



WestVic Dairy Report

Getting Increased Margins

WVD 12697 – Final Report

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GETTING INCREASED MARGINS\$
GIM is for Dairy farmers wanting better returns from their investment

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Executive Summary

Getting Increased Margins (GIM) was a two year dairy extension project designed and delivered in the two years to September 2008. GIM aimed to

1. Improve farm profitability through building 36 farmers' business capacity and financial management skills
2. test 3 differing approaches to building capacity in the directed component of the program and
3. use evidence and learnings from the program to develop a Business Self Assessment Tool

GIM was born out of a Western Victorian farmer priority setting process in 2004 that stated the dairy industry wanted to build the business capability of dairy farmers in the region. In 2006 the Board of WestVic Dairy agreed to pursue a 'design it yourself' approach to a Business Management program and hatched a plan to build a proposal and the consensus behind it.

The Board established a Business Management Program Development Group (BMPDG) in late 2006 to consider the options to achieve the 2004 priority setting goal and their deliberations spawned the program, which in February 2007 was, named Getting Increased Margins.

The 2 years of activity in the project followed 5 distinct steps; the planning steps 1-4 occurring during the 6 months before March 2007 and step 5, the delivery of GIM and its reporting, in the 18 months following March 2007. The five steps were:-

1. A Business Management Project Development Group (BMPDG) established the project aims and outlined the methodology
2. A project proposal was drafted, tested with peers and accepted – project manager appointed
3. Project staff were approached, appointed, briefed and mentored during program development
4. Recruitment was undertaken and venues arranged
5. Programs commenced – a review was taken after the first 12 months

The project provided resources to deliver 8 facilitated 5 hour sessions to 3 groups of 12 farmers in Colac, Terang and Warrnambool. The firsts 2 sessions were directed by the project team and delivered by trainers, while sessions 3 -8 were self directed (topics chosen by participants) by the farmers in each group.

The participant's role in the program was to use the material in sessions 1 and 2 to improve their farm profitability by better understanding how it is created and then managing resources to increase it. The participants took responsibility for, selecting the material in sessions 3-8, providing feedback on the success of sessions 1 and 2. A by-product of these sessions was the group providing the facilitator with evidence of what is and is not good business management practice.

The trainers developed and delivered a 10 hour course (Sessions 1 and 2) to the participants that aimed to improve their understanding of profitability. The project

management team lightly assisted the development by offering advice on timings and courses structure. The presenters created the material for their training sessions and delivered the material to the participants.

The facilitator attended all the 8 sessions in each group which enabled them to independently assess the three different courses in sessions 1 and 2, support the individuals and groups through sessions 3 – 8 and to collect evidence of good business management and lead the development of the Business SAT.

The impact of the programs and the project management were evaluated by survey and reviews.

The findings on GIM's impact were

1. 16 out of 20 respondents believed GIM had improved: Sixteen out of 20 (80%) is a positive result but the impact has been diminished because of the poor attendance during sessions 3 – 8.
 - *their knowledge and use of good businesses practices*
 - *ability to drive more profit from their farm, by getting increased margins and*
 - *how well they understand profitability and what drives profit on your farm now*
2. GIM attracted only 31 participants rather than the target 36 and by session seven that number had reduced to eight farmers.
3. If we want farmers to understand profitability, where it comes from, how their day-to-day decisions impact on it and how to manage their businesses to increase profit and factor in the risk of those decisions, 10 hours is not enough and the three approaches need to be extended to achieve the goals. Any new product should give participants ample time to calculate the financial performance for themselves so that not only can a participant describe how a Key Performance Indicator (KPI) is calculated they also understand what the KPI is describing and how management can alter it.
4. Other ingredients of a good Business Management program are
 - a good set of notes
 - technical expertise
 - two presenters with an adequate amount of practical farm management experience
 - the use of adult learning techniques
 - provide a variety of learning methods for those who prefer audible messages, written messages, action learnt messages

In conclusion the comparison of different approaches has yielded a wealth of learnings, for the project development team to consider. The need to improve the business management skills farmers in SW Victoria has not disappeared and the team developing a follow up program will have evidence to design a better approach.

1. Introduction

This report describes the impact Getting Increased Margins (GIM) made when it was delivered to dairy farmers in Western Victoria in the 18 months to September 2008.

The report sets out to describe the genesis of the program, its design, the activities selected by the participants, their attendance at the GIM workshops and level of satisfaction, modifications to the planned approach, the impact and learnings from the different approaches to improving farm profitability, including recommendations for follow up programs and a draft of a Business Self Assessment Tool.

2. Background

GIM was born out of a Western Victorian farmer priority setting process in 2004 that found the dairy industry wanted to build the business capability of dairy farmers in the region. In 2006 the Board of WestVic Dairy agreed to pursue a 'design-it-yourself' approach to a business management program and hatched a plan to build a proposal (see Appendix 1).

The Board established a Business Management Program Development Group (BMPDG) in late 2006 to consider the options to achieve the 2004 priority setting goal. The group's deliberations spawned the program below which in February 2007 was named Getting Increased Margins (GIM).

3. GIM aims

The development group ambitiously designed a project that aimed to

- Improve farm profitability through building the farmer's business capacity and financial management skills
- test three differing approaches to building capacity in the directed component of the program
- use evidence and learnings from the program to develop a Business Self Assessment Tool

The BMPDG recognised that several elements of the project design would be critical to achieve the aims and achieve the project's success, namely:-

- good recording skills in the facilitator to capture evidence for the comparative study and the development of a BSAT
- have a facilitator well versed in financial business management
- having enthusiastic farmers who could grasp the opportunity to determine their own learning
- using a facilitator who could enable the participants to feel they owned the program and guide them where necessary around the farm management subject.

4. Methodology

This chapter describes the steps that were taken to develop and prepare to deliver the GIM program and the activities undertaken in the program. How these plans panned out into actions is described in Chapter 5.

The two years of activity in the project followed five distinct steps; the planning steps 1-4 occurring during the six months before March 2007 and step 5, the delivery of GIM and its reporting, in the 18 months following March 2007. The five steps were:-

- 1 - A Business Management Project Development Group (BMPDG) established the project aims and outlined the methodology
- 2 - A project proposal was drafted, tested with peers and accepted – project manager appointed
- 3 - Project staff were approached, appointed, briefed and mentored during program development
- 4 - Recruitment was undertaken and venues arranged
- 5 - Programs commenced – a review was undertaken after the first 12 months

Step 1 - In 2006 a small group of farmers and consultants (See Appendix 2a) was established to consider the options to achieve the 2004 farmer priority setting goal. The BMPDG deliberations initiated the program below which later became GIM, (see Appendix 2b). In considering the content and the approach of the program the development group recognised the success of the WestVic Dairy Focus Farm project where groups of farmers approached NRM issues by self directing the content of their meetings after an initial self assessment of their NRM performance by using Dairy SAT. This approach had delivered some impressive results and GIM set out to replicate that success by resourcing an eight-session program run over 18 months.

In the absence of a dairy industry Business SAT the development group believed that for participant groups to effectively self direct their learning they should have a base understanding of profit and how it is produced. It was expected that this directed learning would take up the first two days of the eight-day program.

At the time two products were available that might have met the need but as discussions considered the two models a third option emerged. The group considered the three options (see below) but were unsure which of the approaches would deliver a “profit understanding” so chose to test the three learning approaches before committing funds to one. The three models tested in session one and two were:-

1. The model for group 1 was the Margins program that was used and developed in Northern Victoria in autumn 2007
2. The model for group 2 was to have a cost/management accountant skilled in agricultural accountancy lead the group to understanding where profit is developed in a dairy enterprise
3. The model for group 3 was to use a financially skilled agricultural scientist to lead the group to understanding where profit is developed in a dairy enterprise

Step 2 – The Board considered the advice of the BMPDG and agreed to develop a proposal around its recommendations, (see Appendix 3).

The proposal described a project with the GIM course at its core and having five groups of people integral to its success: participants, trainers, a facilitator, a project management team and the project governors.

- The participant’s role in the program was to use the material in sessions one and two to improve their farm profitability by better understanding how it is created and then managing resources to increase it. It is presumed they have a business goal to increase profit as GIM set out to assist them achieve that goal.
The participants took responsibility for selecting the material in sessions 3-8 and provided feedback on the success of sessions one and two. A by-product of these sessions was the group providing the facilitator with evidence of what is and is not good business management practice.
- The trainers developed and delivered a 10-hour course (sessions one and two) to the participants that aimed to improve the understanding of profitability. The project management team lightly assisted the development by offering advice on timing and

course structure. The presenters created the material for their training sessions and delivered it to the participants.

- The facilitator attended all eight sessions in each group which enabled them to independently assess the three different courses in sessions one and two, support the individuals and groups through sessions three to eight and to collect evidence of good business management and lead the development of the Business SAT.
- The project management team developed the work plan for GIM and was responsible for delivering it and reporting on performance. The team was responsible for the BSAT development.
- The project governors were the Board of WestVic Dairy Inc. who monitored the performance of the management team.

From the participant's point of view GIM was a free dairy farmer financial management course run as a pilot over an 18-month period with the aim *"to improve farm profitability by increasing the financial management skills of the participants"*. The eight five-hour sessions would assist participants to understand how profit was generated in a business and how to manage their (margins) businesses to generate better profits.

From the project governors points of view the project aimed to

- upskill 36 farmers
- test which training approach delivered the best result
- develop a Business SAT and
- provide recommendations for the next investment in this critical area of farm performance.

A project manager was appointed in February 2007 when the project funding had been approved.

Step 3 – The project manager sourced a team of trainers and a facilitator using the following guidelines:-

- the trainers were selected for their technical ability to deliver the course types described in the project proposal and their skill at working with farmers, presenting and using adult learning principles.
- the facilitator was selected for their knowledge of dairy farming, ability to facilitate a group and earn their respect, experience of dairy financial management, critical analysis of evidence and report writing

GIM secured the services of

1. two "NIR Margin program" presenters, Phil Shannon and Ian Gibb,
2. a local accountant, Sean Delaney, with course delivery experience and dairy clients who was known to the project management team and
3. a recognised presenter of dairy financial management material in Victoria, John Mulvany.

The four presenters were provided with the same brief for the program (see Appendix 4) and dates were organised by the facilitator for the program to commence. An example program appears at Appendix 5.

The team was aware of a provider who could deliver the set of skills for the position of facilitator and appointed Frank Tyndall in February 2007 and described his role as being the sole facilitator for the program and a member of the project management team.

Step 4 – The project management team selected three centres for GIM to be delivered, Terang, Colac and Warrnambool and participants were recruited for the programs via a media campaign, milk factory commendations, advertising and by direct contact between the project management team and known farmers in south-west dairy networks, (see Appendix 6 for recruitment flier).

Step 5 – The programs started in autumn 2007 and the details of the programs, the comparison between them and the development of the Business SAT appear in chapter 5 and 8.

Activities undertaken

Chapter 5 describes and compares how the GIM program was set up, the venues, participant rates; trainer, facilitator and participant activity; course content including the features of the directed component, the subjects chosen in the self directed component and the development of the BSAT. The data is recorded in Table 1 below, a set of reports describing each day appear in Appendix 7

The different results the three approaches achieved are a key result area for GIM and are reported in Chapter 6

Table 1

	Group 1 - Warrnambool	Group 2 - Terang	Group 3 - Colac
Attendees	11	13	7
Session 1 and 2 dates	22/23 March 2007	2/3 April 2007	30 April/ 1 May 2007
Presenters	Ian Gibb and Phil Shannon	Sean Delaney	John Mulvany
Facilitator	Frank Tyndall	Frank Tyndall	Frank Tyndall
Course introduction	The facilitator asked each participant to introduce themselves and describe their farm business and then described the program, its content, how it was set up and the responsibility of the participants to the help build the content after session two. Following the introduction to the presenters the facilitator took a back seat role and recorded what he observed to help with the comparative analysis to follow.		
Course content	<ul style="list-style-type: none"> Understanding profit and loss, balance sheet, and cash flow statements using the financial statements model. Livestock profit, depreciation, and the matching principle. Technical efficiency. The marginal approach to decision making, average response curves, break even lines. Difference between YIYO, steady state, and budget. Benchmarking using key performance ratios. 	<ul style="list-style-type: none"> Understanding profit and loss, balance sheet, and cash flow statements. The difference between compliance and management accounts. Financial analysis, ratios, DuPont analysis. 	<ul style="list-style-type: none"> Understanding profit and loss, balance sheet, and cash flow statements. Managing the feed base for profit. Record keeping (production and financial). Imputed labour. Difference between ROA and ROE. The production drivers of profit.
Course delivery style	<ul style="list-style-type: none"> The input from deliverers, the discussion, interaction and co-operation within the group were excellent. Presenters managed to draw out of participants their understanding of the subject area and built on that understanding as a foundation for their teaching 	<ul style="list-style-type: none"> This course used presenter and participant interaction least. The power point material was the most superior of all three groups The opportunity to connect participant experience with theory was not optimised. The use of technical terms became jargon without linking the term to farmer's way of conceiving the concept. 	<ul style="list-style-type: none"> Excellent interaction and connection with the participants Case studies were relevant and useful. The use of "war stories" provided illustrative context for participants
	Review feedback summary – "Not enough time or activities to actually learn enough – Financial management is huge area, and two days can only provide an overview".		

<p>Session 3 May 24/5 2007 - could have been entitled "Let's canvas and decide what the group would like to investigate more".</p>	<p>The facilitator initiated a discussion at the beginning of the session to decide what issues were important to the group and the plan was to follow this with a ranking of the issues and a development of a plan to explore each one in the following five sessions.</p> <p>As with all group programs, individuals vary in their opinions and this linked with poor understanding of farm financial management principles left the groups struggling to find direction. The common feeling in the groups seemed to be for them to simply get on with it, whatever "it" was. Consequently the groups were pleased to receive guidance from the facilitator who got some group agreement for significant revision of sessions 1 and 2 plus recording what are good business practices.</p> <p>The facilitator revised the theory and principles behind business analysis using spreadsheet teaching models developed in Milk MAP (a dairy business management program developed in 2004-5). The content of the program included financial statements, depreciation, livestock trading, EBIT and ROA and a glossary of financial terms. This material produced a healthy discussion between the participants and some direction emerged.</p>		
	10 attended	6 attended	3 attended
	<p>Facilitator led a discussion based on building the three financial statements and followed a group request to describe depreciation & livestock trading</p> <p>The group members agreed that they</p> <ul style="list-style-type: none"> • needed to understand the fundamentals before deciding where to go • must analyse their own data to make sense of it • want sessions more often • each should present how they've upped their margins <p>Glossary was sent to all.</p>	<p>Discussion facilitated based on financial statements and profit drivers model and dealt with different types of profit, depreciation, livestock trading and the effect gain on land has on EBIT.</p> <p>The group agreed that they had not got the fundamentals and compared the given model to "Taking Stock".</p> <p>The group agreed to use their own data into a feeding analysis tool and to focus on that in Session 4.</p> <p>Glossary was sent to all.</p>	<p>Discussion based on building the three financial statements and profit drivers model.</p> <p>The group discussed the different types of profit, depreciation, livestock trading and the effect gain on land has on EBIT</p> <p>The group agreed to retain a focus on the fundamentals and to create a scenario so that big picture settings could be explored.</p> <p>Glossary sent to all</p>
<p>Session 4 July 19/20th 2007 - could have been called "With no financial data, let's move down the profit driver tree into feeding analysis"</p>	<p>Despite the groups agreeing to provide the data from their farms to use in the spreadsheets models only one farmer was able to provide data for session 4. Without group data, the facilitator conducted more learning sessions in business management which included the following items, requested by the participants</p> <ul style="list-style-type: none"> • List of dairy farm management areas. • Profit drivers and KPI model • payment and receipt categories list • Data input sheet to analyse yearly feeding profit • Feeding profitability • Hectare efficiency • Feeding efficiency • The effect gain on land has on EBIT • Feeding profitability. • Marginal decision making 		
	Attendees 6 Used farmer figures provided to the Terang group on Day 3	Attendees 4	Attendees 6
<p>Session 5 October 4/5th 2007</p>	<p>The content at all three locations became similar in session 5.</p> <p>The facilitator is always willing to take discussion wherever the group requires but always has material prepared to provide better financial management skills and "Getting Increased Margins". One farmer turned up an hour early to get individual help to enter data.</p> <p>There was a divergence of participant interest at all three locations and session five for the three groups included a discussion of the performance ratios in a dairy business, a marginal</p>		

	feeding model and establishing the big picture feed settings. The attendance at the three groups had dropped markedly and the facilitator carried out a review of the participant satisfaction the results appear below in Chapter 6.			
	<table border="1"> <tr> <td>3 attended</td> <td>2 attended</td> <td>4 attended</td> </tr> </table>	3 attended	2 attended	4 attended
3 attended	2 attended	4 attended		
	<p>The following was the content covered more or less at all three locations:</p> <ul style="list-style-type: none"> • List of categories • List of dairy farm management areas • Input of feeding profitability analysis and discussion of data • Discussion of the ratios from analysis • Marginal feeding model • Big picture feed settings • Daily production records and feeding profitably • Weekly production results and margins • Discussed why individuals had not attended. 			
	<p>Mid project review</p> <p>Due to declining numbers of attendees and poor uptake of the direct-your-learning philosophy behind the program the management team decided to upgrade the mid project milestone / review to unearth what was behind the disappointing performance of GIM. An independent review was commissioned that set out to answer the following questions</p> <ul style="list-style-type: none"> • <i>If they missed any sessions - what was the reason?</i> • <i>What they thought of the Program content to date</i> • <i>Has the program helped them understand profitability and what drives profit on their farm?</i> • <i>What their thoughts have been on the self direction of sessions 3 to 5</i> • <i>Options for the next three sessions in regards to content, timing and group mergers</i> • <i>Willingness to continue with the program</i> • <i>Their thoughts on the presenters and facilitator</i> • <i>General feedback on the venues and sessions</i> • <i>Any other comments about the program</i> <p>The report is posted in Appendix 8 and a summary of the results appears in Chapter 6</p>			
Session 6 December 5/6 th 2007	<p>The review recommended an amalgamation of the Terang and Warrnambool groups and a move away from a meeting room venue to a farm visit.</p> <p>All the attendees had provided their feeding data and the results produced were discussed in the context of the feed situation of the farms being visited. The facilitator helped the group assess the feed situation on each farm and from it build a feed plan for the next few days and further into the season</p> <table border="1"> <tr> <td>3 attended</td> <td>5 attended</td> </tr> </table> <p>Facilitator collected participant ideas for the content of the BSAT</p>	3 attended	5 attended	
3 attended	5 attended			
Dec 28 '07	BSAT built into a draft working format			
Session 7 January 30/31 st 2008 2 on farm venues	<p>A similar format was followed to session 6 but on other members' farms.</p> <p>During the seven sessions the facilitator with the help of the groups unearthed the following subjects that indicate a sound management process and have been added to the BSAT (see chapter 7)</p> <ul style="list-style-type: none"> • Management of transactions. • Record keeping across all • Time allocated to planning • Setting objectives <p>5 attended Terang/Warrnambool; 3 attended Colac</p>			
Session 8 June 19/20	<p>A similar format was followed to session 7 but on other members' farms.</p> <p>3 attended Terang/Warrnambool; 4 attended Colac</p>			

6. Results

Chapter 6 describes how well GIM has achieved the project aims and how well the project was managed from conception to completion

The evaluation of GIM has been conducted in two ways, firstly by independent survey of participants (appendix 8) and secondly by review of the project by the project management team and the Board of WestVic Dairy.

The project, later to be known as GIM, set out to

1. Improve farm profitability through building 36 farmers' business capacity and financial management skills
2. test three differing approaches to building capacity in the directed component of the program
3. use evidence and learnings from the program to develop a Business Self Assessment Tool

Goal 1: Improve farm profitability through building 36 farmers' business capacity and financial management skills

The program attracted only 31 participants rather than the target 36 and by session seven that number had reduced to eight farmers.

It would have been possible to measure farm profitability for each farmer before and after the program but attribution of any profit improvement to GIM is impossible to ascertain with the resources available in a small project like GIM. The best people to make that judgement are the participant farmers themselves and the independent survey of participants indicated the first two sessions improved financial management skills. The quantum of change expected was not stated at the commencement of the project but at review 16 out of 20 respondents believed GIM had improved:

- *their knowledge and use of good businesses practices*
- *ability to drive more profit from their farm, by getting increased margins and*
- *how well they understand profitability and what drives profit on your farm now*

Sixteen out of 20 (80%) is a positive result but the impact has been diminished because of the poor attendance during sessions 3 – 8. The project management team had an expectation that participants should attend at least 75% of the sessions and that measure was missed by a highly significant 20% (attendance rates for the first seven sessions was 55.2%).

Goal 2: test three differing approaches to building capacity in the directed component of the program

The comparison between the three approaches has produced a set of valuable observations that will help to build a superior business management product in 2008/9.

Program one was delivered by two presenters who used powerpoint and paper notes to support the shared presentations. The group was kept engaged by the presenters who regularly invited audience comment and brought the discussion back to the on-farm situation and bedded new ideas into the everyday reality of the participants. In doing so the participants had to locate the learning into the framework of their business and the learning material attached itself to the everyday realities of the farmers. The presenters approached each learning issue from a minimum of two directions and asked the audience to put the issue into their own words helping the learning to become attached to a current practise and giving it a reason to be carried out. By working the learning over in the head three times comprehension appeared to be high but this was not tested as working examples were not used in program 1.

Program two was delivered by a single presenter who used an extensively researched powerpoint presentation and provided participants with a set of printed slides from the two day presentation that were stored in a 25mm ring binder. The participants were occasionally asked questions and were offered comprehensive descriptions of business concepts and financial measures and their relationships with physical farm performance. A good set of examples were used by the presenter and the time available was maximised to deliver a deep and broad set of curriculum material.

Program three was delivered by a single presenter who used an extensive history of on-farm anecdotes to support the material being delivered. The sessions were interactive with high level engagement between the presenter and the farmer participants.

In summary, all three approaches have merit and methods that could be put into the best practice 2009 GIM version. The general observation from all three approaches was that the learning of material contained in sessions one and two was not repeatable at session three as indicated by most participants stating they "had not got it".

The lesson from this finding is that if we want farmers to understand profitability, where it comes from, how their day-to-day decisions impact on it and how to manage their businesses to increase profit and factor in the risk of those decisions, 10 hours is not enough and the three approaches need to be extended to achieve the goals. Any new product should give participants ample time to calculate the financial performance for themselves so that not only can a participant describe how a Key Performance Indicator (KPI) is calculated they also understand what the KPI is describing and how management can alter it.

Other ingredients of a good program are

- a good set of notes
- technical expertise
- two presenters with an adequate amount of practical farm management experience
- the use of adult learning techniques
- provide a variety of learning methods for those who prefer audible messages, written messages, action learnt messages

In assessing management of the project, survey data and internal reviews have produced findings in the following areas of performance.

- Setting up the project
- Directed training sessions
- Self-directed sessions
- Facilitation
- Setting up the program
- Profitability increase

The material collected assists the project team to understand which components of GIM helped achieve the aims of the project and those that did not, and how well each positive component contributed to the GIM goals.

Set Up

The program required 28 FTE days to get to the point of submitting a proposal for funding. The inclusion of a development group in the GIM building process added value and confidence to the project management team and should be a feature of any follow up program.

The selection of staff relied on the experience of the DA / RDP business management networks and did not use a widely publicised recruitment process to attract trainers or facilitators. Final recruitment became the decision of the project management team. An argument could be launched to conduct this part of the project more thoroughly, however extra resources would be needed.

Directed sessions 1 and 2

Evidence was collected by the Facilitator after sessions one and two asking participants about their reactions to the training and if they had understood the key teachings in the program. A set of findings appear in Appendix 7 but the findings can be summarised by the comment `participants believe that the course has improved their understanding of financial management but when tested they were unable to correctly describe what ROA meant and indicated that for most there was a lack of true understanding of key concepts by participants in sessions one and two.

Self directed

The ability for the group to self direct sessions after the first two was not fully understood by participants when they enrolled for the program. The participants did not appear to have a solid understanding and framework of farm business management after session 2. This reduced their confidence to be able to self direct satisfactorily, which then impacted on attendance. Self direction came in too soon before the elements delivered in the directed sessions was fully absorbed. Self direction may have been better after session four. This lack of framework, such as that for Dairy SAT, made self direction difficult. The move to self direction in session three also had an impact on attendance. The facilitator having to lead the group as a consequence in session three may not have fitted in with some participants' views and values.

Facilitation

The majority of participants considered that facilitation of the GIM project worked well. They were pleased that the facilitator had farm business management skills which were called on to improve participant learning and develop a direction for sessions 3 -8. The facilitator made himself available between sessions and made contact with everyone by phone / e-mail to encourage participation.

Setting up the program

The time lag between sessions of up to 12 weeks caused a loss of momentum and engagement for some participants. The timing, particularly during spring with silage making did not help attendance. This was also coupled with participants agreeing to provide farm figures to the next meeting during this period, which was ambitious given the production pressures on farm at that time of year.

Initial advertising (appendix 6) did not clearly flag the self direction aspect before participants started and despite the fact they were told in session two that from session three they would be self directed it appears this message was not grasped fully by all participants so they felt that working out future directions and learning was a waste of their time.

The marketing was not successful in filling each program with willing participants at the three venues.

In using the Focus Farm self direction as an example, one participant felt that many aspects of GIM were similar to his Focus Farm group and hence he dropped out.

A case study approach in the first five-six sessions may have provided a better learning method with the option of self direction in the last two sessions to explore particular issues that had arisen. This would provide the groups more time to become comfortable with each other and sharing information.

Profitability increase

After session five, the majority of participants responded either "a bit better" or "much better" in response to: *How well do you think you understand profitability and what drives profit on your farm now - because of this program?*

In conclusion the comparison of different approaches has yielded a wealth of learnings, aggregated in chapter 7 for the project development team to consider. The need to improve the business management skills farmers in SW Victoria has not disappeared and the team developing a follow up program will have evidence to design a better approach.

Goal 3 - use evidence and learnings from the program to develop a Business Self Assessment Tool

Throughout the programs the facilitator collected evidence of strong, weak and average performance managing the farm business. With the project management team this performance has been developed into a Self Assessment tool to be used by a farmer to consider their business management performance. The Tool developed appears in Chapter 8 and can be used to assess how well a farmer manages the process of farm management.

7. Learnings

This chapter aims to briefly bring the learnings from the research and reviews together in one chapter and are conveniently recorded in dot point form. The list also includes issues to consider which have not been answered by the project evaluation but which need to be factored into any follow up program.

- The program required 28 FTE days to get to the point of submitting a proposal for funding. The inclusion of a development group in the GIM building process added value and confidence to the project management team and should be a feature of any follow up program.
- The selection of staff relied on the experience and the DA / RDP business management networks and did not use a widely publicised recruitment process to attract trainers or facilitators. The final recruitment became the decision of the project management team. An argument could be launched to conduct this part of the project more thoroughly however extra resources would be needed.
- "I believe that the course has improved my understanding of financial management but when tested I thought ROA was equity divided by assets." This answer is incorrect and was typical of the lack of true understanding captured by participants in sessions one and two.
- The lack of understanding of the material in sessions one and two explains why participants found it so difficult to self direct in sessions three-eight. It is also an indictment of the designers to believe that participants could grasp a working understanding of financial management in 10 hours.
- There was no practice or learning of the skills.
- Farm business management is complex and none of these issues were, nor could they be, fully taught in the time available.
- The time allocated to attend the sessions was considerable but participants only really thought about the program at the sessions. Sessions were too far apart.
- The financial dairy farm model used to demonstrate how assets are built through everyday decisions was highly regarded by participants who commented on it.
- The pressure of coming up with real on farm data was high and one farmer cited that as the reason for withdrawing.
- Participants were unable to envision the end point of the program and therefore put a value on what their attendance might deliver, weakening their resolve to stay the distance
- The attendance at NRM Focus Farm groups has been strong, quite the opposite of that experienced in GIM. Should the project have resourced the GIM facilitator to attend the Focus Farm groups to understand the culture built up in those groups
- If a facilitator had been selected with weak business management skills would the groups have come together and decided to bring in an expert of their choice to assist them to understand a subject.
- Most participants were "happy" with the content and delivery.
- Participants asked for on-farm rather than meeting room based meetings to put into to place the marginal thinking, observing the feeding profit drivers on farm and seeing how other are doing it.
- The governance of the project by the WestVic Dairy Board was an effective method to oversee a project and monitor the standard of project management

- If the project aim is for farmers to understand profitability, where it comes from, how their day-to-day decisions impact on it and how to manage their businesses to increase profit and factor in the risk of those decisions, 10 hours is not enough and the three approaches need to be extended to achieve the goals. Any new product should give participants ample time to calculate the financial performance for themselves so that not only can a participant describe how a Key Performance Indicator (KPI) is calculated they also understand what the KPI is describing and how management can alter it.
- The ingredients of a good program are
 - a good set of notes
 - technical expertise
 - two presenters with an adequate amount of practical farm management experience
 - the use of adult learning techniques

provide a variety of learning methods for those who prefer audible messages, written messages, action learnt messages

8. BSAT

Business SAT is a tool for farmers to self-assess their business management skills and practices.

Farm Business Management is the continuous process by which the farm management team, with incomplete information, analyses, plans, controls and reviews resources to achieve its goals.

A farmer might set goals such as more profit, better fertility, higher biodiversity, etc., and then analyse the business to provide performance indicators, to determine if those farm business goals are being met. However, this Business SAT is not an analysis of business performance. It is a method to assess whether the business team has the skills and carries out the practices and processes that are likely to achieve the required performance.

The following areas of skill and practice need to be considered in the Farm Business management process.

Item	Unacceptable practice	Acceptable Industry practice	Above acceptable practice
PERSONAL BUSINESS COMPETENCIES			
Open mindedness	New ideas are rarely sought out, and usually rejected.	New ideas are considered with an open mind.	The management team regularly search out new ideas
Attitude to problems	Problems are approached negatively and pessimistically.		Problems and decisions are approached with a positive and optimistic attitude.
Coping with pressure	When many problems arise at once, control is lost and work becomes ineffective.		Best practice results are achieved, even under pressure.
Communication	Little communication occurs with others in the business.		Communication is carried out effectively.
Effectiveness	Jobs are rarely done on time or properly.		Work is prioritised based on the level of importance in affecting profit, and is carried at best practice standard (right input, right place, right rate, right time), at all times. .

Item	Unacceptable practice	Acceptable Industry practice	Above acceptable practice
THE BUSINESS MANAGEMENT PROCESS			
Goal setting	Goals are rarely set.		Problems and issues are approached, considering and reviewing agreed goals and performance indicators.
Big picture goals	Cash surplus and little else is considered when setting goals.		Profit, environment, people, and animal welfare are all considered when setting goals.
Succession	The main operator keeps thoughts and plans to herself.		The whole management team has an understanding of the future plans for the business.
Peoples' roles	People have no defined roles, and are not clear what is expected of them in the long term.		An analysis of the roles and responsibilities of the people on the farm is conducted annually.

Item	Unacceptable practice	Acceptable Industry practice	Above acceptable practice
Situation recognition	Problems are ignored, and there is a lack of awareness of potential.		The current situation is monitored often, and risks and constraints are recognized and investigated.
Asset balance	Assets such as land, machinery, improvements, off-farm investments are purchased and held in an ad hoc manner.		Assets balance is reviewed annually.
Business structure	The possibility and benefits of structuring as a partnership, company, trust, etc is never considered.		The business structure is reviewed annually.

Item	Unacceptable practice	Acceptable Industry practice	Above acceptable practice
Recording, sourcing and using information	No new information is sought.		Appropriate information is sourced, via reading, attending face to face programs, consulting experts.
Financial paper work	Invoices and milk statements are kept in the one pile.	Invoices and milk statements are filed in unpaid, paid, and entered.	Invoices and milk statements filed in unpaid, paid, and entered.
Keeping financial records	No cash book is kept.	A paper cash book kept.	Cash book software used.
Keeping physical records	No physical records are kept.		A system for keeping physical records is in place and constantly updated.
Keeping people records	No people records are kept.		If staff are employed, recording systems for hours of work, pay slips, group certificates, superannuation records, and tax are in place.

Item	Unacceptable practice	Acceptable Industry practice	Above acceptable practice
Assessing alternative options	The first solution that arises to any problem is used without any consideration of implications.		Alternative solutions and options are developed and assessed, e.g. using partial budgets and "what if" spreadsheets, to determine all implications.
Big picture options	Big picture issues, such as stocking rate, are simply chanced upon and never reviewed.		Big picture issues, such as stocking rate are based on cow intake capacity and pasture consumption per hectare potential.
Marginal options	A marginal assessment is never made.		Short term marginal decisions (such as irrigation, fertiliser, grazing rotation and grazing residue, pasture renovation, and supplementary feeding) are made and implemented to achieve pasture consumption and feeding efficiency.
Partial budgets	Partial budgets never used.	Partial cash budgets used.	Partial profit budgets used.
Financial control	No budgets are produced.		Budgets are produced and monitored monthly to determine the cash position now and into the future.
Building risk into management options			Major risks to business profit and sustainability are identified once a year, and the likelihood of them occurring, and the severity of the consequences are assessed, and contingency plans established.
			To minimise the risk of illness and injury to all people, all Occupational Health & Safety regulations are complied with.
			Insurance against public liability, fire, flood, storm, theft, Work cover policies, and Wills, are all in place.
			Policies on equal opportunity, sexual harassment, anti-discrimination, workplace bullying, dispute management are in place.

Item	Unacceptable practice	Acceptable Industry practice	Above acceptable practice
Implementing decisions effectively	Work is procrastinated and then not carried out properly, wasting inputs.		Decisions are implemented effectively and efficiently, at the right time, with the right product, in the right place, at the right rate.
Team outcomes			Team outcomes are achieved by good communication, meetings, recognition and appreciation of performance, and appropriate training opportunities.
Operating documents			Documents such as a business code of conduct, recruitment procedures, employment

			agreements, position descriptions, induction process, operating procedures, exit interview process, are all in place and are used.
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Item	Unacceptable practice	Acceptable Industry practice	Above acceptable practice
Evaluation, assessing performance	No assessment of performance is carried out.		All farm performance is evaluated carefully and compared to goals.
Analysis rigour			Any analysis of performance is rigorous, minimising misallocations, using the matching principle, imputed labour, depreciation, livestock profit, amortisation, and inventory changes.
Financial		Use cash surplus as indicator of success.	EBIT, ROE and increase in Net Worth are used as indicators of success.
People			Work life balance, labour efficiency and staff retention rates are assessed.
Feeding			Feeding profitability is assessed using Margin over all Feed, pasture consumption performance, and feed efficiency,
The herd			Herd health and fertility performance is analysed and monitored, replacement rate minimised, and genetic improvement assessed using ABVs.
Improvements, plant and equipment			
The environment			See Dairy SAT

APPENDICES

Appendix 1

Out line plan to attract funding for business management development work

Date	Action
27 th Nov	Make presentation to Chris Murphy of Dairy Australia about the proposal to improve business management skills in South West Victoria. Included in that presentation Joe Giblin, Gemma Monk, and possibility John Williams from Warrnambool Cheese and Butter factory. Offer to invest Forty Thousand Dollars of West Vic Dairy money Matched by Forty thousand dollars of Dairy Australia Money making it an Eighty Thousand Dollar project.
25 th Nov	Send a completed draft proposal to Chris Murphy for consideration
24 th Nov	Build final proposal and get agreement from reference group below.
15 th Nov	Build draft proposal and send to reference group for consideration
13 th Nov	Send four pager to Chris Murphy
11 th Nov	Group agree on the content of the four pager
1 st Nov	Mike Weise prepare a draft four pager and distribute to the reference group
20 th Oct	Invite John Mulvany, Joe Giblin, Terry Richardson, Matt Reid, Carl Hammond, Gemma Monk, Bernie Baxter and Tom Walsh to meet to discuss the two pager already agreed to by the board and suggest a process to deliver the proposal for business management work to dairy Australia on the 27 th November
16 th Oct	Invite Joe, Terry, Matt, Carl, Mike Gemma, Bernie and Tom to a dinner on the 20 th to discuss the project with John Mulvany

Appendix 2

Business development Group Meeting notes Thursday 26th October 2006 Camperdown

Attendance Bernie Baxter, Gemma Monk, Carl Hammond, Matt Reid, Joe Giblin, Terry Richardson, Tom Walsh and Mike Weise

Joe Giblin welcomed everyone to the meeting and described that the meeting was called develop a proposal for dairy farmers in South West Victoria to improve their business management skills. After introductions each member of the team was invited to describe their impressions of the two-pager that was sent to them on improving business management skills.

Comments:

- Farmer workshop participants find it difficult to share personal equity details
- information used by farmers to make business decisions isn't always accurate or full
- would participants be able to input their figures into a Spreadsheet as part of being in the program
- who are the target audience
- the subject matter is always daunting for farmers
- following issues through to the end can be a challenge
- getting the right people on the program will be important
- the use of a spreadsheet to analyse data was considered useful 1 person offered up Cud as a tool that could be used another member of the group questioned the quality of the formula in Cud
- it was described how farmers were not monitoring their businesses effectively and that was because quite often creating "reports" was a difficult exercise with incomplete sets of information
- What is farm business management?
 1. the actions of a person when they're managing the business i.e. creating reports monitoring them recording information collecting information generating analysing and selecting options
 2. understanding the financial system within the business and how if a cost or an extra income is added in one part of the business knowing its impact elsewhere particularly on cash flow, profitability and the balance sheet.
 3. its employment management and succession these are areas of decision making with in a well-managed business.
- We ought to just find out who are doing their businesses well and copy them
- there is a "disconnect" between the wife doing the business figures and the operation and decision making side of the business (often conducted by the husband)
- few farmers consider all spending as an investment decision and usually do not scope out the financial impacts of that change – a product to help that decision would be valuable
- employment needs to be in any business management product (this work is being carried out by the DEMC)
- any program should avoid the feel of going back to uni
- uptake is going to be a big thing and building a business case to value the hour in the office and carrying out business management is an issue for the industry
- Small businesses (incl. many farmers) are hampered by having a vision that is too short term
- Farmers won't share debt and equity figures.
- Does the current climate conditions offer a marketing opportunity to promote Bus Mgt programs
- It would be great to be able to offer a free consultation as a part of that process
- there was no good access to target KPI information in the region

- for many farmers making money is vital to business success but often farmers have a number of options in front of them but are unable to decide which the best is financially. Joe reiterated that there was the specific requests at Port Fairy were from
- a 45 year old farmer who wanted to make more money and wanted to know how to do it and
- another one around the same age who didn't really understand the nuts and bolts of the balance sheet although ran a successful business

Joe invited the group to move to the next question which was "If you had \$50k to spend on Business Management what would you invest it in?"

With \$50k I'd.....

1. Run groups in a workshop format with a purpose of understanding what the accountant says to them and making better discussions
2. How should I be feeding my cows in the dry - using the current dry season as a driver for recruitment
3. run workshops that are entitled avoid turning the six month drought in to a six year drought improving your decision making during drought conditions a one day course on the implications of the decisions you make at this stage will be very useful
4. Four day work shop that covers understanding the financial system in their business and the acronyms. Offer a one to one to support the farmer understand the basics using their financial results
5. Has this work been done anywhere else
6. Is there an sustainable investment profile of businesses in which farmers are doing well – if yes lets copy what there doing
7. succession is a big issue for businesses
8. Defining what business success is for individuals
9. What ever the program we develop we should use the farms own figures
10. the proposal in front of us could be a winner - it's better to try a course and trial it with three groups
11. someone described a farmer with fifteen hundred cows who seemed to do things successfully, flexed well to the changes that were imposed on the business but he needed some one to do his book keeping and explain the business side of things to him more.
12. other comments included - during the drought should I sell now and improve my cash flow when prices are low or hang on and sell later.

Appendix 3

Report to Dairy Australia

Farm Business Management (FBM)

Joe Giblin

10 Nov 2006



Purpose

This paper aims to describe a way to deliver on WVD Priority Area 5 - Business Management.

Introduction

The WVD Strategic Plan's fifth priority is to "Build the business capability of dairy farmers in south west Victoria". Discussions have been held between Farmers, FBM specialists and WVD Board member Joe Giblin, over the previous 3 months which have resulted in the drafting of the following outline proposal to deliver on Priority Area 5. The project has been named "Getting Increased Margins" GIM.

Background

Dairy farmers in SW Victoria (and across Australia) have stated a strong need for developing their Farm Business Management (FBM) skills at priority setting workshops conducted by ADF and WVD. The WVD priority above now stands side by side with Priorities for Collective Industry Action (PCIA), the Australian Dairy Industries Nationwide priority setting document (2005). PCIA places at a High need the following:-

Invest in developing the business skills of dairy farmers and service providers including:

1. *risk management;*
2. *financial management;*
3. *business analysis;*
4. *developing a culture of measurement and evaluation; and*
5. *developing/supporting a culture of farmers not doing everything themselves in business management.*

The range of what FBM means to Dairy Farmers is considerable and poses a dilemma for investors wishing to satisfy the stated need. Feedback from the PCIA sample delivered five elements (above), a SW FBM reference group identified two elements, poor clarity of business objectives and connection between decisions and farm management information, while the WVD priority setting included financial management, decision making and profitability (also identified elsewhere in PCIA).

A similar dilemma existed with NRM, where farmers were faced with a wide range of elements to deliver an NRM improvement. The industry agreed to develop an NRM framework for farmers to consider and the result was a farmer self assessment tool called Dairy SAT. Dairy SAT identified 8 elements (eg Effluent, Soil Health, Nutrient management, biodiversity, water use efficiency etc) for a farmer to consider. Across Australia farmers have used DairySAT improved their NRM knowledge, created NRM Action plans and then carried out on ground works

Comment

In summary the WVD Board has a range of options to build the business capability of dairy farmers in south west Victoria

1. *risk management;*

2. *financial management;*
3. *business analysis;*
4. *developing a culture of measurement and evaluation;*
5. *developing/supporting a culture of farmers not doing everything themselves in business management;*
6. *poor clarity of business objectives;*
7. *connecting decisions to farm data;*
8. *decision making and*
9. *improving profitability*

In developing the aim of GIM the working group could have selected one or more of the elements from the menu above to deliver on the priority. Number 9 is the standout option because that is the result the priority was trying to achieve; the others (1-8) describe skills that can make help deliver 9.

**GIM aims to improve farm profitability
through improving farmers' capability.**

The result of improved farm profitability through improving farmers' skills can be attained in a number of ways, better skills in grazing, cow fertility, health management but this project is only targeting business management capability. The skill elements (1-8) could deliver this increased capability through a workshop series and rough estimate is that 280 hours might be needed to achieve the competencies described above (some at level 6).

The same dilemma was confronted by NRM practitioners when the range of NRM competencies first hit the drawing board. How can we increase farmer capability and deliver a more sustainable farm, when there is a list of competencies possibly longer than the FBM one above.

The solution in Western Victoria was NRM Focus Farms, a model that uses a facilitator to bring a group of 12 dairy farmers together who want to know more about NRM and who agree to meet about 4 times a year for 2 years. The group receive some technical input in meetings 1 and 2 but then self direct which NRM elements they approach after that. A Focus Farm is selected from within the group which is like the first cow in the herd – it goes through gates and into buildings first giving the others confidence to follow.

GIM plans to achieve increased farm profitability through improving farmers' capability by using a facilitator to bring a group of 12 dairy farmers together who want to know more about profit and who agree to meet about 4 times a year for 2 years.

The technical input in the NRM Focus Farm model relies on the results of the group working through DairySAT. An equivalent product does not exist in FBM and a front end is planned that delivers to the group an understanding of what is profit and what are its drivers. With that information established in the GIM group the farmers then self direct their learning

Methodology

The methodology is in 4 parts

1. Create GIM groups
2. Deliver GIM profit knowledge to the group (meetings 1-2)
3. Allow GIM members to self direct improved skills (meetings 3-8)
4. Collect and assemble evidence of FBM improvement and develop Business SAT

Create Groups

The recruitment of the groups will be conducted using the successful NRM Focus Farm methods. A district is chosen and a facilitator invites a leading dairy farmer in the district to host a group and then uses their networks to attract other members. The facilitator also places adverts and articles for potential group to supplement the “local mayor” method. If numbers are not sufficient then more recruits are invited from the networks of the 1st wave of recruits.

Deliver GIM profit knowledge to the group

The development group believe that for the group to effectively self direct at meeting 3 a full understanding of profit must be acquired during meetings 1 and 2. The group have considered three options (see below) but are unsure which of the three approaches will deliver a “Profit Understanding” so have chosen to test three learning approach before committing funds to one. The three models will be tested across three groups each with the same facilitator but each with a different “trainer”.

- Farmer Group 1 The focus of the group is the margins program currently being used and developed in Northern Victoria.
- Farmer Group 2 Have a Cost/ Management accountant available to the group to lead them to meeting 1 and 2 aims
- Farmer Group 3 have a financially savvy Agri Scientist (eg.Tom Walsh)

GIM groups self-direct

This phase of the project will be assisted by an experienced facilitator who will help the GIM group to choose the best Business Management route to improved profitability. It is impossible to predict the outcomes of the 6 meeting investment other than to say the groups will be kept within what is considered Business Management. This concept has been difficult for NRM investors to accept when the 1st wave of NRM Focus Farm groups were set up. However the results from have been remarkable and investors are now comfortable supporting a product that takes farmers from an awareness of the issues through to taking action so effectively.

This model will offer the best opportunity for the group to sift through the best practices within the group and allow the transfer of good practice across its members.

Deliver the evaluation plus Business SAT

A trail of the three approaches to Understanding Profit (see above) needs an effective evaluation to understand which model can deliver the best improvements in Business Management practice. The development group can see that when the groups progress through 1 – 8 a large amount of evidence will emerge extra to that needed to evaluate the 3 approaches. The group believe that a by product of this evaluation could be the development of a Business SAT (BUSAT) that can help farmers assess how well they manage the business. This deliverable will offer greater value to investors who will then have

1. a group of more skilled business managers who walk the talk
2. a view on the best approach to delivering Profit Understanding and
3. a Business SAT tool that can help future participants understand the breadth of the Business Management discipline and assess themselves against the activity the top operators deliver

GIM Schedule

What	When	Who
Develop full proposal for GIM	Dec 06	Project Mgr (PM)

		Consultant (C)
Develop, produce and distribute recruitment material Engage trainers for meetings 1 & 2 Finalise a process for the GIM learning groups Recruit facilitator to deliver and facilitate the GIM Gp	Approval + 1 Month (M)	C & PM
Recruit farmers to 3 GIM Gp Design Research model to capture BUSAT evidence and 3 learning models	+ 2 M	Facilitator (F) C & PM
Commence 3 GIM Gps test and record performance of the groups under differing learning models	+ 4 M	PM F & C
Report progress after 3 meetings	+ 12 M	PM
Report progress after 6 meetings	+ 21 M	PM
Final Report incl a BUSAT	+30	PM

Appendices

1. The BUSAT tool will probably take participants through a series of questions where they will describe how they carry out business management in their farm business. This will include such question as: Do they use cost margin analysis, Do they do what if projections, Do they carry out budgets, Do they do their own GST, The level of record keeping they have got, Whether they have a plan, Whether they monitor the plan, and at the end of the process they will have a good idea of how there business management performance equate to that of the businesses working at the very best practice.
2. Decisions make or break organisations; if the group chose to they might, in meeting 3, explore more about decision making so that decisions are made with greater accuracy of their impact and with less risk, the topics might include
 - Deciding what result you want to achieve
 - How to carry out the decision making process
 - Generating the data to make the decision
 - Understanding the system in which the decision is being made and how its interconnected
3. The Profit Understanding stage might leave GIP Gp members with an understanding of
 - how transactions (payments and receipts) are made and a cash flow position created
 - how the cash flow position is adjusted (eg with depreciation, imputed labour etc) to create a Profit and Loss statement and
 - how the Profit and Loss affects the Balance sheet and changes (builds) wealth.
4. The development group have considered using four methods of engagement with dairy farmers to achieve the GIM objective above:-
 1. a solo training course model,
 2. a 1:1 (farmer and trainer)
 3. a group training course model and
 4. a self directed learning group model.

The absence of a learner mentor and the associated risk of reduced success rate eliminated option 1, cost eliminated option 2, the absence of a fixed process for learners to apply the learning to their own business eliminated option 3 and the unlikely arrival at the learning objective eliminated option 4. The development group therefore recommend a hybrid of options 3 and 4 where the group commence their learning in option 3 but after 2 sessions change to option 4, the self directed learning model.

Recent experience in the NRM focus farm project shows that there is merit in

- Bringing a group together with a particular focus.
- Allowing the group to complete a self assessment tool which provides a range of technical information when needed
- Allowing the group to self direct.

Consequently the working group recommend the following model for the participants

- 1 30 – 40 farmers are invited to join one of 3 Herd Wealth groups
2. At meeting 1
 - a facilitator completes an introduction and welcome and introduces BusSAT and assists the participants to complete the questionnaire
 - a trainer describes the purpose of the three financial statements- a framework for FBM; how a decision has a financial impact on each statement; how that impact changes under different conditions.
- 3 At meeting 2
 - a facilitator reviews meeting
 - a trainer teaches the participants the basics of how to build a cash flow statement, a profit and loss statement and a balance sheet; how to generate six KPI's:- cash surplus, EBIT, ROA, ROE, EBIT % and Equity %; how the six KPI's are linked.
- 4 At meeting 3
 - Participants feedback their learnings from sessions 1 & 2 and plan how to move ahead with this new information and how to apply it to their business, they then Plan meetings 4, 5 and 6

Appendix 4 Brief for presenters

We are keen to discuss with you if you are able to run Sessions 1 and 2 and use cost management accounting skills to deconstruct a set of dairy farm accounts that expose the key margins that contribute to profit and the theory that backs it up. At the end of the eight or nine hours with you the farmers should be able to

1. explain the difference between management and taxation accounts
2. identify and define a cash flow statement, a profit and loss account and a balance sheet
3. understand where a cost accountant would dig down into accounts to try to improve productivity
4. understand the du Pont method at how performance in the cash flow statement, impacts on the profit and loss account and consequently other P&L X. the balance sheet.
5. Explain Return on assets, return on equity, earnings before interest and tax, cash surplus, EBIT percentage and gearing.

Appendix 5 Example workshop program

GETTING INCREASED MARGINS

John Mulvany

(Revised Draft Program)

DAY ONE

Session One

- Slicing the Cake
- Where does the cash go?
- Assessing progress and performance
- Defining and discussing margins

Major Focus:

- When discussing all the issues listed above we must be able to develop clear terminology and more importantly a deeper understanding of the terminology and calculations
- Real world vs imputed world – operating surplus, which is spent on personals, tax, capital, debt servicing and savings vs true business performance (EBIT, imputed figures, impact of changes in fodder and livestock inventories).

Session Two

- “Back to Basics”
- A “lumped” P and L Return for discussion
- Chart of Accounts – Murray Dairy Booklet. Let’s go back to the source of all our “margin” discussion. Are we starting with a consistent Chart of Accounts? Get participants to refer to theirs for 2005/2006, which they have brought in, together with their P and L for 2005/2006.
- Adjustments and the accrual basis – participants work through an example of assessing physical and financial data.

Finish with a complete review of Brusamarello Focus Farm data.

DAY TWO

Session Three

- Review Day One – worked example
- Milk MAP – BSR/Profit Drivers (Frank to test their knowledge)

By lunchtime of Day Two everyone should be confident about the terms, the calculations and what the drivers are to generate high EBIT

Session Four

- Margins discussions – Now let's move to daily decision making and marginal curves. You have to get enough days correct to drive the annual profit. How? Examples to come. Tools to monitor: Physical (eyes, calculations) and Financial (Frank and John)
- Returns on investment in various margin zones e.g. last kilogram of grain vs a hectare of pasture renovation.
- Group activity – provide example of a base farm operating at a moderate/low input level and ask the group to lift performance:
 - Add 20 cows
 - Reduce inputs/expenses to reduce risk
 - Intensify the system to make more money

For this exercise we could split the group in two with Frank taking the other group. It's complicated but I'm trying to establish two points:

- Chasing higher margins generally involves risking more income and
- How do we know if the risk is worthwhile unless we clearly establish the return on investment for the additional level of input?
- Profiling aspects of the margins at different intensities.

Appendix 6

Getting Increased Margin\$



WestVic Dairy will be trialling a new Focus Farm project at the end of February 2007 based on making more profit. Called "Getting Increased Margins" the project will bring together 3 groups of a dozen or so "go ahead" dairy business owners and managers for an 18 month project to meet 8 times (40 hours) and take on board best practise business management in their businesses. The aim of the project is that all who attend will improve their decision making either through having better information from the business or by an improved understanding of the impacts a decision can have.

The Focus Farm model has been used to great effect with Natural Resource management in Alvie, Simpson, Terang, Koroit and Heywood with a great uptake of new information skills and action on 72 farms across the Region. The program is now branching out into the difficult world of Farm Business Management, where there are often few definites and more than one way to skin a cat.

So if you want to get a better insight into how to use profit to built dairy wealth or want to be able to understand how cash flow relates to profit and loss and how those two end up in the Balance Sheet this program will be for you. Top experts will be brought into the project to help groups improve their business management. To register your interest before February 5th fax your name, address, size of business and business goals to Getting Increased Margins at WestVic Dairy 55921342

Appendix 7 Facilitator records of each session in GIM

Day 1 and 2: **Warrnambool**, March 22/23; **Terang**, April 2/3; **Colac**, April 30/May 1

GIM Warrnambool

Take: leads, board, register, name labels, textas, calculators

Lunch, cuppa, screen, white board, projectors, paper

Introductions

Name labels, Domestic lunch toilets

AIM: Increase your knowledge and use of good business management practices, and drive more profit from your farm.

Facilitation:

- Organise, (two directed , 6 self directed day) keep group focused on aim, makes some input
- Evaluate what worked well what did not.
- Produce a Business Self Assessment tool

Issues /words from introductory comments

- Transition
- Growth
- Risk
- Gamble
- Flexibility
- Return on investment
- Lifestyle
- Labour
- Long term
- Years like this
- Off farm investment
- Tax
- Intuition
- Budgets
- Analysis

This worked well

- The input from deliverers
- The discussion
- The co-operation within the group

This didn't work so well

- Some concepts e.g. ROA to ROA
- There is a profit response stop "in the long term" not said.
- At some points too much talking.

WHY??

Always: jargon e.g. technical c/f production

Not enough time or learning activity to get it.

Develop a Dairy Bus-SAT

What is the range of good business activities actually done?

2 directed days followed by 6 self directed day over 18 months.

From comments, diff experience, knowledge skills evident, at least suspected.
Some not made any comment.

Some people taking notes.

Not a competition, more understand what goes where

Difficult to deal with the basics when the red herring complex being thrown all the time.

Did you get?

- How did livestock sales fed into livestock profit.
- Imputed labour and how the cost of contractors was treated.
- Should \$ be put away to cope with depreciation.
- The financial statements model.
- Land price gain not being in EBIT, i.e. is called operating profit.
- Difference between ROA and ROE
- What does “technically” efficient mean.
- Marginal-average response curves, break even lines.
- What are all the “matching ‘issues? Accrual accounting.
- Difference between YIYO, steady state, and budget.
- The problems with benchmarking.

Issues:

- Take this home to your partners
- Take this forward to self directed stage; Bounce off each other with a common understanding of concepts, language.
-

What are your initial reactions on the two days?

Brilliant, everyone kept up, bit of confusion on move from big picture to small picture

Next days: (6 self directed day over 18 months).

When, where, what, who?

25 th May would suit Roma.

Possibilities?????

1. All analyse your own figures.
2. Analyse a case study (from group, or external).
3. Review the financial concepts, the tricky bits? Better understanding of: Financial Statements Model
4. Feeding Pasture for Profit marginal thinking.
5. Brain storm partial EBIT budgets and construct a spreadsheet as we go (The partial budget can then be more complex, able to test sensitivity easily, do what ifs)?

6. Work through good business practices on one of your own development proposals.
7. Present your own farm business performance.
8. Investigate how a farmer, who is known to practice good business management, made a particular decision.
9. List what good business practices you already do.
10.

Keep contact

I will email group address

GIM Terang

Issues /words from introductory comments

What do you do now?

Business plan
 Keep financial information
 Do the books
 Taking Stock
 Review plan monthly
 Compare with benchmarks

What do you need to do better?

Understand KPI's
 Update more often
 Step back and analyse
 Understand financial language
 Use info to be proactive
 Look at whole business
 Do P+L and balance sheet
 Integrate physical with financial

This worked well

- The technical input was appropriate and explained well

This didn't work so well

- Did not get to production drivers.
- A lot of talking (very articulate) with not much interaction.
- Just words on then power point
- No-one in group gets management accounts form accountant
- "recognize debtors in your balance sheet"
- "Unrealised gains"
- "Unit issues"
- "Gross up"
- Carried over feed bought in previous period is an "expense". WRONG!
- Need to be more concrete at the start.
- Current and non-current assets
- DuPont put up, pointed at a bit of it, but said "it might cloud the issue".
- Said "control of costs very important".
- Working out ratios can help you to evaluate your business; just read presentation to see what I mean.

WHY??

Next days: (6 self directed days, over 18 months).

When, where, what, who?

Look at t10

Possibilities?????

1. What are the Critical Success Factors?
2. Find a dairyfarmer doing really well, find out why.

3. Risk management, feed, futures, forward purchasing, insurance, personal risk.
4. Construct a management spread sheet.
5. Understands drivers sheets.
6. Opportunity cost.
7. Leasing versus buying, land, cows, contractors.
8. Come up with **essential** production and financial KPI's.
9. Get out of it, succession planning, see Sinclair Wilson.
10. Faster wealth creation may be off-farm investment.
11. Develop a business plan.
12. Delve into production stuff
- 13.
- 14.
- 15.
16.
17.
18.

Getting Increased Margins Colac

Issues /words from introductory comments

Current good business practices

- Review the business plan often.
- Record records on Mistro.
- Ensure top price for milk via good milk quality.
- Feed budgeting.
- Manage the feed base for profit.
- Cash flow budget.
- Analyse the business year to year.

Business practice you would like to do better

- Record keeping (production and financial).
- Day to day paddocks records
- Make better cow ration decisions
- Work out the effect of a production decision
- Analyse a whole dairy farm business quickly.
- Know I am spending wisely.
- Better understanding of feeding profitability.

This worked well

•

This didn't work so well

•

WHY??

Next days: (6 self directed days, over 18 months).

When, where, what, who?

(Day3) COLAC

Thursday May 24th 10.30 am to 2.30pm.

These are the learning activities, business practices and knowledge we would like to deal with:

1. how to get a week in qld; more relaxed life
2. dairyfarm time management;
3. marginal decision making models?????
4. scenarios on spreadsheet
5. using labour getting attract,
6. bookkeeping categories tweaking, good useful reports
7. plug all own figures into something
8. the habitat and plumage of the EBIT
9. business growth implications

Keep contact

I will email group address

GIM DAY THREE REPORTS

Day 3: May 24/25th

Getting Increased Margins Warrnambool

AIM: Increase your knowledge and use of good business management practices, and drive more profit from your farm.

Discussion based on building the three financial statements.

Did not finish Financial Statements Model.

Dealt with:

- Depreciation
- Livestock trading

Develop a Dairy Bus-SAT

No additions were made

Comments:

- We need to work the fundamentals before we can decide where to go.
- Must put our own data in analysis to make sense of it all.
- Want sessions more often.
- Possibly have a session without Frank.
- Each participant should present a case how they have achieved a margin.
- Next session to finish off financial statements and discuss the drivers model.

Glossary to be sent to all.

Keep contact

I will email group address

Getting Increased Margins Terang

AIM: Increase your knowledge and use of good business management practices, and drive more profit from your farm.

Discussion based on building the three financial statements and profit drivers model.

Dealt with:

- The different types of profit.
- Depreciation
- Livestock trading
- The effect gain on land has on EBIT

Develop a Dairy Bus-SAT

Some additions were made.

Comments:

More work the fundamentals before we can decide where to go.

Must analyse using, say “Taking Stock”
Will put data into “feeding analysis”.
Next session discuss feeding profitability.

Glossary to be sent to all.
Keep contact
I will email group address

Getting Increased Margins Colac

AIM: Increase your knowledge and use of good business management practices, and drive more profit from your farm.

Discussion based on building the three financial statements and profit drivers model.

Dealt with

- The different types of profit
- Depreciation
- Livestock trading
- The effect gain on land has on EBIT

Develop a Dairy Bus-SAT

Some additions were made

Comments:

More work on the fundamentals before we can decide where to go.
Create a scenario so that big picture settings can be explored

Issues to develop:

-

Glossary sent to all.
Keep contact
I will email group address

GIM DAY FOUR REPORTS

Day 4: July 19/20th

Getting Increased Margins Warrnambool

AIM: Increase your knowledge and use of good business management practices, and drive more profit from your farm.

Used Joe Giblin figures to investigate feeding profitability.

Develop a Dairy Bus-SAT

No additions were made

Comments:

Getting Increased Margins Terang

AIM: Increase your knowledge and use of good business management practices, and drive more profit from your farm.

Develop a Dairy Bus-SAT

Comments:

Getting Increased Margins Colac

AIM: Increase your knowledge and use of good business management practices, and drive more profit from your farm.

Develop a Dairy Bus-SAT

Comments:

**GIM DAY 5 REPORT
(OCTOBER 4-5 2007)**

The program dates to date:

Day 1 and 2: Warrnambool, March 22/23; **Terang**, April 2/3; **Colac**, April 30/May 1
Day 3: May 24/25th
Day 4: July 19/20th
Day 5: October 4/5th

All participants have been contacted repeatedly by email and phoned at least once between every session. They usually say they will be attending. However, Day 5 attendance has fallen considerably.

- Two at Terang
- Three at Warrnambool
- Four at Colac

Content of Day 5:

The content at all three locations is more or less the same with different emphasis; the facilitator is always willing to take discussion wherever the group requires but always has material prepared to consider the overall objectives of the program of “Getting Increased Margins”.

The following was the content covered more or less at all three locations:

- List of categories
- List of dairy farm management areas

- **Input of feeding profitability analysis and discussion of data**
- Discussion of the ratios from analysis
- Marginal feeding model
- Big picture feed settings
- Daily Production records and feeding profitably
- Weekly Production results and margins
- Discussed why individuals had not attended.

One farmer turned an hour early to get individual help to enter data.

Evaluation of Day 5

Comments from two participants

“Best model ever seen”.

“Best day of all the program, because was relevant with own figures”.

From Day dat where to go:

See where I can improve

As always there is no general reason for attendance or not, but rather a different reason for each individual. However, the following issues are discussed:

Content problems?

- First two days were the flavour

First two days were the content and felt they had done the job

Structural problems?

- The facilitate was well aware that the group was to self direct so deliberate put no structure in place but always had material (marginal profit drivers and analysis and developing the first session content in place ready to go). So when the group struggle to find direction it possibly seemed a waste of time and frustrating.
- Facilitator too far away; canvassed within group and considered not to be problem.
- Session too far apart time wise
- Far too busy to do anything between sessions

Individual problems?

- Farm work pressure, silage,
- Data pressure, the farmers attending decide the facilitator should make it clear to go t forward each person in the group must provide at least feeding data so meaningful comparisons can investigated and understood. The pressure of coming up with data is high and in fact one farmer emailed with that reason why permanently pulling out.
- Other commitments, funerals,
- Put off by first session,
- missed too many to fit back in
-

Where has moved to, and where is it going?

Day one and two and the name of program.

from full farm analysis in the first two sessions to marginal productivity issues.

Self direction has been very difficult

Within the frame work of the name of the program GIM the facilitator has experience and knowledge where the driver of profit.

Lack of experience and skill in analysis became dependant of suggestions from facilitator, who kept to putting up options, which the groups thought acceptable.

Facilitator

Could be for the individual who are not attending but unfair assessment if not attending. Are very happy with the content and delivery. Every individual at session 5 could be surveyed and only positive comments would be made.

The best model ever seen. Comments at end that is very good. The time absolutely flies
Want on farm meetings to put into to place the marginal thinking

Think of a structure to move on farm

Full farm analysis using categories discussed.

Merge groups, if participants cannot come

Off farm issues

Monthly meetings

Analysis of feeding profitability

Observing the feeding profit drivers on farm, to see how other are doing it. At least try it.

DAY 6: “Let’s see increased feeding margins on-farm”

Dec 5/6th 2007

Only two groups now, low numbers, both meetings on farm.

The feeding profitability data had been entered by all and the ratios produced.

These ratios were discussed.

The group checked the feeding situation on the farm.

DAY 7: “Increased feeding margins on-farm again”

Jan 30/31st 2008

Both groups met on farm.

Basically the same process as Day 6 occurred.

Appendix 8 Participant Survey

Getting Increased Margins - Phone Survey of Participants

EXECUTIVE SUMMARY

Over 93 % of participants were interviewed over a 4 day period. This equated to 22 surveys covering 14 individuals and 7 couples or 28 participants out of the 30 who started the program. An issue for the program is the one third drop in the participation rate from the start and in particular with the Terang group. A merger of the 3 or 4 remaining Terang group members into the Warrnambool group has been mooted and would be generally accepted. The non attendance by members of all three groups during the single sessions 3-5 was mainly due to seasonal work pressure and unforeseen circumstances / other commitments.

The vast majority of the participants speak well of the program and the need for such programs in the industry, including most of the participants who have dropped out. Those participants who have indicated they wish to continue are enthusiastic. Issues that have arisen about the program are based around the loss of momentum with self direction, the dynamics of the group and to some extent a certain presenter and the content not meeting the participants needs. The venues are fine and most of the participants would prefer sessions to be run during the day with a 4 - 8 week gap between sessions over the program. Overall participants are happy and comfortable with Frank Tyndall, his knowledge and level of support to date.

PURPOSE OF THE SURVEY

The aim of the survey was to give feedback in areas that may have affected attendances over the Program, to track how participants thought the Program as progressing and was it meeting their needs so far. The following areas were assessed:

- If they missed any sessions - what was the reason
- What they thought of the Program content to date
- Has the Program helped them understand profitability and what drives profit on their farm
- What their thoughts have been on the self direction of sessions 3 to 5
- Options for the next 3 sessions in regards to content, timing and group mergers
- Willingness to continue with the Program
- Their thoughts on the presenters and facilitator
- General feedback on the venues and sessions
- Any other comments about the Program

METHODOLOGY

A final questionnaire was developed from ideas and comments provided by Facilitator, Frank Tyndall. (See Appendix 1 for survey questions.) The interviews were by phone, and on average, took between 10-15 minutes with the discussion covering most of the areas listed above. The participants were encouraged to make comments on the areas nominated but if the conversation naturally flowed into other areas, the interviewer did not necessarily follow the survey form in sequence. Hence recording their thoughts, rather than following a strict survey procedure using the provided responses in the questionnaire, was used. This in turn did make the analysis harder but gave a better overall view of the participants thoughts.

AGGREGATED RESULTS QUANTITATIVE**ATTENDANCE:**

You attended the first two days, how many other sessions did you attend?

<i>Response</i>	<i>None</i>	<i>Session 3</i>	<i>Session 4</i>	<i>Session 5</i>
No. Responses*	4 (1)	16 (4)	17 (4)	5 (1)

* NB: Figures in brackets throughout the following results represent extra persons when the respondent was one of a couple who attend together.

Also note that some respondents couldn't remember which session(s) they missed so figures do not reflect actual attendances.

A] *In attending the first 2 days, what was the main reason why you never attended again?*

<i>Response</i>	<i>No. Responses</i>
10) Direction of program not suitable	1
11) Farm work pressure	1
13) Unforeseen - other commitments & circumstances	2 (1)

B] *In attending only some of the single days sessions, what was the main reason for not attending some sessions?*

<i>Response</i>	<i>No. Responses</i>
6) The efforts to allow the group to self-direct were frustrating	1
10) Farm work pressure, eg: silage	8
12) The pressure of providing data.... is just too hard	1
13) Unforeseen - other commitments or circumstances	5 (1)

Several respondents gave other reasons as detailed below for questions A & B.

PROGRAM CONTENT:

C] *What do you think about the program overall in regards to the content?*

<i>Response</i>	FIRST 2 DAYS				<i>//</i>	DAYS 3-5			
	<i>Poor</i>	<i>Good</i>	<i>Very Good</i>	<i>Excellent</i>		<i>Poor</i>	<i>Good</i>	<i>Very Good</i>	<i>Excellent</i>
Content Overall	0	6 (1)	11 (4)	4 (1)	4 (1)	8 (1)	5 (2)	3 (2)	

NB: Survey questions had categories for content, discussion topics, information provided and analysis tools but most respondents wanted to talk in general terms about the overall content so the results have been aggregated into one category.

D] *In regards to the content of the GIM Program, it's aims were to: "Increase your knowledge and use of good businesses practices, and drive more profit from your farm, by getting increased margins." How well do you think you understand profitability and what drives profit on your farm now - because of this program?*

<i>Response</i>	<i>No Response</i>	<i>No Better</i>	<i>A Bit Better</i>	<i>Much Better</i>
<i>No. Responses</i>	3	1	8 (3)	8 (3)

The following questions (E-J) were asked of participants who attended any of the sessions 3-5.

E] *Do you think the first 2 sessions set a course that helped to inform you as to what you wanted from the following sessions?*

<i>Response</i>	<i>Yes</i>	<i>No</i>	<i>Sort of / Not sure</i>
<i>No. Responses</i>	7 (2)	2 (1)	8 (3)

F] *Do you think the group was provided with enough opportunity or guidance to set its own direction?*

<i>Response</i>	<i>Yes</i>	<i>No</i>	<i>Sort of / Not sure</i>
<i>No. Responses</i>	12 (4)	4 (2)	1

G] *If you believe the group has had difficulty in setting the direction, why might that be?*

- see comments in qualitative section.

H] *Do you know where has the group got to, or what has it achieved, to this point?*

<i>Response</i>	<i>No idea</i>	<i>Some idea</i>	<i>A good idea</i>
<i>No. Responses</i>	2 (1)	3 (1)	12 (4)

I] *The following are some possibilities raised for the next three meetings. What appeals to you?*

1) *Merge groups (Terang / Warrnambool in particular) into one.*

<i>Response</i>	<i>Yes / No problem / If everyone OK with it</i>	<i>Unsure</i>	<i>Happy with current group / keep Colac separate</i>

No. Responses	7 (1)	1 (1)	3 (2)
---------------	-------	-------	-------

2) *Meet more often - monthly rather than three monthly.*

Response	No. Responses
Monthly	3 (1)
4 - 6 weeks	3 (1)
4 - 8 weeks	5 (2)
2 - 3 months	1

3) - 6) See qualitative comments on future activities

Questions to all respondents.

J] *Are you intending to go to the next 3 sessions?*

Response	No	Yes	Unsure
<i>No. Responses Total</i>	8 (+2)	11(+ 4)	3 (+1)
- Colac	1	3 (+2)	1
- Terang	6 (+1)	3	1 (+1)
- Warrnambool	1 (+1)	4 (+2)	1

APPROACH & STYLE OF PRESENTERS &/OR FACILITATOR:

K] - see qualitative comments below on the style & approach of the presenters / facilitator.

L] *What did you think about the support of the Facilitator (Frank) between sessions?*

Response	Comments positive	Comments negative	No comment
<i>No. Responses</i>	16 (6)	0	5 (1)

VENUES:

M] *Any Comments about the venues where sessions were conducted?*

Response	Comments positive	Comments negative	No comment
<i>No. Responses</i>	14 (5)	0	8 (2)

TIMING OF SESSIONS

N] *Any comments about session timing?* - see qualitative comments below

TYPICAL QUALITATIVE COMMENTS

ATTENDANCE:

A] *Q: In attending the first 2 days, what was the main reason why you never attended again?*

One respondent felt that he didn't fit the course and had a different philosophy to Frank on farm analysis and benchmarking. Another respondent cited that farm work pressure was the main reason but also prefaced that the course wasn't what he was looking for with so many figures when he "wanted more general farm stuff." One just had "too much going on in their personal life". The final respondent had clashes with session timings and also commented that the Discussion Group he is involved in covers similar things so he felt the course doubled up and the DG covered their needs.

B] *Q: In attending only some of the single day sessions, what was the main reason for not attending some sessions?*

In all but 2 cases the absence from any of the sessions 3-5 were due to circumstances outside the course parameters. As the results show farm work pressure was an issue, as was the clash of dates with other commitments.

C] *Q: What do you think about the program overall in regards to the content?*

After the first phone survey I divided the question into what participants thought of the first 2 days and then the following 3 single sessions. In this instance, to aid analysis, I have reported results based on which group the people were in to see if that affected the responses.

Overall everyone said they got good information in the first 2 days. The Warrnambool and Colac group members generally spoke more enthusiastically. Some of the members of the Terang group were not happy with the accountant's style of presentation and the strong emphasis on taxation but others felt they got a lot out of this session. A few respondents expressed their disappointment at not having the opportunity for their group to hear John Mulvany's presentation.

With sessions 3-5 the response wasn't quite as positive. All groups had members who remarked that some of the sessions were "wishy washy", "lacking direction" and "wasting too much of their valuable time". This related to the proposal for the group to take the lead and direction of session content. Some people really enjoyed the ability to follow up any questions and leads while a larger number of participants indicated they would like more structure and the group to have defined outcomes for each day. See further comments under questions F-H on self direction.

D] *In regards to the content of the GIM Program, it's aims were to: "Increase your knowledge and use of good businesses practices, and drive more profit from your farm, by getting increased margins." How well do you think you understand profitability and what drives profit on your farm now - because of this program?*

Many of the participants who indicated that they had only increased their understanding "a bit better" further commented that it was because they already had a good grasp of profitability and profit drivers. It would seem that the majority of those surveyed have achieved the aim of the program so far, even if they hadn't attended all sessions.

E] *Do you think the first 2 sessions set a course that helped to inform you as to what you wanted from the following sessions?*

This question was quite a stumbling block for some, and that could have been because they were not sure what they were being asked. In several cases I had to try and reword the question. Hence the strong response of "not sure" and "sort of" may attribute partly to this. Some respondents thought that the first sessions gave them a clear idea of what further information they

required. (The Warrnambool group responded with a yes in all but one case. Terang was more mixed with only one affirmative, 2 negatives and 4 undecided. Colac had one affirmative and the rest unsure.)

F] *Do you think the group was provided with enough opportunity or guidance to set its own direction?*

The participants were far more definite in their “Yes” response to this question and all had an opinion on the group’s ability to set their direction. If there was any comment it was more often negative in regards to the process of setting the direction as detailed below.

G] *If you believe the group has had difficulty in setting the direction, why might that be?*

The key themes that came out of the comments were that there was a real loss of momentum in session 3 and it took too much time in getting the group to decide its direction. Several put that down to group dynamics and diversity plus lack of familiarity with each other. Several suggested that session 3 should have been more structured and that self direction may have been better in later sessions after they became more familiar with group members and had tackled more data analysis. Notably the Warrnambool group was generally happier with the self direction and it was suggested that this was due to the make up of the members of the group in regards to character and experience.

H] *Do you know where has the group got to, or what has it achieved, to this point?*

Unless the participant had missed several sessions or was not returning to the program the majority felt they had a good idea of where the group was at.

(Initially this question was in 3 parts. The last 2 parts were dropped after the first 2 surveys, in consultation with Frank. I found that participants became lost with the size of the question. In reciting what had happened each day the question became too ambiguous. Furthermore if they added anything to the examples given, they were unsure as to whether any reply they gave wasn’t already included in the examples. In not having attended the program, I was also unable to assist in this regard which was awkward and halted the flow of the survey. As someone put it - “Frank knows what we have done.”)

I] *The following are some possibilities raised for the next three meetings. What appeals to you? (These questions were posed only to those whom indicated they were going to continue with the program)*

1) *Merge groups (Terang / Warrnambool in particular) into one.*

For those participants in the Warrnambool & Terang groups, who were asked this question, there was no objection to merging the two groups. The only comments were based around changing the current group’s dynamics & familiarity with each other. Several Colac people indicated they were keen to retain their current group and I did not strongly pursue the idea of the 3 groups merging.

2) *Meet more often - monthly rather than three monthly.*

Overwhelmingly the comments on this question were that to keep the momentum going that the group needed to meet at a maximum bi-monthly. Several wanted some flexibility to accommodate busier periods in the year.

3) - 6) *Various suggestions for future meetings.*

The suggestions listed 3-6 as provided by Frank were only used as prompts as required. Most participants quickly articulated their interests as summarised below.

Colac group members were keen to pursue their plan to go on farm to identify why participant’s figures were different and the impact of the different approaches. This approach was also viewed favourably by some other participants within the other groups. Most felt a need to recap and consolidate their use of analysis tools, apply them to their business and then compare data. Other suggestions included one on one sessions with Frank, more budgeting, covering more general business and investments, more “what if...” scenarios and successful case studies.

JJ *Are you intending to go to the next 3 sessions?*

This question to all participants in the survey shows that about one third have dropped out of the program and do not intend to continue. In the case of Terang where the drop off has been the most significant, respondents indicated that farm work pressure was the reason when first asked with question A.

But when asked if they intended to continue they gave further reasons such as:-

- course not delivering what they expected or required
- inability to find time to collect their own figures
- found answers with a consultant quicker
- dwindling group numbers put them off

APPROACH & STYLE OF PRESENTERS &/OR FACILITATOR:

KJ *What do you think about the approach or style of the presenters and / or facilitator?*

With this question I tried to get respondents to indicate thoughts on both the presenters over the first 2 sessions as well as Frank in the individual sessions separately.

The general comments were very positive. "All excellent, Both great, Terrific - like to be challenged"

In regards to the presenters the comments were:

"Sinclair & Wilson were boring / OK." "John Mulvany would have been better." "First presenter lacked some."

"Accountant good / very good with good notes and examples"

"John M gave a great presentation - he explains things so well and is practical"

"John M is excellent with his delivery and allows plenty of discussion"

In regards to Frank the comments were:

"Excellent"; "Presented well & tried hard (with direction)"; "Very good job, knows his stuff", "free to voice mind"; "Forceful in pushing his system & methods and I challenge that"; "Allowed discussion"; "Very good knowledge on feed"; "Very bright but followed too many tangents - needs to be more concise & finish one area before digressing"; "Very good but didn't keep it as tight as it should be"; "Difference in philosophical approach".

LJ *What did you think about the support of the Facilitator (Frank) between sessions?*

As the results indicate the responses were all positive and Frank had made contact with all the respondents by e-mail and phone. The participants with no comment were mainly the ones who didn't attend the single sessions or indicated they had no interest in continuing and wished to keep the conversation short.

VENUES:

MJ *Any Comments about the venues where sessions were conducted?*

All those questioned on the venues indicated they were fine and that they had no issues with them at all. Again the participants with no comment were mainly the ones who didn't attend the single sessions or indicated they had no interest in continuing and wished to keep the conversation short.

TIMING OF SESSIONS:

NJ *Any comments about session timing?*

Generally when asked about the sessions the overall comments were that they were OK. Specific comments are detailed below:

1) *When the sessions were conducted?*

Seven participants had a problem with evening meetings in that they either were too short, they were too tired at the end of the day or unable to attend evening meetings.

2) *Time between sessions?*

Any responses to this question aligned with the comments under question 1] 2) in that most people wanted sessions in the 4-8 week bracket.

3) *Length of each session?*

The comments were favourable as in “adequate”; “long enough” & “good” except those above in regards to the night sessions.

O] Concluding Comments?

With most respondents, in finalising the conversation I asked if they wanted to comment on something not covered by the questions so far.

- A couple of participants noted that many off farm dairy industry related activities clashed in regards to dates and a dairy calendar is needed to help prevent these clashes by organisers, especially during the off season.
- Spreadsheets supplied by Frank were too complicated to manage on your own. Help was needed in session time to make sense of them and that may have put people off.
- Looking for interesting and successful farmers in the group to learn from & engage with
- Not everyone will be comfortable in sharing and discussing their figures so may need case scenarios to work from in some groups for a start.
- Emphasis seems to be on high production and inputs to get profit and that’s not how everyone works and this needs to be catered for.
- Frank uses some programs which were great but he owns the intellectual property. We would love to access them but to do that we need to employ Frank. Can WVD arrange access?
- Many people involved in this project are in programs such as Dairy Farm Analysis which already covers many aspects - reinventing the wheel?
- Participants need to be able to hang their hat on getting increased margins from doing this course for it to be successful

WHAT THE RESULTS INDICATE

ATTENDANCE:

Up to a third of all group members did not attend sessions 3 & 4 with a significant drop off in session five. (Please note that many respondents were unsure of which session(s) they missed and this will affect what the results indicate.) The main reasons absence was farm work pressure and other commitments.

PROGRAM CONTENT:

Participants were very positive about the program content over the first 2 days. Most participants, even those who have indicated they won’t continue, got a better understanding of the profit drivers on the farm and appreciate that knowledge. The self direction of the group was more successful with groups that were very positive about the presenters and felt they had the right people in the group to facilitate that procedure, such as “industry leaders”. Others indicated they would have liked more structure with specific outcomes for each day as they didn’t feel the group had the experience to drive the agenda. The majority of those who attended most or all sessions were keen to continue and several commented that the group was working well now; they knew where the group was at and what direction they were taking next.

In regards to the drop in Terang numbers, the members of both the Warrnambool and Terang groups appeared to be comfortable with the idea of a merger.

APPROACH & STYLE OF PRESENTERS &/OR FACILITATOR:

The presenters appeared to be well received and knowledgeable. John Mulvany and the “accountant” were mentioned as excellent and very good. The quality of these presenters appears to set the tone and assist in the preparation of getting the group to identify what information and answers they are seeking in future sessions. Nearly all participants spoke well of the facilitator.

VENUES: All venues were satisfactory with no negative feedback.

TIMING OF SESSIONS:

The preferred frequency is in the 4-8 week period. Sessions during the day are preferred over night sessions and the day session length is fine.