



Building Your Farm Management Toolbox



Presented by: Heather Watson
NS Sheep Conference 2021

Who is Farm Management Canada?

- Established in 1992 following the farm financial crisis of the 1980s – how can we better prepare farmers to manage risk?
- To coordinate, develop and disseminate farm business management resources and tools to help farmers confront change with confidence and seize opportunity
- Connecting diverse stakeholder groups across disciplines, regions, commodities, and demographics to engage in a national conversation, exchange insights and knowledge

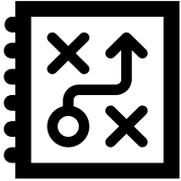


What do we mean by farm business management?

“The analysis of the farming resources, alternatives, choices and opportunities within the framework of resource restrictions, social responsibilities and personal constraints.”



What do we mean by farm business management?



Taking a proactive approach to build the underlying capacity to weather any storm and seize every opportunity, positioning the farm for continued success



It boils down to having accurate, reliable data to create a realistic picture of what's possible, a plan to guide you towards success, and soliciting the necessary support to get you there



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



2019 SPANS Producer of the Year:
Rhonda and Ian McCarron, Brook Ridge Farm



How do we know this?



Photo: CBC

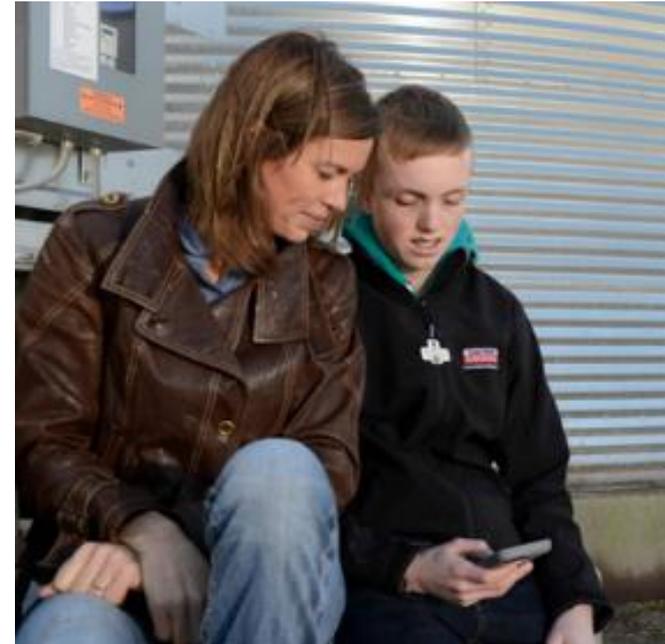


FARM MANAGEMENT CANADA
GESTION AGRICOLE DU CANADA

KNOWLEDGE, LEADERSHIP, PROSPERITY
CONNAISSANCE, LEADERSHIP, PROSPÉRITÉ

Dollars and Sense Study

- Ground-breaking research – the first to establish a measurable link between business practices and financial success that is nationally representative and cross-commodity
- Management activities tested:
 - 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



The research found
7 farm business management practices
that drive farm performance...



The 7 business practices driving farm financial success:



1. A commitment to lifelong learning, skills development
2. Business decisions made using accurate financial data
3. Seeking the help of business advisors and consultants
4. Having a written business plan, following it, reviewing it annually
5. Knowing, monitoring your cost of production and what it means for profit
6. Assessing risks and having a plan to manage and mitigate risk
7. Using a budget and financial plan to monitor financial position and options



What do we stand to gain?



Farm Business Management pays!

		Actual Value	Industry Rating
Asset Turnover	Top 25%	17%	Moderate
	Bottom 25%	13%	Moderate
Gross Margin Ratio	Top 25%	60%	Moderate
	Bottom 25%	16%	Vulnerable
Return on Assets	Top 25%	10%	Strong
	Bottom 25%	2%	Vulnerable

That's the difference between \$100,000 and \$20,000 profit!



But, it's not just about the money...

CTEAM alumni were asked the impacts of the program...



Financial Impacts include: profit, debt management, reduced costs



Business Impacts include: having a process for planning, a process for decision-making, managing performance and building a network of experts



Personal Impacts include: reduced stress and anxiety, the ability to prioritize and provide clearer direction, confidence in management decisions, and understanding personal dynamics to better manage people and communicate



Healthy Minds, Healthy Farms



88% of farmers who use a written business plan say it has **contributed to their peace of mind.**



Farmers who use a written business plan tend to follow other business practices such as record-keeping, adhering to a budget, benchmarking performance, seeking training, and communicating about the future of the farm with those impacted.



Farmers who use a written business plan **are more likely to adopt effective coping mechanisms.**



A look at the adoption of business management practices across Canada...



Business Management Practice	% Responses	
	2015	2020
Clear Vision & Future Goals	43%	31%
Communication of Plans	39%	39%
Formal Business Plan	26%	22%
Use of Financial Plan & Objectives	33%	33%
Decision-making using Cost of Production	50%	48%
Market / Price Risk Management	36%	35%
Use of Supply Chain Relationships to add Value	51%	42%
Overall Risk Management Planning	32%	29%
Formal HR Management	20%	12%
Succession/Transition Planning	27%	26%
Use of Farm Business Advisors	32%	23%
Propensity to Continually Learn	49%	41%



What We're Seeing

- While farm inputs, values and uncertainty continue to increase, farm business management continues to be undervalued, misunderstood and not practiced by the majority of farmers
- 22% of Canada's farmers have a formal farm business plan, while fewer actively use it in decision making
- 41% of farmers believe they're succeeding without adopting best management practices, yet 75% report they are stressed
- We are seeing a notable change in today's youth, who are more readily recognizing the farm is a business, and they're willing to reach out for support



Your Best Management Tool: A Written Business Plan

- Your plan is your roadmap to success and trusty side-kick when stress runs high or times get tough and decision-making becomes clouded
- Writing the plan down facilitates important conversations about the future of the business and everyone's role within it
- The business plan is the most effective tool for uniting the team around a vision as a guiding light to **keep the business healthy for generations to come.**



IT'S NOT JUST ABOUT
YOUR FUTURE,
IT'S ABOUT THEIRS.



From planning...you will be able to:

- Assess your resources against the resources required to meet the current and future needs of the business
 - People and Skills (including self)
 - Practices/Processes
 - Natural Capital
 - Financial Assets
- Identify where you want to focus your energy and time, where you need others to be supporting you
 - Family
 - Employees
 - Advisors
 - Life Coach, etc.

Do your Best, Hire the Rest



From planning...you will be able to:

- Assess your position
 - Including best, worst, most likely case scenarios
- Remove some uncertainty to help you sleep at night
- Have a tool to reference for decision-making



Business Planning: How it all comes together...

Strategic Outlook (5+ years)

- Vision

Strategic Plan (3-5 years)

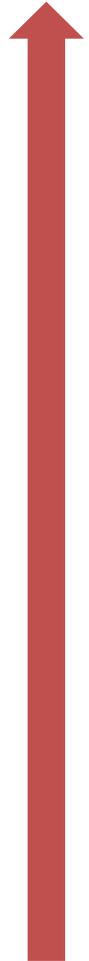
- Priorities → Goals → Key Performance Indicators

Business Plan (1 year)

- Targets → Tactics

Operations (this day, week, month)

- Decisions → Actions



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

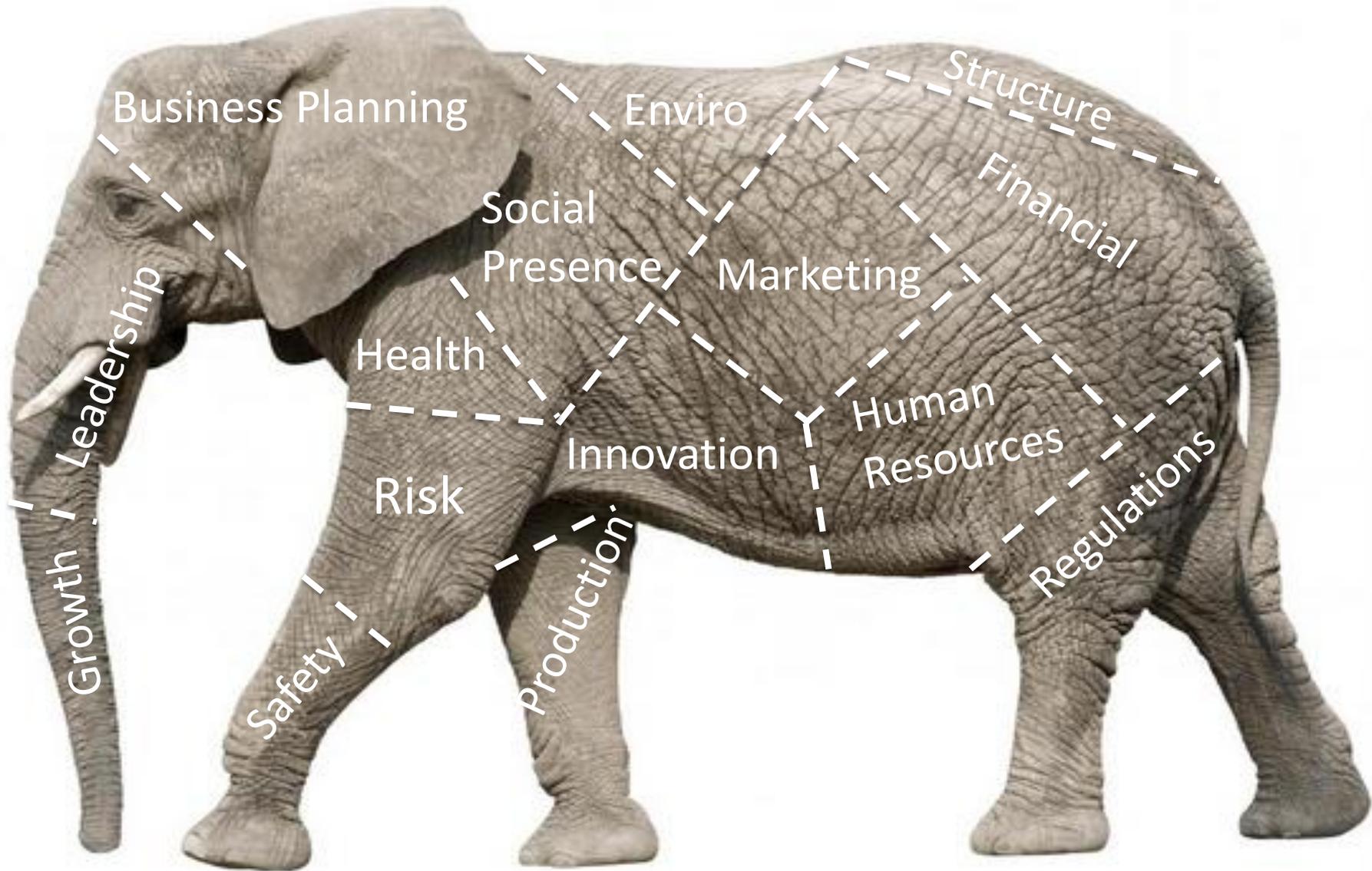
- Business Strategy, Vision & Continuance
- Business Structure
- Risk Management
- Financial & Asset Management
- Customers & Marketing Management
- Relationships, Alliances, Supply Chain & Value Chain Management
- Production & Operational Management
- Human Resources Management
- Environmental Management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



Seem daunting?

How do you eat an elephant?





One bite at a time...



Like the seasons, business planning is a cycle:



1

Assess your business

2

Plan your future

3

Implement and Monitor

4

Assess your performance



Some opportunities to build your farm
business management skills and network...



National Farm Business Management Resource Centre

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Canada's farmers, whether you are starting, growing or transitioning your business, you will find tools and resources for you to stay on the leading edge and manage for success.

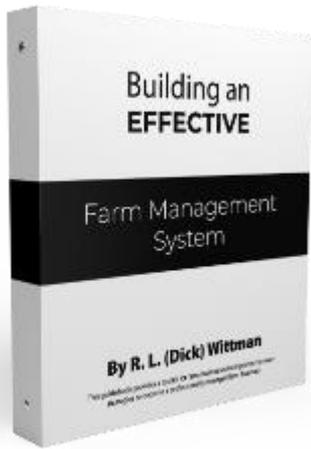
www.takeanewapproach.ca



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Building an Effective Farm Management System Guidebook



- Understand the practices and processes being used by top farmers and how to implement them on your farm
- Assess your farm practices and use templates and worksheets to complete your farm management manual
- Updated in 2021 with new content, templates and exercises
- Hardcopy and/or digitized version

In partnership with:

wittmanconsulting



Farm Transition Toolkit



A one-stop-shop for all things Farm Transition.
From assessment tools to planning guides and links to transition advisors, success stories and case studies!

www.farmtransitionguide.ca



- Comprehensive Risk Assessment and Planning platform
- Identify, assess, prioritize risks and create a plan

myagrishield.ca

The Challenge of Change

November 24-26, 2021

FREE VIRTUAL CONFERENCE - REGISTER TODAY!

The only event in Canada dedicated exclusively to bringing farmers together to build their business acumen.

powered by Farm Management Canada



Meet fellow farm management enthusiasts from across Canada to share insights and build your farm business network! Registration is FREE!!!





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Canada's only national farm management training program.

- Specifically for Producers and Ranchers
- Uses your Own Farm Data to Create your Strategic Plan
- Hosted in 4 Modules across Canada over 16 months



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





NATIONAL FARM LEADERSHIP PROGRAM

Powered by **LeaderShift** 

- 11 weeks online learning to fit into busy farm life (January – April)
- 3 day residency (March)
- Monthly group and individual coaching for one year
- Unlimited access to the LeaderLab

“The National Farm Leadership Program **doesn't merely teach principles** of leadership; participants **develop highly personalized** ways to apply them in everyday life, incorporating accountability and follow up. I didn't realize the impact that my tendency to be a perfectionist and trying to 'do it all' was having on my colleagues and in my personal life.”

- **Tina Zakowsky**,
Canadian Angus Association



leader-shift.ca/national-farm-leadership-program



A close-up photograph of an elderly woman with grey hair and glasses, wearing a light-colored jacket, holding a small white lamb. She is looking down at the lamb with a gentle expression. The background is a soft-focus green, suggesting an outdoor setting.

IS LEAVING A LEGACY
PART OF YOUR
=PLAN?=
=

How to get started:

- ✓ 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 Plan)
- ✓ Seek skills development training and/or advisory services
- ✓ Host regular farm business team meetings to track progress and maintain a management focus for your farm

Important: Host a farm team meeting to share the learnings and insights gained from this Conference/session. Demonstrate how investing in skills development is invaluable to the farm to endorse a culture of sharing insights and lifelong learning on the farm.



Thank you. Questions?



@FMC.GAC

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