

Making Dollars and Sense:



FARM MANAGEMENT CANADA
GESTION AGRICOLE DU CANADA



The 7 Practices Driving Farm Financial Success

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CBOT Ag Summit

Presented by: Heather Watson, Executive Director

Today's Journey

- Who and what is Farm Management Canada?
- Farm Business Management as a Critical Element of Success
- Business Planning as a Critical Element for your Farm
- The programs, resources and tools available to improve your management practices and secure the future of your farm business

What and Who are in your
Farm Management
Toolbox?



Who is Farm Management Canada?

- An umbrella for farm business management activities in Canada
- Dedicated to the collection, development and distribution of business management information for Canadian farmers
- Connecting diverse stakeholder groups across regions, commodities, and demographics from farmers through to advisors, academia, organizations and government



We believe...

The success of any farm enterprise, regardless of size, geography, or commodity is directly related to the farm business management skills and practices of the farm manager.



And, we have the stats to prove it!

- Ground-breaking research conducted by Ipsos Agriculture & Animal Health: **Dollars and Sense – Measuring the Tangible Benefits of Farm Business Management Practices on Canadian Farms**
- Sample source the best in Canada
604 farms - Nationally-representative - Cross-commodity
- Management activities include:
 - Strategy, Planning, Communications
 - Marketing, Supply Chain
 - Financial Management, Benchmarking
 - Human Resource Management
 - Risk Management, Contingency Planning
 - Animal Care, Environmental Management
 - Training, Education, Use of Farm Advisors



How are we doing?



Results Reveal:

1. Farm business management practices remain fairly low (on average) – **there's room to improve**
2. Top 7 management practices of leading farmers – **the recipe for success**
3. Financial gain from adopting farm business management practices – **there's much to gain!**



A look at stage of farming:

3% getting established

50% maintaining their operation

27% expanding their operation

19% planning for transition/succession

13% reducing/scaling down

7% exiting/selling



All of these stages of business require farm business planning, with different degrees of emphasis in different management areas.



Results Reveal...

The adoption of beneficial farm business management practices: average across Canada and production sectors.

Breakdown by production sector available

Business Management Activity		
Business Management and Planning	Clear Vision and Goals for the Future	43%
	Communication of Plans and Direction with Stakeholders	39%
	Formal Plan for the Business	26%
Marketing Management	Production Planning Process	57%
	Use of Supply Chain Relationships to add value	51%
	Market/Price Risk Management	36%
Financial Management	Ability to Read & Use Financial Statements	73%
	Business Decisions made using Accounting System	59%
	Financial Risk Management Planning	51%
	Use COP for Benchmarking and Decision Making	50%
	Financial Plan with Budget Objectives	33%
Human Resource Management	Formal Succession / Transition Plan	27%
	Formal Human Resources Plan	18%
Risk Management	Animal Care Management	70%*
	Environmental Risk Management	44%
	Overall Risk Management	32%
	Contingency Planning	26%
	Propensity to Learn & Improve	49%
Other Management Activities	Use of Farm Business Advisors	32%

Results Reveal...

The 7 farm business management practices driving farm financial success:

1. Ongoing skills development, lifelong learning
2. Business decisions made using accurate financial data
3. Seek the help of business advisors/consultants
4. Have a written business plan, follow it, review it annually
5. Know, monitor your cost of production and what it means for your profits
6. Assess risks and have a plan to manage and mitigate risk
7. Use a budget and financial plan to monitor financial position and options



How are we doing?

1. Ongoing skills development, lifelong learning **(49%)**
2. Business decisions made using accurate financial data **(59%)**
3. Seek the help of business advisors/consultants **(32%)**
4. Have a written business plan, follow it, review it annually **(26%)**
5. Know, monitor your cost of production and what it means for your profits **(50%)**
6. Assess risks and have a plan to manage and mitigate risk **(32%)**
7. Use a budget and financial plan to monitor financial position and options **(33%)**



Results Reveal...

Financial gain between bottom and top performers:

		Value	Industry Rating	Percent Change
Asset Turnover	Top 25%	20%	Moderate	100% ↑
	Bottom 25%	9.7%	Vulnerable	
Gross Margin Ratio	Top 25%	50%	Moderate	155% ↑
	Bottom 25%	19.6%	Vulnerable	
Return on Assets	Top 25%	10%	Strong	525% ↑
	Bottom 25%	1.6%	Vulnerable	



Conclusion:

**It's worth your while to invest in farm
business management.**

But...how?



Planning = Profit & Business Continuity

You've worked hard to build your farm business.

You're proud of your accomplishments, but need to start looking at how you can make sure the business thrives well into the future.

And, while it's a bit unnerving to think about your farm functioning without you, it's also important to make sure you have a well-documented plan in place.

Communication is key when business planning. Your vision of where you want the business to go may not be that of your spouse, son, daughter or corporate partners. It's vital to talk things through, even if you're busy, or it's difficult.



Having and updating a formal written **business plan**:

- encompasses **the practices** of leading farmers including skills development (#1)
- helps you **invest in what works** to achieve your goals
- positions you to **mitigate the negative impacts** of risk
- positions you to **seize new opportunities**
- is the most effective tool for uniting people around a vision as a guiding light to **keep the farm healthy for generations to come**



Some stats....

- 3 out of 4 farm businesses will change hands in the next 10 years
- 1/4 of farms have a formal business plan
- Less than 1/3 of farms have a formal succession plan
- 48% of farms do not have a chosen successor (the ‘Succession Effect’)
- Farms without a succession plan have a 66% chance of failure
- Risk Management, Business Planning, Succession are inherently linked for business continuity and success!



Helps bring all of the elements of farm business management together:

- Strategy, Vision, Planning
- Business Structure & Continuance
- Risk Management
- Financial & Asset Management
- Customers & Marketing Management
- Production & Operational Management
- Human Resources Management
- Relationships, Alliances, Supply Chain & Value Chain Management
- Environmental Management
- Leadership, Innovation, Business Development



A Business Plan in Every Farm!

- To encourage farm business planning
- In partnership with the Agri-Food Management Institute
- Breaks down the planning steps into the seasons
- Bite-sized pieces built into an overall annual process
- Aligning farm business practices with the everyday operating of the farm
- New resources:
 - Farm Business Planning Booklet
 - Promotional Ads
 - PledgetoPlan website

www.pledgetoplan.ca



Planning for Success website

www.pledgetoplan.ca

PLANNING FOR SUCCESS

MAKE IT WORK

LEADERS ARE DOING IT

TIME TO PLAN

RESOURCES

PLEDGE TO PLAN

FRANÇAIS

MAKE THE TIME TO PLAN

Like the seasons, business planning is cyclical.

If you are using the seasonal approach, here are the steps. Remember, you can always reach out for help.

See Our Resources



ASSESS



PLAN



IMPLEMENT



EVALUATE



ASSESS YOUR BUSINESS

Starting in the late fall after harvest you can take stock of your business in the context of changes within the agricultural industry at large. Ask yourself and your team:

What are some internal factors that could positively or negatively affect your farm business?



Important Questions Arise from Assessing Your Farm

- Where do you want to focus your energy and time?
- Where do you need others to be supporting you?
- Advisors, accountants, lawyers, bankers, veterinarians, regulators/inspectors, input suppliers, equipment manufacturers, fellow farmers!
- Use a multidisciplinary team working together for you.



Growing Your Farm Profits Business Assessment Tool

- Coming soon: Online Tool & eCourse!

Check out:

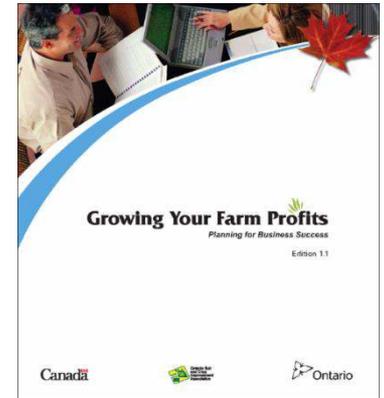
www.ontariosoilcrop.org/oscia-programs/workshops-webinars/gyfp-workshop

Cost-shared funding for:

- Skills Development, Training (ex. Determining your CoP)
- Organizational Capacity Building (ex. Business plan for local association)
- Advisory Services (ex. Financial analysis, succession planning for the farm)

Check out:

www.omafra.gov.on.ca/english/about/growingforward/gf2-index.htm



Ministry of Agriculture,
Food and Rural Affairs



ADVANCED FARM MANAGEMENT PROGRAM

- Ontario's only farm business management training program
- Focused on building your farm business strategy and plan
- Takes place over 5 one-day training sessions



REGISTER NOW

advancedfarmmanagement.ca

“AFMP does a good job of getting you refocused on the things that make you money.
It offers good insight and is very informative on all aspects of the farm business.”

Carolyn & George Cornelissen



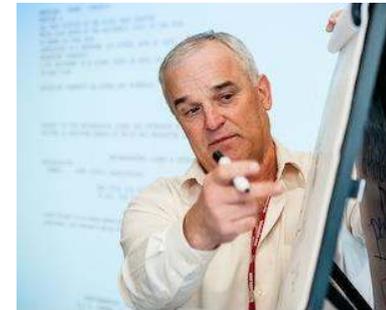
Canadian Total Excellence In Agricultural Management (CTEAM) Program



- Canada's only national farm management training program
- Designed exclusively for farmers and ranchers
- Farmers use their farm data to create a strategy and develop a plan specifically for their operation
- Takes place in 4 one-week modules over 2 years across Canada
- Includes farm/industry tours and alumni program

CTEAM has changed me and my farm operation forever. My classmates and the instructors gave me more motivation and drive than I ever thought possible.

-Colin Brown



Plan to attend:



FARMING FOR OUR FUTURE: CANADA'S 150TH

November 21 – 23 2017
Ottawa, Ontario

Featuring:

- Leading Management Experts
 - The Great Debate
 - Bridging the Gap Farm Succession Forum
 - Discussion Panel
 - Farm Management Resource Showcase
- ...and more!



FARM MANAGEMENT CANADA
GESTION AGRICOLE DU CANADA

KNOWLEDGE, LEADERSHIP, PROSPERITY
CONNAISSANCE, LEADERSHIP, PROSPÉRITÉ

Get started today:

- ✓ Complete a **farm business assessment** to identify strengths, weaknesses and opportunities (get the whole farm team involved)
- ✓ Create an **action plan** to fill any gaps towards reaching your business goals (build this into your Business Plan)
- ✓ Seek **skills development training and/or advisory services**
- ✓ Create a mechanism for **regular farm business team meetings** to track progress and maintain a management focus for your farm

And more importantly, when you return home after these meetings, **share your learnings and insights gained** with your farm team. Demonstrate how investing in skills development is invaluable to the farm.



IS LEAVING A LEGACY
PART OF YOUR
=PLAN?=



Photo courtesy of Andrew Campbell @FreshAirFarmer

Thank you. Questions?



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Heather Watson
Executive Director

Farm Management Canada
250 City Centre Avenue, Suite 300
Ottawa, Ontario
K1R 6K7

Tel: 1-888-232-3262 or (613) 237-9060
Email: heather.watson@fmc-gac.com

www.fmc-gac.com





**"Coming together is a beginning;
keeping together is progress;
working together is success."**

-Henry Ford