given the labour resources available?
- jobs done on time?

Fact Sheet	Farm labour – Filling the farm labour gap www.grdc.com.au/GRDC-FS-FarmLabourGap
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People management

Are:

- your staff provided with opportunities to attend relevant training and professional development?
- the people working in your business clear about their roles and responsibilities?
- you familiar with generational differences and how they may impact on working relationships and expectations?
- staff recognised and appreciated for the work they do?

Do you believe:

- there is a cooperative and positive working environment for the people in your business?
- there is effective teamwork and communication in your business?
- family members have adequate holidays and leave?

Fact Sheets	Farm labour – Are you a good labour manager? www.grdc.com.au/GRDC-FS-GoodLabourManager
	Labour management – Improving time management and labour efficiency www.grdc.com.au/GRDC-FS-FarmLabour-TimeManagement
	Farmer health – Building emotional resilience www.grdc.com.au/GRDC-FS-EmotionalResilience

Recruitment and employment

Do you know:

- your legal obligations when employing staff?
- your taxation and superannuation obligations?
- the difference between full-time, part-time and casual staff?
- if you employ independent contractors?

Have you got:

- a checklist to induct new employees into your farm business?
- up-to-date and accurate records?
- compliant, written and signed employment agreements for all staff?

Fact Sheet Farm labour – Recruiting and inducting new employees
www.grdc.com.au/GRDC-FS-FarmLabour-Recruiting

Labour management

Do you:

- record, monitor and assess how time is spent?
- have a consistent way to rank and prioritise tasks?
- set priorities and use time management strategies?
- delegate tasks where appropriate?
- set clear job descriptions for your employees and family members?
- revise the job descriptions and positions for you and your employees?
- conduct annual performance reviews with all team members?
- know the value of your total remuneration package and that of your staff?
- outline what everyone is responsible for?

Fact Sheets Labour management – Improving time management and labour efficiency
www.grdc.com.au/GRDC-FS-FarmLabour-TimeManagement
 Farm labour – Are you a good labour manager?
www.grdc.com.au/GRDC-FS-GoodLabourManager

Are you a good boss?

Do you:

- understand how you behave as a boss?
- think there is good communication between all members of your business?
- think there is sufficient leadership in your team?

Are you:

- happy with your ability to negotiate?
- able to effectively provide and receive feedback?

Fact Sheet Farm labour – Are you a good labour manager?
www.grdc.com.au/GRDC-FS-GoodLabourManager

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Personal resilience

Do you:

- have positive self talk?
- plan and have mechanisms in place to apply in difficult times?
- look after your physical and mental health?
- stay connected with your community?

Are you:

- good at focusing only on the things you can control?
- familiar with the five key strategies that help build emotional resilience?

Fact Sheet Farmer health – Building emotional resilience
www.grdc.com.au/GRDC-FS-EmotionalResilience

Health

Do you:

- get an annual check-up from your trusted health professional?
- know your blood pressure and blood cholesterol and what they mean for your personal health?
- know if your waist circumference is less than 94 centimetres if you are male or 80 centimetres if you are female?
- visit your dentist annually?
- get your eyes checked annually if you are over 40?
- get screened for skin or bowel cancer?
- know your risk of heart disease?
- get at least 30 minutes of moderate-intensity physical activity each day?
- stretch to improve your body's range of movement?
- protect yourself from sun damage?
- eat a balanced diet from the five food groups?
- Are you:
 - familiar with recommended serving sizes?
 - confident reading food labels and nutritional information?

Fact Sheet Farmer health – taking control of your personal health
www.grdc.com.au/GRDC-FS-PersonalHealth

MORE INFORMATION

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