

MODULE 6

FARM BUSINESS MANAGEMENT

YOUR FARM, YOUR WAY Smartcane BMP is a program for you to document and celebrate the way you farm.

What is this about?

When you run a farm, you run a business. As you know too well, the business needs to deal with declining terms of trade, varying sugar prices and seasonal conditions. It's complicated—and even more so since deregulation.

However, you can reduce the complexity and clarify your options when you know how your business is travelling.

This includes knowing your cash flow, profitability and cost of production (dollar per tonne of raw sugar). You have this information when you analyse your business performance, and this helps you to identify the management factors that have the most influence on profit.

However, any analysis is only as good as the data it uses.

Good farm business records ensure you get a reliable assessment of how the business is performing.

Why is it important?

Your first priorities in business management are about protecting yourself and your income, through appropriate personal and property insurance, and through marketing strategies such as forward pricing.

They say knowledge is power. And knowing how your business is performing, and the factors that drive profit reduces the guesswork around decisions affecting your bottom line. It also helps to develop a realistic business plan to meet your business and personal goals. The business plan, in turn, provides a solid foundation for creating a succession plan.

What's next?

REVIEW AND DISCUSS

If you'd like to document or review your farm business practices, you can access Module 6 at smartcane.com.au. The module records your current practices, and the checklist format helps to identify any options for further improvement.

Your district facilitator or productivity officer can help you to follow-up on additional information, training or expert advice.

GET INVOLVED IN SMARTCANE BMP

Smartcane BMP has modules that cover all aspects of the cane farming business. It includes the option to become accredited in the farming practice modules (Modules 1, 2 and 3). Participation is entirely voluntary, and your facilitator can talk with you about what's involved and put you in touch with local growers who are also part of the program.

Contact your district facilitator to get involved.



Turn over for more information

What's in the module?

INDUSTRY STANDARD		ABOVE INDUSTRY STANDARD
LEGAL OBLIGATIONS AND CLEAR TITLE TO RESOURCES		
Understanding and keeping up-to-date with legal obligations, and demonstrating clear title to land and water resources		
BUSINESS GOALS AND PLANS		
Developing business goals and plans with input from all business members and engaging stakeholders to resolve issues with significant projects		Reviewing business and business members' personal goals every 12 months and updating them when required
FINANCIAL RISK MANAGEMENT		
Putting basic risk management strategies in place like income, disability, life and property insurance policies		Considering opportunities for off-farm investments and income in the business plan, and using farm management deposits to smooth cash flow
SUCCESSION PLANNING		
Ensuring wills and power of attorney are in place for every business member, and gaining professional input for succession planning		Obtaining professional legal and financial advice to create a detailed succession plan and ensuring all relevant people are aware of it
MONITORING PRODUCTION AND QUALITY OF CANE		
Monitoring and comparing cane production and quality with relevant benchmarks		
BUSINESS AND FINANCIAL RECORDS		
Keeping business and financial records current and ensuring their format helps effective budgeting and cash flow analysis		Using detailed business and financial records to analyse the physical and financial performance of the business
CASH FLOW AND BUSINESS ANALYSIS		
Analysing performance and using this information for future financial management		Analysing performance in detail against long-term trends and averages
BUSINESS DECISION-MAKING		
Making sound decisions by gathering as much information as possible, talking to other people in the business and consulting peers		Making key decisions well in advance at regular management meetings, following a proactive process that involves gathering
INVESTMENT IN RESEARCH AND EXTENSION		
Investing in research and extension for ongoing improvement		
LABOUR MANAGEMENT—OBLIGATIONS AND SYSTEMS		
Remaining aware of and abiding by the relevant legal obligations and labour standards		Ensuring high levels of staff retention by developing and implementing strategies
EMPLOYEE TRAINING, LEARNING AND NETWORKING		
Ensuring all employees receive ongoing training for their jobs		
EMPLOYEE ROLES AND RESPONSIBILITIES		
Ensuring employees know their roles and responsibilities and reviewing these from time to time		