



PHOTO: Robert Lang Photography

# RETURNING TO THE FAMILY FARM

## ADVICE FOR YOUNG FARMERS

**What should young farmers consider when starting out on the family farm?** That question was posed to the very knowledgeable **agribusiness consultant Ken Solly** at this year's BestWool/BestLamb Conference. He gave young producers – and their parents – some very valuable advice. Read on.

**W**inner of last year's inaugural Rural Consultant of the Year award, Naracoorte-based Ken Solly, has regularly supported and mentored young farmers for the past 30 years. So it was no surprise that his presentation on how young farmers can address the challenges of taking on the family farm was particularly well received at the conference.

Ken provided five key points on what young farmers must do to succeed.

"Firstly, you must have farming in your guts," Ken said. "If you don't have that intrinsic love for the land, you're probably going to struggle, because the two most important things in agriculture – the weather and the market – are out of your control and both will have a huge impact on your livelihood.

"Secondly, stay on a fast learning curve because you must aim to be in the top 20% of farmers.

"Have defined 20-year goals. You need to know where you and the business are heading. If you don't know where you are going, any road will get you there, but there is a fair chance you will be dissatisfied with your destination.

"You must also get some very good mentors around you, people that you can really learn from, people who will actually help with your discipline. There are too many 'gonnas' in agriculture; you need to have discipline to follow through with your plans.

"And lastly, you must hang around with better farmers than yourself. Make sure you try and ascertain who the top farmers are, and try and learn from them all the time."

### BEFORE YOU COME HOME TO THE FARM

Ken said he reckons that in society, about 20% of people are in a job that suits them, 40% are not far off their right job, but 40% are in the wrong job.

"Before you decide on a career in agriculture, you should test-drive two other occupations outside of agriculture, so that you're then in a position to make an informed choice about your career going forward.

"If farming turns out to be your preferred choice, then work for at least three of the very best farm employers you can find – make sure they are quite different to each other, are top 20% farmers, and are

good teachers. Spend at least a year with each employer so you can see their whole business cycle and, most importantly, make your mistakes at somebody else's expense, rather than your own."

Ken advises young farmers that have decided to go home to the family farm to make sure their parents have written down a (1) Business Plan, (2) Personal Plan, (3) Succession Plan, (4) Estate Plan, and (5) Retirement Plan.

"When returning to the farm, you must understand what your parents' plans are, because these things are going to have a huge impact on you. Without knowing their plans, you're flying blind. The earlier the plans are defined and written down, the easier it will be for you.

"The written plans don't need to be complex. The best business plan I ever did was on one sheet of paper where we listed all the goals. Keep it simple.

"While the golden rule in business is 'don't go into business with family or friends', family farming of course breaks this rule so it's vital to get good structures and discipline to avoid problems."

## YOUR 20-YEAR PLAN

Ken emphasised the importance for young farmers to set themselves 20-year goals.

“In your farming career, you will get about 40 seasons, 40 chances. There might be six or eight really poor seasons out of those 40, and you'll spend another eight to 10 years trying to make up for those lean periods. So you'll probably only get about half of those 40 years to be really profitable. Without a long-term vision, there would be times when you get very disheartened.

“Having 20-year goals also takes some pressure off succession.”

Ken said there must be several important aspects that that underpin the 20-year plan.

“You must of course cash flow the plan – ensure there is a good return on assets. Make sure you factor in poor years.

“It's also important to ensure your family knows your plans and that it fits in with their own plans, and make sure your family are prepared to back you and be a guarantor. Make sure you understand the plans of others in the mix too.

“Aim to transition responsibility for the farm over time, and understand the impact of births, deaths, marriages and divorce on your plan.”

## ON RETURNING TO THE FARM

Ken said that, first and foremost, it's important that young farmers understand that agriculture is a people business.

“It's important to get the people right, and the rest can just follow. Lack of profit in the long term is a people problem. If you get the people right, the production and profit will follow.

“So assemble a good team around you, and work tirelessly on your relationships, not just with your family, but with your support team – this is what will make or break your future.

“Everybody on a family farm needs a job description, so there are clear responsibilities and no blurred lines. Revisit the job descriptions each year, and gradually reallocate responsibilities so that you take on more on the farm.”

Ken advises that, as well as a 20-year plan for the business, you should have a personal development plan that is one per cent of the farm's gross income.

“Keep remembering, farming is a people business. You should each year be doing training courses in areas like communication, problem solving, negotiation, stress management, conflict resolution and leadership –for example to improve your ability to negotiate sales.

“Keep in mind the quote of leading American consultant Andrew Carnegie who said: ‘85% of your financial success is due to your personality and ability to communicate, negotiate and lead. Only 15% is due to your technical knowledge.’”

## FORMAL MEETINGS

Ken is an advocate of having regular formal meetings involving the people in the business, to help decision-making and aid the efficient running of the farm.

“That half-hour operational meeting on a Monday morning can be very useful for most farms, but I think monthly planning and management meetings are really quite critical, to stay on top of the finances and be able to keep doing forward plans because nothing really stays the same for very long.

“In fact I think now, particularly where personalities are quite different on a farm, that there should be a family farm board, which could involve two members from outside the family who have skill sets in which the family is deficient. You might also invite one of your support team to come and make a contribution.

“Of course, it's always important to involve a consultant, agronomist, banker or accountant in major decision making.”

Ken stressed the importance of having a process to resolve disagreements amongst business members about operational and strategic issues on the farm.

“Disagreements in the business are bound to occur; in fact they are usually quite healthy and can be quite productive. But if you can't come to a decision, you need to have somebody that you can call on to help facilitate, add further ideas, and help get to an agreed position.”

## BUSINESS SKILLS

Ken said it's important that young farmers learn the fundamentals of business.

“Regardless of what business you're in – it is all about margins,” he said.

“Young farmers need to understand these three things: cash, profit, and wealth. It's all very well to generate a lot of cash, but you might have spent a lot getting it, so how much of that is actually turned into profit? And then it's all about how well that you actually use that profit to turn it into wealth? If you tend to spend a lot of this on depreciating assets, then over time, not a lot of wealth will be created.

“Understand the key drivers in the business. Allocate resources well. Have good planning, monitoring and analysis skills: Measure, record, measure, record, measure, record.

“As I said before, have great personal discipline and keep your eyes firmly on the goals of the business. Have a support team around you, and remain abreast of new technology.

“Perhaps the most important thing is to milk every mistake you make for all it's worth so you don't make the same mistake again and again – that's what good operators do. It's not a mistake the first time, it's a real learning opportunity.”

Ken reckons that the basics of being a good business person boils down to these

five core things:

“Firstly, mindset. Your attitude is absolutely paramount. Recruit for attitude, train for skills.

“Secondly, structures and systems in your farm – you have got to have them.

“Planning. You need to make sure the five Ws – the What, When, Who, hoW, Why – underpin your strategies and tactics.

“The chemistry on the farm – is it right? Do the relationships gel?”

“And lastly, the culture. Have your values on display: trust, honesty, integrity, time management, innovation. These things are really good on most farms, but it doesn't mean you can't find areas where you can improve.”



Award winning consultant  
Ken Solly from South Australia.

## CONCLUDING REMARKS

In closing his presentation, Ken provided some final words of wisdom to young farmers joining the family business.

“Your relationship with Mum and Dad is non-negotiable. It must be the best it possibly can be, and your attitude needs to be top, and don't ever see yourself as a victim of circumstance.

“Always elicit objective feedback. A lot of people might see that as criticism, but it's one of your greatest ways of learning. Always deal with the hard, cold facts of all situations and make sure the head, not the heart, is making the decisions.

“Always be sceptical of your own beliefs. I see so many people in the industry that have doggedly held on to their particular view on an issue over time. But you've got to keep yourself open to new opportunities because they could be better.”

And finally, perhaps the best life advice of all:

“If work does not have elements of fun and enjoyment, then change things or rethink your future.”

### MORE INFORMATION:

Ken's presentation – along with 11 other presentations from the conference – was recorded and is available free on YouTube to be viewed by anyone across the country.  
**Ken Solly, Solly Business Services**  
0427 620 895 kensolly@rbm.com.au