

Business Governance and Investment Workshop

Maleny, Sunshine Coast



Farmers from throughout the Subtropical Dairy region came together in January for a two-day workshop focussing on Good Governance and Investment in their businesses. This was the first time the session had been offered in the Northern Australian dairy region and 14 farmers took up the offer to attend and take a closer look at their dairy business.

David Heinjus, from Rural Directions, facilitated the workshop. David has a wealth of knowledge and experience in working with farming families to achieve their goals through the application of robust business planning and farm business management practices. Whilst dairy farm businesses can be strong agricultural investment opportunities for potential investors, many family-run operations do not have the structures and governance in place to be able to take commercial advantage of this opportunity.

The first day of the two-day workshop which was funded by Dairy Australia, looked at various aspects of corporate governance: strategy; policy; organisational structure; risk management and advisory boards. On paper, this session probably doesn't appeal to most. However, David takes the participants on a practical journey, sharing his own experiences and encouraging workshop attendees to participate in activities and share their own stories, tips and ideas.

An activity as simple as drawing your vision – with both personal and business elements, drew out much discussion amongst the group. One farmer commented that they had completed this 'vision' exercise many times previously and had written it on paper as dot points, but they never quite got to the same point as putting it on paper as a drawing. The exercise was even more powerful when more than one person from the business participated.

"Culture eats Strategy"

Another powerful 'Ah-ha' moment happened during a discussion about Culture and Strategy. Too often when undertaking business planning people jump straight into strategic planning. They develop a roadmap or game plan for the business or organisation. But "Culture eats strategy!"

What is Culture? Culture is made up of all the instinctive, repetitive habits and emotional responses of people in the business. A business's culture is a collection of self-sustaining patterns of behaving, feeling, thinking and believing that determine the ways things are done in the business.

At its best, culture will energise the team and make people feel good about what they do to advance the strategic and operational priorities of the business. At its worst, it is a drag on productivity and emotions and undermines the strategies in place for the business's success.

"Everyone in the business or organisation should be aware of the preferred culture. If you don't have the preferred culture in place and the people around you are not living the preferred culture, the best strategy will still be unsuccessful." David Heinjus, Good Governance and Investment workshop 2018.

As a simple example, a business may have a plan in place to be a safe workplace and care for its employees, perhaps with minimal accidents – however, if the culture in place in the business is one of people not



Participants at the Good Governance and Investment session at Maleny working with David Heinjus, from Rural Directions, to set up a good business structure.



Business planning and negotiations.

wearing safety equipment and incorrectly operating machinery or taking shortcuts and the team see others, particularly leaders, not demonstrating the desired behaviours, then no strategy or farm safety policy is going to be effective in promoting the safe workplace strategy – culture wins!

Organisation structures, risk management and policy development were also covered on Day 1.

The second day covered investment principles and farm management and what it means to be in business with an investor.

Various investment models from owner/operator, owner/lessee, share farming and equity partnerships were explained and case studies were used to demonstrate the qualities of the different structures. Participants also had the opportunity to crunch some numbers and learn some tools to assess different investment options and understand how a potential investor may see their business.

Comments from participants like 'The best workshop I have ever attended' and 'Wish I had done this sooner' summed up the sentiments of the participants. Subtropical Dairy Programme would like to hear from farmers in the region who would like to 'Express their Interest' in attending a 'Good Governance and Investment' workshop in the future. ■■