

Think tank and conference summary report

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Introduction

In September and October of 2006 there were five think tanks across Ontario totaling 75 plus people to obtain broad perspectives on farm business management and planning. On December 14th over 120 people gathered for a conference on Farm Business Management and Planning to determine solutions to the issues identified from the Think Tanks. The type of people attending the sessions were people involved in farming, farm input supply businesses, agricultural education, lending, research, government, and various other agriculturally related occupations participated. The individuals represented both genders and ranged in age from their 20s to over 70. Translation was provided to permit exchanges between Anglophone and Francophone farming communities. The Think Tank and conference participants shared their perception and opinions on farm business management, farm business planning practices, and changes that will impact the industry.

Our Changing Environment

The Think Tank participants predicted that in the next five to ten years farm size will increase and the number of mid-sized farms will decrease. They expect that there will be more non-food uses of products, more environmental practices, and more advanced technology. They remarked that managing in these changing times will require diverse skills and creative approaches as there will be more risk and more opportunities.

AMI's Future

The attendees greatly appreciated the events and stated that the profile of AMI had been raised due to the conference and think tanks. AMI is perceived as being a champion for farm business planning/management. Many participants stated that the Think Tanks provided them with a great opportunity to network on Farm Business Management.

Farm Business Management

The Think Tank participants said that most farmers like active farm work, not office work, so they do not make business management a priority. They perceive that the benefits of farm business management are not well known. The participants indicated that barriers to excellence in farm business management include farmers' lack of financial analysis and too little attention to marketing their products. They reported that the farm community lacks a training culture. Many producers do not have business management skills and don't know where to go to get assistance.

The participants suggested that farmers would benefit from developing enhanced business management skills. There was support for on-line resources, kitchen table meetings, and farm management clubs. Farmers wanted safe, small group learning opportunities with other farmers, not formal courses. There was strong support for a one-stop location which could refer farmers to resources that would help them enhance their farm business management practices. Farmers are most interested in resources that address their areas of current need and are easy to access and use. The participants encouraged government financial support for farm management clubs and farm business management practices. It was suggested in three of the sessions that maybe certain management practices could be a mandatory part of the Canadian Agricultural Income Stabilization (CAIS) program.

Participants at the conference stated that AMI could enhance farm business management practices in Ontario by cultivating a culture of Business Management sharing success stories, targeting mid-generation farmers, creating the awareness of the value of farm business planning. They suggested that AMI encourage connections between "all" partners in operation – bookkeeper/planner and develop a basic planning kit. There was strong support of the development of production/management clubs to encourage mentoring, extension – pilots.

The participants suggested that farmer's capacity to make sound farm business decisions could be built through farm business curriculum at university, and customizing the design of delivery. They encouraged farm organizations to be part of building the culture to enhance capacity of farmers, and for AMI to link with service providers giving advice. They suggested that we need to identify how farmers want to be communicated with, and what is needed in market research.

Farm Business/Networking Clubs

Farm business networks or clubs have been strongly encouraged in the think tanks and again at the conference. The participants at the conference suggested that AMI assist with the development of Farm Business/Networking Clubs in Ontario by picking a segment: specific needs, see what is already being done, find out what works, pick a particular reason to meet, work within present farm groups and co-ordinate the process for the group to get set-up ensuring confidentiality and non competition. They suggested that the groups receive funding for two year start-up, and consider outside partners.

The participants suggested setting up these groups of farmers in a similar format as in Quebec that would protect privacy and be able to compare self with the group average. They wish for a coordinator to facilitate learning and seek the network within the chain with specific interest/topic/issue group. They supported the idea of having a list of "models" that work, provide additional funding and for AMI to provide a "How to start" workbook for Farm Business Networking Clubs. They suggested the groups provide many avenues to participate five to six times per year.

AMI was encouraged to train the leaders, find the champions, and connect interested parties.

The suggested priorities identified were for AMI to research types and models of current clubs by checking the business management plan of existing management/networking clubs, identification of farmers' needs and why some groups fail. They wish AMI to provide

resources and a platform to launch by including training on how to create, launch and to help start-up with funding for two to three years. The types of groups are expected to organize around interest and could be production/finance, market development, by geographical sector or virtual. There was suggestions to work with local non-agricultural business resources such as the Chamber of Commerce, CFPC, and CAFÉ.

Farm Business Planning

The Think Tank participants believed that key barriers to excellence in farm business planning are that farmers do not see the benefit of having a written business plan, few enjoy paperwork and many do not know how to develop a business plan. These individuals estimated that many farmers do not have written farm business plans. Rather they perceive that many farmers have non written plans in their head. The primary motivation for preparing farm business plans is perceived to be to fulfill lender requirements, not to direct the farm business. The Think Tank participants believe that many farmers don't want to feel bound by their written plans; they value the farming lifestyle and don't wish to be faced with decisions on issues that written business plans may identify in black and white. The participants said that many farmers aren't ready to invest time in business planning or pay for outside expert assistance.

The participants perceived that about 19% of farmers like farm business planning. They indicated that these farmers use their written business plan to direct or focus the business and as a reference point for ongoing farm management decisions. For the most part, the participants believed that business plans can be valuable communication tools with family members and business partners. They felt that if most farmers prepared written farm business management plans some of them would act on the realities of their low-margin business and leave the industry.

The Think Tank participants recommended marketing the benefits of farm business planning through key influencers. They suggested that these influencers might be accountants, lenders, management club advisors, or other farmers. The participants suggested that the availability of a simple, flexible, computer-based planning tool could increase farmer willingness to prepare written business plans. They thought perhaps government financial assistance could pay for expert advice during the planning process. Maybe certain planning practices could piggy-back on existing programs.

The participants at the conference suggested that to get an increased number of farms to participate in developing "live" written plans that we need to ensure that we don't call it a plan, have farmers determine what their definition of success is as finances may not be the most important consideration. They want the plan to be kept simple and explain the value and why it is necessary to develop. They suggested that AMI ought to avoid words such as plans/goals and instead ask "Why does your family do what they are doing, Where do you want to go, and How are you going to get there?"

Conference participants also encouraged simplified planning through development of straight forward and simple templates that are computerized with fact sheets. They suggested that AMI ought to link production plan and business plan together, encourage associations, stakeholders, and peers to promote business planning. They do acknowledge that producers need to want to do this and this may be enhanced through sharing success stories as there are influences from peers.

One Stop Ontario Resource Centre

To develop a one-stop resource and referral source that offers services both electronically and by telephone the participants thought that we need to welcome organizations to provide their resources, encourage joint partnership to avoid silos and coordination of existing resources therefore bringing players together to take inventory, validate existing resources and make updates as necessary (on an on-going basis), scan to identify gaps and information to be updates and take advantage of farmcentre.com

The suggested structure would be to hire a project manager dedicated to keeping abreast with latest information and contracting liaising with appropriate experts to update, have it membership based – “personal advisory resource centre” – consultants and experts available, encourage inter-agency cooperation: FCC, CFBMC, etc. portal to resource, complete a needs assessment – an expert on call, and provide a “Call Centre” for human contact with optional additional services

The key suggestions were to coordinate existing resources, complete a user needs assessment with an expert on call, and make it membership based linked to the farmers Farm Business Registration number, which would be promoted by farm groups, at different levels according to individual needs.

Key Suggestions from the Think Tanks and Conference

1. Develop small groups with government support (i.e. management clubs).
2. Establish a one-stop information and referral source that is electronic and voice.
3. Build decision-making capacity of farmers to enable them to make sound business decisions.
4. Show farmers the benefits of planning.
5. In planning start simple, use different terminology, be flexible, and incorporate family values in addition to business values.
6. Provide an easy-to-use template for farm business planning.
7. Encourage cooperation among farmers to add value beyond the farm.
8. Increased access to the internet and available of quality internet resources would be beneficial as the internet is a growing source of information for farmers.
9. Encourage farm organizations to promote farm business planning.
10. Farmers have the available tools to build their business skills; the lack of useful tools is not the bottleneck.

Summary

The participants at the Think Tank articulated the need for enhanced farm business management and planning. However, they said farmers need to understand the benefits of these practices before many will change their practices. The participants believed that more cooperation within the agricultural industry and more emphasis on management are needed. They supported government financial incentives to encourage the adoption of new management techniques. Although there is a move towards farmers being more business oriented, the Think Tank participants believe there will continue to be many small lifestyle farms. Therefore, there was support that programs aimed at enhancing farm business management and planning consider both business and lifestyle farm realities. The participants at the conference further strongly supported the theme areas that came out of

the think Tanks and gave AMI strong support to pursue implementing the directions suggested. There was energy about the main themes and support for concepts identified in the Think Tanks.