



FARM BUSINESS PLAN GUIDE

Background

What is a business plan?

A business plan is simply a document which records your vision, the current state of your farm / business, your future goals, and how you plan to achieve these. Ideally, the process of developing your business plan, will provide a clear understanding of what is required to achieve these goals, what your priorities are, and where to focus your energy and resources.

A well-constructed business plan should include:

- Realistic goals and timeframes, including how these will be monitored and reviewed
- Consideration of any barriers stopping you from achieving your goals
- Consideration of your strengths
- Understanding of your risks and opportunities

Why a business plan is important?

A well-considered business plan allows:

- Better visibility for family members and key employees of the future business direction, and strategy, ensuring everyone is working as a team and on the same page
- A broader future outlook of your business rather than season to season
- Improved consideration for future direction and business growth
- Easier succession / estate / exit strategies
- Improved visibility of financial position
- Better governance and accountability should plan(s) not be followed or allow for explanations as to why a plan(s) didn't or did work
- Better consideration of business and market risks, and existing practices for managing these to protect your farm and business

This guide has been developed to assist with making the business planning process as simple as possible.

Section 1 - About our business

1.1 - Business Ownership

List the names of the business owners and stakeholders.

1.2 - Business details

Provide the following details:

- Business name
- Address
- ABN
- PIC number (the PIC system operates nationally to trace animals (livestock, poultry, apiary) if a disease outbreak or contamination incident occurs)
- Email address
- Telephone numbers

1.3 - Our properties

List the following details of all properties that are relevant to this business plan:

- Property name
- Lot number
- Land size
- What the land is used for
- Whether you have a vegetation map for this property - Yes or No only. The vegetation map can be provided as an appendix
- Street address of the property

1.4 - Our motivation / story

Briefly outline:

- Your farm's history
- Your core values
- Why are you in business?
- Broadly any outcomes you want to achieve

For example:

To run a profitable and sustainable business that:

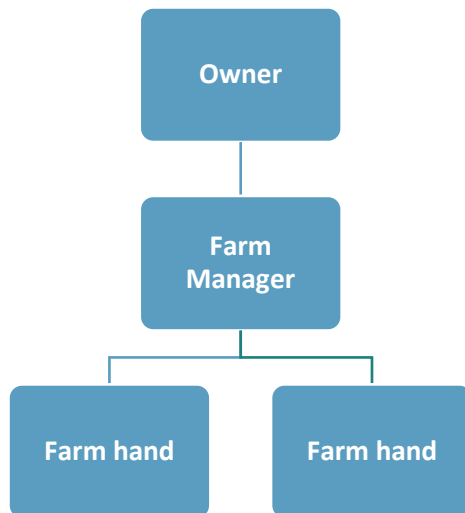
- *Provides for our current and future needs*
- *is able to withstand the adverse impacts of climate and market variability*
- *is a sustainable land management system*
- *is a viable business for future generations*

1.5 - Our organisational chart / business structure

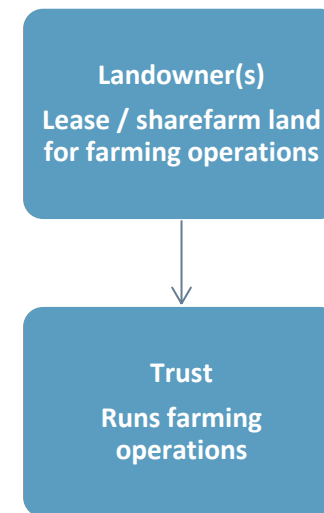
Draw a simple organisational chart and business structure of your business.

For example:

Organisational chart



Business structure



1.6 - Our primary production operation

- Outline key details of your operation

For example:

Type of business operation	Our area of production is	Typical production (yield) from this area is	Gross value of production in normal year (\$)	Number of normal employees	
Large scale broadacre cotton farming operation 50 km west of St. George	467 hectares	9.2 bales/ha = 4,296.4 bales	In a normal year the gross value of our agricultural production is approximately \$2,272,584	Permanent	3
				Casual	3
				Seasonal	5

1.7 - The operation of our business involves family members and employees

- Document employee roles, responsibilities, and their skills and qualifications

For example:

<i>Name</i>	<i>Role</i>	<i>Full-time / Part-time / Casual</i>	<i>Responsibilities</i>	<i>Skills, qualifications, attributes & experience</i>
John Smith (son)	Property manager	Full-time	<ul style="list-style-type: none"> • Operation of modern farming machinery and supervision of contractors • Maintenance and servicing of all machinery, pumps, motors • Management of irrigation operations and staff as required • Exclusion fence maintenance and upkeep of internal fences 	<ul style="list-style-type: none"> • 10 years cotton farming experience • Qualified mechanic • Holds licence to perform high risk work • Able to complete seasonal water and financial budgets

1.8 - Future state

- Briefly describe your broad future goals and strategies using values and metrics where possible

For example:

Strategic outlook / vision

We want to develop a business that is able to support x2 children's families and assets for a 3rd child.

Net Profit \$ 300k

Net Assets \$ 20M

Retirement fund for independent living after the farm (liquidity) \$3M

Short-term	Medium-term	Long-term
<i>Understand financial position of the business</i>	<i>Improve production processes to reduce costs whilst improving quality of product and achieve a 5% increase in bottom line</i>	<i>Reduce debt by \$5M</i>

Section 2 - Risk management / goal formulation

- In this section you will consider the risks associated with your business in each major business area and develop actions to mitigate against these risks
- It is acknowledged you already address these risks as part of your normal day to day operations. Taking the time to document these risks and actions will help to prioritise and organise your time and efforts where improvement is required to support successful outcomes
- You may use the risk guide below to consider any risks and strategies you may already have in place

Risks	Current management strategies	Self-assessment	Specific goals / actions	Priority / Timeframe
<ul style="list-style-type: none"> •Consider the relevant risks associated with each area •The risk guide below can be used for examples 	<ul style="list-style-type: none"> •What is currently being done to address this? 	<ul style="list-style-type: none"> •How effective do you think this strategy is? •Use a simple traffic light assessment - Red / Orange / Green •Does this need to be improved upon? 	<ul style="list-style-type: none"> •What can be done to address this risk? •The risk guide below may be used to guide this •Be as specific as possible to your circumstances •How can this be measured? 	<ul style="list-style-type: none"> •Assign a priority and timeframe to complete this action based on your circumstances

Legend			
Self-assessment	Red Systems need to be improved	Orange Systems could be improved	Green No system improvements identified
Priority	High Urgent action needed	Medium Action required to improve systems	Low: Monitoring only required
Timeframe	Short-term <6 months	Medium-term 1-2 years	Long-term >2 years

For example:

2.1 - Drought and natural resources

Risks	Current management strategy	Self-assessment	Specific goals / actions	Priority / Timeframe
Insecure access to water sources leading to water supply exposure, reduced confidence in forward planning, and reduced yields.	We have multiple sources of water: <ul style="list-style-type: none">• X2 ground water bores• Associated property water allocation from the Balonne River	Orange - System could be improved - Balonne River water allocation is dependent on seasonal rainfall	Investment in developing farm water infrastructure (dam) to improve water security and mitigate against water availability and access risk.	Medium priority Medium-term: 1-2 years
Water infrastructure is inefficient leading to wastage	Surface irrigation system	Red: System needs to be improved - surface irrigation is least efficient method of irrigation	Investment in water efficient irrigation systems (drip irrigation) to improve water efficiencies and mitigate against wastage.	High priority Short-term: <6 months

Risk and goal / action guides

Drought and natural resources risk	
Risk	Potential goals / actions
<ul style="list-style-type: none"> • Insecure access to water sources leading to water supply exposure, reduced confidence in forward planning, and reduced yields. • Water supplies are exhausted leading to inability to water crop resulting in reduced yield or crop failure. • Water infrastructure is inefficient leading to wastage • Abrupt changes in water access leading to restricted water availability, reduced yield, crop failure and business stress. • Using more water than budgeted for due to taking greater risk punting in drier seasons • High seasonal water variability leading to uncertainty with resource management, business instability 	<p>Consider:</p> <ul style="list-style-type: none"> • Enrolling in myBMP and becoming myBMP accredited - specifically completing the water management module • Investment in farm water infrastructure to improve water security and mitigate against water availability and access risk. • Investing in water efficient infrastructure to improve water efficiencies and mitigate against wastage. • Implementing infrastructure to capture and recycle wastewater to mitigate against wastage. • Diversifying farming regions to mitigate against weather and climate risks. • Developing a water budget and use it to guide forward farming plans. • Engaging an agronomist or consultant to assist and advise on crop planning and water budgeting. • Trading in the water market mitigate against water supply failure. • Improving forecasting capabilities utilising technology to provide confidence in future procurement and farming planning. • Have a full understanding, of, and utilise your water resources rules to optimise tactics such as carry-over.

Flood risk	
Risk	Potential goals / actions
<ul style="list-style-type: none"> • Extreme rainfall causing flooding, delayed harvest, crop damage, topsoil runoff 	<p>Consider:</p> <ul style="list-style-type: none"> • Enrolling in myBMP and becoming myBMP accredited - specifically completing the sustainable natural landscape, soil health, and water management modules • Developing flood management infrastructure such as flood levee banks to mitigate against flash flooding • Diversifying revenue streams to mitigate against risk of singular income stream failure.

Climate and weather risk	
Risk	Potential goals / actions
<ul style="list-style-type: none"> Highly variable and more extreme weather conditions and events (temperature, moisture, fire, hail, drought) leading to increased difficulty in forecasting yield and forward planning, yield reduction and discounting due to crop damage. Weather events causing reduced yield leading to reduced capacity for subsequent seasons, investment in Property, Plant, Equipment and confidence in investment and procurement. 	<p>Consider:</p> <ul style="list-style-type: none"> Diversifying revenue streams to mitigate against risk of singular income stream failure. Taking out crop insurance (hail, colour discounts) Developing or improving a fire management plan, by developing and implementing fire breaks, planned, and controlled back burning Developing a forward plan and budget in relation to input resources (water, seed, pesticides). Developing and define a risk appetite and forward plan an acceptable risk on how much extra area you will crop based on water usage allowance.

Biosecurity risk	
Risk	Potential goals / actions
<ul style="list-style-type: none"> • Biosecurity breach leading to crop disease, infestation, and weeds, resulting in reduced yield and failed crops. • Poor biosecurity planning leading to ineffective and uncoordinated mitigation and propagation of biosecurity breaches (disease or pests). 	<p>Consider:</p> <ul style="list-style-type: none"> • Enrolling in myBMP and becoming myBMP accredited - specifically completing the IPM - insects, weeds and disease, and biosecurity modules • Developing a high level of business wide education and training plan regarding biosecurity detection, prevention, and management, including best practice hygiene, pest recognition, reporting, and mitigative and reactive action plan • Performing a review to ensure best practise biosecurity protocols are practised on-farm • Engaging an agronomist or consultant to advise on most appropriate crop breeds for your area • Subscribing to relevant newsletters to stay informed of biosecurity rules, regulations, and restrictions

Supply chain risk	
Risk	Potential goals / actions
<ul style="list-style-type: none"> Increasing supply chain costs including freight/transportation, input supplies (PPE, fertiliser, pesticides) leading to increased cost of production), reduced margins and profitability. 	<p>Consider:</p> <ul style="list-style-type: none"> Engaging with an agronomist or farming consultant to help forecasting and plan procurement for future cropping input supplies, in relation to the proposed crop cycle. Developing (or improve) a forward procurement plan and logistics strategy for cropping input supplies (fertiliser / pesticides / seed) for future seasons to mitigate against seasonal influxes in material demand and risk of unavailability and volatile pricing. Investing and developing farm storage infrastructure capabilities to improve the ability to stockpile supply resources.
<ul style="list-style-type: none"> Reduced availability and access to input supplies such as, fuel, fertiliser, pesticides PPE leading to long lead times for delivery of supply inputs, causing bottlenecks and risk of missing planting windows; unavailability of critical inputs; and exposure to volatile seasonal pricing. 	<ul style="list-style-type: none"> Consider: Engaging suppliers to provide storage facilities. Investing and developing farm storage infrastructure capabilities to improve the ability to stockpile supply resources. Developing a list of alternate suppliers ensure continuity of business if the primary supplier is unable to service the business. Ensure strong relationship, strong communication and forecasting with suppliers to ensure priority for supply when needed.
<ul style="list-style-type: none"> Reduced access to international trade partners and trade opportunities. 	<ul style="list-style-type: none"> Achieve myBMP accreditation, which in turn allows recognition by the international Better Cotton Initiative, as a supplier of sustainable cotton Consider engaging a broker to gain greater access to greater sales market

Financial risk	
Risk	Potential goals / actions
<ul style="list-style-type: none"> Increasing interest rates, increases the risk of loan default, and reduces the capacity to acquire new loans. Increasing costs of production Lack of documentation of business planning / budgets etc. reducing lending confidence and access to loan facilities Low financial literacy resulting in suboptimal financial management and reduced loan facility confidence. Poor management of creditors and debt requirements resulting in inconsistent cash flow. Single source of revenue 	<p>Consider:</p> <ul style="list-style-type: none"> Consider engaging a consultant to improve and advise on financial management. Re-evaluating lending facilities (shop around for better interest rates / loan terms) to ensure best value for money. Preparation of cash flow/budget Preparation of capital expenditure budget Improving cash flow, business plans, budgets, and proposal documentation to ensure strong justification for loan applications. Prioritising paying down debt to improve financial leverage. Developing alternative revenue streams such as, dry, or wet hire of equipment

Market risk	
Risk	Potential goals / actions
<ul style="list-style-type: none"> Increasing cost of production (labour, input supplies, freight / transport), leading to reduced margins and profitability. Volatile spot prices leading to cash flow uncertainty, suboptimal return and financial risk. Poor management of creditors and debtors reducing loaning facility confidence. Suboptimal business literacy resulting in inefficient financial management, operations, or business strategies. 	<p>Consider:</p> <ul style="list-style-type: none"> Undertaking a process review to identify process bottlenecks and guide improvement in labour efficiencies and inform investment in equipment or infrastructure to improve process efficiencies. Engaging in forward markets (via broker / consultant or independently) to mitigate against a volatile spot price Engaging a broker to gain access to a wider customer base Engaging a consultant to provide financial, operational, or sales strategy assurance. Engaging and negotiating an input or output forward supply contract to provide assurance against fluctuating market demand. Engaging a consultant to provide contract assurance on supply contracts to mitigate against unfavourable terms of trade. Developing and regularly revise a comprehensive business budget and plan to provide formal justification for business decisions and loan applications. Undertaking formal training to improve business / financial literacy or engaging consultants to provide advice.

Workforce risk	
Risk	Potential goals / actions
<ul style="list-style-type: none"> Staff retention issues, leading to labour shortages, reduced availability of skilled and experienced workers and loss of critical organisational people. Difficulty gaining access to and attracting labour (seasonal, permanent, skilled, casual), leading to labour shortages. 	<ul style="list-style-type: none"> Consider enrolling in myBMP and becoming myBMP accredited Attract new employees by promoting employment stability, career pathways, and professional development and training. Ensure multiple staff are appropriately trained to and continue to access training opportunities to reduce key person risk Consider: <ul style="list-style-type: none"> Engaging a recruiting agency to source employees Investing in improving accommodation, internet connectivity, and domestic comfort to attract and retain employees. Offering improved work-life flexibility to attract and retain employees. Offering continual professional development and training or career pathways to attract and retain employees Investing in infrastructure and automation to reduce labour requirement. Offering a cost share arrangement or full sponsorship of visa costs to attract immigrant or transient workers (working holiday visas). Offering transportation to the property to attract immigrant workers Offering a cost share arrangement or full sponsorship of training and professional development to retain and attract new employees Leveraging federal government incentives to attract new employees

Personal / OH&S risk	
Risk	Potential goals / actions
<ul style="list-style-type: none"> Workplace accident (manual handling injury, slip and fall, chemical injury, mental health injury) resulting in Common law claims, increase in workplace compensation insurance, critical financial loss, and reputational damage 	<p>Consider:</p> <ul style="list-style-type: none"> Enrolling in myBMP and becoming myBMP accredited - specifically completing the pesticide management, petrochemical storage, and handling modules Undertaking business wide OHS training to ensure alignment to obligations and requirements Investing in appropriate manual handling equipment and PPE. Investing in storage and handling equipment to mitigate against chemical injury. Developing a robust and comprehensive workplace health and safety policy. Engaging a consultant to ensure a thorough understanding of WHS obligations and management strategies for physical as well as mental health risks Engaging a consultant to provide advice around ensuring appropriate and comprehensive insurance plans Undertaking business wide training to promote understanding of WHS obligations and management strategies for physical as well as mental health risks

Production risk	
Risk	Potential goals / actions
<ul style="list-style-type: none"> • Reliance on labour intensive processes increasing exposure to workforce risk and associated reduced capacity for production. • Inefficient processes leading to process bottlenecks suboptimal cost of production and reduced margins. • Degradation of soil health, leading to reduced yields or failed crops 	<p>Consider:</p> <ul style="list-style-type: none"> • Enrolling in myBMP and becoming myBMP accredited - specifically completing the soil health, sustainable natural landscape (natural assets) modules • Investing in automation infrastructure, plant, and equipment to improve resource and labour efficiencies. • Investing in infrastructure to improve resource and labour efficiencies. • Performing process analysis (via a consultant or independently) to identify process bottlenecks, invest in automation or infrastructure and improve process efficiency.

Family business risk	
Risk	Potential goals / actions
<ul style="list-style-type: none"> • Lack of succession plan, resulting in business failures, uncoordinated strategies • Informal business plans or structures result in uncoordinated and poorly executed strategies, loss of critical information during turnover (family succession or external parties e.g., banking manager) • Low financial or business literacy resulting in suboptimal strategy, planning and execution 	<p>Consider:</p> <ul style="list-style-type: none"> • Engaging a succession planner or third-party mediator to formalise the process • Formalising business and succession planning to ensure a robust record of medium- and long-term plan and strategy • Developing documentation of key business processes to ensure business continuity on exit or succession and mitigate against key person risk (ISO9001). • Automating processes as much as possible to mitigate against key person risk, reliance on labour intensive processes and workforce.

Technology & redundancy risk	
Risk	Potential goals / actions
<ul style="list-style-type: none"> Low uptake of technology advancements and infrastructure, resulting in reliance on labour and reduced workplace efficiency. 	<p>Consider:</p> <ul style="list-style-type: none"> Building up infrastructure redundancies to mitigate against plant and equipment failure. Investing in technology to improve efficiency, and automation (e.g., remote sensors), improving efficiencies and reducing labour requirement (and WHS)

Government policy risk	
Risk	Potential goals / actions
<ul style="list-style-type: none"> Lack of visibility of changes in government policy or regulations resulting in suboptimal work arounds, fines, or regulatory action. 	<ul style="list-style-type: none"> Ensure timely reviews of policy and regulatory updates by subscribing and staying up to date with communications from peak industry bodies and relevant government organisations. Consider subscribing to relevant departmental newsletters such as federal Department of Agriculture Water and the Environment, or state Department of Agriculture and Fisheries. Maintain membership of peak and local membership organisations such as Cotton Australia and local Cotton Growers Association

Section 3 - Summary of new action and implementation plan

- Taking your actions / goals generated in the previous section, write them down in order of priority
- Try to be as specific as possible in terms of how you will measure success, who will be responsible, and the intended timeframe for completion - this will assist you to focus on areas of your business which are most important and support accountability of completing

For example:

<i>Risk</i>	<i>Goal</i>	<i>Action plan</i>	<i>What is a successful outcome?</i>	<i>Responsible party</i>	<i>Timeframe / deadline</i>	<i>Priority rating</i>
<i>Water infrastructure is inefficient leading to wastage</i>	<i>Improve water efficiencies and mitigate against wastage.</i>	<i>Invest in drip irrigation system costing ~\$2.5M</i>	<i>For the same yield, reduction of water usage by 20%</i>	<i>Property manager</i>	<i><6 months</i>	<i>High</i>
<i>Insecure access to water sources leading to water supply exposure, reduced confidence in forward planning, and reduced yields</i>	<i>Improve water security and mitigate against water availability and access risk.</i>	<i>Investment in developing farm water infrastructure (dam) costing ~\$30k</i>	<i>Reduction of water allocation pumping by 5%</i>	<i>Property manager</i>	<i>1-2 years</i>	<i>Medium</i>

Section 4 - How we plan to manage drought and dry conditions

- This is a requirement of the QRIDA drought assistance grant application process
- Considering drought specifically
 - How are you currently preparing for drought?
 - How do you currently manage drought?
 - How would you plan to recover from drought?

For example:

4.1 – How we plan to prepare for drought	4.2 – How we plan to manage during a drought	4.3 – How we currently plan to recover from a drought
<ul style="list-style-type: none"> • <i>Weather and seasonal climate forecasting sites used to make decisions about seasonal variations and drought conditions.</i> • <i>Identify drought preparedness strategies such as, adequate water supply, and water use efficient cropping techniques.</i> 	<ul style="list-style-type: none"> • <i>Develop and review the water budget plan more regularly</i> • <i>Review cropping program and adopt a very conservative approach</i> 	<ul style="list-style-type: none"> • <i>Financial recovery</i> • <i>Replanting crops</i> • <i>Post-drought review to identify new ideas/lessons learned to better manage future droughts.</i>

This completes our Business Plan Guide.

This Business Plan Guide is part of the Farm Business Resilience Program that is jointly funded by the Australian Government's Future Drought Fund, and the Queensland Government's Drought and Climate Adaptation Program.

