

final report

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BusinessEDGE workshop for southern Australia grazing businesses

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Executive Summary

The BusinessEDGE product was born out of producer demand for improved business skills and financial literacy. Since its inception in northern Australia it has been attended by over 500 participants across more than 40 courses and is identified as the most successful of the EDGE products.

The learnings from delivering the initial material across northern Australia, the findings of the Northern Beef Report and the need to extend coverage beyond beef only producers necessitated the updating of the northern course material, and resulted in a request from MLA to develop an equivalent course for southern Australia. This request came from a course participant feedback analysis by MLA showing that the BusinessEDGE course had been the most successful of all the EDGE courses.

The southern Australian course has drawn on the strengths and timeless principles of the northern material, and has been made relevant by the inclusion of case studies that represent southern Australian grazing businesses. As well, it has introduced new sessions that are relevant to Southern grazing businesses, but not so for the North. The material has been piloted and refined and is now ready for delivery on a commercial basis.

The key strength of the BusinessEDGE material in this course is that it uses principles, concepts and terminology that are taught in business courses and used in boardrooms across the business world, and applies them to grazing businesses, large or small.

The southern BusinessEDGE provides the means to improve the business skills and financial literacy of managers of Southern grazing businesses, for which there is a recognised need.

Table of Contents

1	Background.....	4
2	Projective objectives.....	4
3	Methodology.....	4
4	Results.....	5
5	Discussion.....	5
6	Conclusions/recommendations	5
7	Key messages.....	6
8	Bibliography	6
9	Appendix.....	6

1 Background

The original BusinessEDGE course was launched in 2010. Since then, over 500 northern beef producers have attended more than forty two-day workshops conducted right across northern Australia.

The BusinessEDGE has been identified by MLA as the most successful of all the EDGE courses. Based on this success, MLA requested an update of the course to keep it relevant and incorporate new information. Resulting from the above, MLA requested that a similar course be developed for southern Australia, retaining all the core principles of the northern course, but tailoring the course to include issues relevant to the south.

2 Projective objectives

The course needed to be re-written to incorporate:

- Moving the whole course to a dry sheep equivalent base from the northern adult equivalent base for southern relevance.
- Changing the case studies used in the course to reflect southern production systems and southern business issues.
- Changing all the tables and graphs in the course relating to the teaching case study, Mt Knox (equivalent of Rolling Downs in the north).
- Adding another session on issues with multi-enterprise grazing businesses and re-writing the session on enterprise appraisal for southern relevance.
- Modifying the spreadsheet based decision support tools for southern relevance and include one new tool.

The overall objective of the project was to produce course content with applicability and direct relevance to southern grazing systems.

3 Methodology

The main principles covered in the northern course did not require a major change. However, in the north, lack of operating scale is generally a lesser issue, not so in the south. As well, multiple enterprises are generally not seen in the north, but are in the south. Finally labour efficiency, a lesser issue in the north is a major issue in the south. The case studies and some of the course notes were re-written to reflect all these issues and show how they affect business performance.

When this process was completed, the draft reference notes were sent to MLA for review and third party editing. Following this review, the reference notes were changed as required and the PowerPoint slides and teaching material were prepared for pilot/launch workshops in Bairnsdale, Launceston and Albury. These three pilot/launch course have now been completed.

Following these workshops the course material was refined and finalised, before submission to MLA. All of this material resides in a Dropbox folder created at the request of MLA.

The agreed three pilot/launch courses have now been conducted and a new phase is being entered where MLA identified potential course presenters are being trained to deliver the

southern course. This process falls outside of this contract and is additional to it. The training process should be completed by the end of calendar year 2016 if all potential trainees are deemed capable.

4 Results

The project resulted in a BusinessEDGE product relevant to southern grazing systems, building on the quality of the northern material, judged by MLA as the most successful EDGE course that they have developed. It delivers a means of providing business skills and financial literacy to owners of southern grazing businesses.

5 Discussion

Not applicable

6 Conclusions/recommendations

The need for improved business skills and financial literacy is increasingly being focussed on within the grazing industry. The southern course provides the means for directly addressing this for the owners of grazing businesses in their region.

One of the key qualities of the BusinessEDGE material, both north and south, is that it is based on established business and finance principles, concepts and terminology. The concepts taught are the same as are covered in accounting, finance, MBA courses and used in boardrooms throughout the business world. The difference between the BusinessEDGE and the courses in the business world is that the BusinessEDGE directly relates and applies the concepts and terminology to grazing businesses. Both BusinessEDGE courses are based on the fundamental tenet that grazing businesses, whilst having unique opportunities, challenges and risks, are first and foremost businesses, and should be managed as such.

The original concept of the BusinessEDGE was born out of a producer survey identifying that there was significant information relating to technical aspects of the business (reproduction, genetics, nutrition etc.) but that business and financial management were areas where producers were least confident and wanted more information. This has now been done.

The BusinessEDGE courses should be positioned and promoted as the primary product for improving business skills and financial literacy of managers of grazing businesses, nationally. To this end, the ongoing workshops should follow the model developed in the north where the workshop is charged at full commercial rates and the presenter takes all the financial risk. Any form of financial subsidy erodes the principles taught in the course and seriously discounts its value. Other extension activities in this area should be consistent with and complement the BusinessEDGE, including in the south, the next stages of the technical courses on beef and sheep production. Pure science without an economic filter can often result in financial folly as both courses teach.

7 Key messages

The key to improving long term individual business performance is to better understand what drives it, which the BusinessEDGE does. The northern and southern Beef Reports identified that there is significant variation in business performance, within and between regions. The Northern Beef Report made 6 key recommendations, applicable to both producers and R, D&E activities. The two BusinessEDGE courses now directly address 4 of these (1, 2, 3 and 5 below).

1. Improve financial literacy and debt management.
2. Understand profit drivers.
3. Focus on increasing income rather than trying to reduce costs to the point where profit is starved out of the business.
4. Improve climate risk management (covered extensively in the Risk Management session in both courses).
5. Manage expenses (see 3 above).
6. Match stocking rates to long term carrying capacity to avoid the erosion of natural capital.

Uptake and implementation of BusinessEDGE knowledge and skills by producers will improve industry performance.

8 Bibliography

Northern Beef Report (B.COM.0348)

9 Appendix

Refer to BusinessEDGE material lodged with MLA