

FARM BUSINESS AND FARMERS
WHAT DO THE TOP 10% TEND TO THINK, DO, AND ACTION OVER A LONG PERIOD OF TIME

The writer gets asked this question about once a month on a serious basis - my answer here is a matter of opinion, but I feel the principles referred to tend to stand up.

- (1) They get 'specific' in their thinking, plans and implementation (wanting a better cashflow is not specific enough – for example definite plans to increase the feed supply for breeding ewes leading into mating and growing more lamb fattening feed is getting specific).
- (2) They have had a sound apprenticeship for what they are doing and what they plan to do.
- (3) Their long term partner generally thinks like them, has their discipline, understands work and responsibility but can stand up and be well counted on key issues - but one marriage, like one credit card, is enough.
- (4) Are good with money - 25% of the people in New Zealand, I feel, are poor with money - if you are not good with money, don't bother to read beyond this point.
- (5) They always ask 'why' about something before they ask 'how'. As top operators, they are always thinking as opposed to groups below them who are always too 'busy' to think deeply.
- (6) They understand from hard experiences that losses manage themselves, but profits need managing.
- (7) They understand that they need debt to take up opportunities, but debt at the same time motivates them to a higher level of achievement.
- (8) They don't wait for opportunities to come across their bows - they swim out.
- (9) Their handshake still stands for everything, but they still want it in writing.
- (10) They know that the original overvalued purchase cost of a long term asset will cause them sleepless nights for years - they know that the original purchase cost must be very close to being very sensible.
- (11) They can walk away from something that doesn't make economic sense regardless of its horsepower and its colour. In other words, 'iron disease' is at least limited.
- (12) They know what their bottom line is regarding their mission statement, their ability, their debt level, their stress levels, and their role in farm and family leadership.
- (13) They tend to be much better inside the farm gate as compared to outside the farm gate, but accept that the farm gate is getting closer to the house.
- (14) They tend to deal with top advice only, but know that sharing their thinking and the thinking of others adds value to many issues.
- (15) They 'seize' the moment when a key opportunity arises.
- (16) They benchmark regularly on all key issues and very much accept feedback - they encourage feedback, particularly on the 'what if' issues.

- (17) They reflect on past success, but don't dwell on it - they listen to a good idea regardless from who it came from.
- (18) They are a 'realistic optimist' who has learnt from their mistakes and watching other people's mistakes, but they avoid unrealistic expectations. They keep a good diary, mainly recording successes and failures.
- (19) Getting better for them is better than being good. They feel that at about 93% of their maximum farm production is where their optimal net profit is - that last 7% of marginal return often seems to be swamped by that last 7% of marginal costs.
- (20) They have what I call 'grit' - farming needs grit to deal with those 'dead cat' bounces from a low period, the upwards creep of their farm working expenses and the continued lack of 'free' cash. Patience is not a strong enough word - 'grit' means pain and action and some shouting.
- (21) They focus on what they will do - not what they won't do - this seems obvious, but it's about time management and priorities and many farmers are dead weak in these two areas.
- (22) They accept that, at, best, they won't get job satisfaction for more than 90% of the time - people will always muck up the other 10%.
- (23) They always have a good helicopter view of where they presently are (even if their bank is crowding their view) - they tend not to think too small. They think deeply when droving stock and with straight forward tractor work.
- (24) They have found that good ideas need a landing area as well as wings. They think like a man of action.
- (25) They have learnt that the horsepower of the boss tends to be the horsepower of the farm management team.
- (26) They are good at breaking down problems into compartments and then focus on the most important compartment. They delegate the real loss leaders to themselves to deal with - people with the most skin in the game will deal best with loss leaders.
- (27) They have long found that strategic thinking is like showering - that is, you have to keep doing it. In my own case, long showers involve long thinking or vice versa.
- (28) They run their own thinking - popular thinking, they find, can be hard to deal with - sometimes escaping from old ideas is confrontational and hard to go against. They find asking the right question is the key approach.
- (29) They are usually good lateral thinkers - they will often start at Z, which is where they want to be, and work back to A rather than the normal A to Z approach.
- (30) Two A4 pages is usually as deep as they want to go in technical reading, but where it may affect the bottom line, they will respond quickly and will concentrate on the last issue very quickly - cash still rules their business life for all the daylight hours.



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