

# final report

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## **Development and piloting a financial and business management training workshop for northern beef producers**

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## **Executive Summary**

- A two-day workshop on business and financial management was developed for northern Australian beef producers.
- The course is designed to improve the business skills of producers to help them run more profitable and economically sustainable businesses.
- Course participants are provided with a set of comprehensive reference notes, course notes and a range of spreadsheet based decision support tools.
- Three pilot workshops were conducted to test the course and the experience was used to make final changes before the course was delivered commercially.
- Knowledge test and feedback forms were developed for participants to complete at the workshop and the analysis of these results in ongoing course refining and fine tuning.
- Five potential course deliverers were identified from the private sector and have been trained and accredited to present the course.
- The course achieved accreditation and eligibility for FarmReady funding.
- The most appropriate format for a follow-up to the course has yet to be determined.

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## **1. Background**

Industry consultation by MLA in northern Australia identified the need for more skills in business and financial management, particularly in young beef producers. Many of the young beef producers felt that there was sufficient information available on paddock issues including herd nutrition, genetics and reproduction but felt that they were ill-equipped to take over the running of the business. Many of these young beef producers had never been exposed to relatively basic issues like the maintenance of financial records, budget preparation and finance applications, let alone the more complex issues in this area. MLA responded to this need and decided that the most appropriate format for delivery of the knowledge and skills in business and financial management would be a producer workshop, designed, built and run under the EDGE umbrella of existing technical workshops.

## 2. PROJECT Objectives

Once the workshop format was agreed on as being the most appropriate form of delivery, the following objectives were set:

- Produce detailed facilitator notes, participant notes, PowerPoint slides, evaluation and feedback templates and spreadsheet based decision support tools for a two-day training workshop in financial and business management for northern beef producers.
- Prepare two fully documented regional beef business case-studies and integrate examples from these case-studies into workshop topics.
- Lead the delivery and evaluation of two pilot workshops and assist with training of co-delivers.
- Assist in the design of course promotional material including a brochure, advertisement design and contribute to a story for Feedback and a producer case study in Frontier magazine.
- Produce an outline of two advanced one day follow-up training courses about:
  - Increasing profit - evaluating management options.
  - Expansion or intensification - evaluating operating scale
- Support training and evaluation of new presenters in three Business EDGE workshops.
- Produce facilitator's notes and spreadsheet based decision support tools for a follow-up day to the Business EDGE workshop, then pilot and evaluate one follow-up day.

### **3. Methodology**

In the early stages of the project, the Department of Employment, Economic Development and Innovation (DEEDI) were invited to contribute their views on the design and content of the workshop. Their input on the role and use of case studies as teaching tools was invaluable. Two case studies were developed; one for teaching purposes on which all the financial information in the course was based and another, at the end of the course, to test participant ability in applying the knowledge and skills that they had learned, to uncover the strengths and weaknesses in the business. Following this input, the design of the workshop was finalised as follows:

#### **Session 1: Course Overview**

#### **Session 2: Basic Accounting Principles**

- The language of money
- When and how to use compliance and management
- Setting up a financial system
- Using the system
- The chart of accounts
- The three pillars
- Understanding cash flow
- Understanding livestock inventory change
- Livestock trading schedule
- Understanding enterprise and overhead expenses
- Depreciation
- EBIT
- Understanding profit
- Understanding the balance sheet
- Tying it all together

#### **Session 3: Business Performance and Benchmarks**

- Whole business key performance indicators
- Asset appreciation
- Land values
- Operating return
- Total business return
- Economic sustainability principles

- Economic sustainability in practice
- Diagnosing the financial health of a business
- Business performance in practice
- Key indicators of financial stress
- Key performance indicators for the herd
- Secondary key performance indicators for the herd
- Setting targets around key performance indicators
- Cattle trading

#### **Session 4: Business Risk**

- Understanding the elements of financial risk
- Other areas of risk in a beef business
- External economic forces
- Managing financial risk

#### **Session 5: Review of Sessions 1-4**

#### **Session 6: Capital Allocation**

- Understanding working capital and why it is needed
- The demands of a beef business for working capital
- The principles of rational capital allocation
- Unfunded future liabilities and provisioning

#### **Session 7: Business Analysis**

- When and how to use gross margin budgets
- When and how to use breakeven analysis, internal rate of return, net present value and cost / benefit analysis

#### **Session 8: Obtaining Finance**

- Understanding how banks work
- Risk premium assessment
- Structuring farm debt
- Long term debt
- Short term debt
- Maintaining a safe level of equity
- How to Assess whether you are using debt constructively

### **Session 9: Upsen Downs Case Study**

### **Session 10: Review of Sessions 6-9**

### **Session 11: Where To From Here?**

From this framework, the course was developed in the following manner:

- Reference notes were written to provide a comprehensive background on each topic and at the same time PowerPoint slides were constructed to summarise the main points for each topic. The reference notes became the manual to which participants could refer for more detailed information on each PowerPoint slide
- The PowerPoint slides were collated and presented as snapshots in the course notes as they would appear on the screen, two slides to a page, with the opposite page blank for note-taking.
- A range of spreadsheet based decision support tools were developed specifically for the course, especially for those topics where some form of analysis was required.

The tools included:

- An adult equivalent calculator.
- A livestock trading schedule.
- A financial risk calculator.
- A margin calculator for producers involved in cattle trading.
- A farm business funding evaluation tool.
- A capital allocation evaluation tool.
- Questionnaires were developed for participants to complete at the start and the end of the course. These questionnaires were designed firstly to test existing knowledge at the start of the course and secondly to test the efficacy of teaching and delivery of the course.
- A course evaluation form was developed for use by participants to provide feedback.
- A promotional brochure was developed to that described the course contents and the potential benefits for participants.



## 4. Results

When the content of the course had been finalised, pilot workshops were conducted in Broome, Roma and Charters Towers. Participants at each of these courses were asked for feedback, most of which was very constructive and resulted in some minor modifications and additions to the course. As well, the flow of the course over the two days was improved as a result of these pilot workshops. Minor data errors and inconsistencies in the course material were corrected and spreadsheet tools were further refined to make them more user-friendly.

It was decided to store and present the spreadsheet tools to the participants on a USB stick which also included PDF files of various MLA publications and technical material.

Five professionals with demonstrated experience in farm business issues and beef production were identified as potential deliverers of the workshop. All five professionals were from the private sector with the intention being that they use one the means and capacity to provide one-on-one follow-up and advice for any course participant requiring that. An intensive two-day workshop was conducted in Brisbane for the initial training of these deliverers. Each potential co-deliverer was then required to present at two workshops for capability evaluation purposes. These workshops were held in Roma, Taroom, Mitchell, Barcaldine, Katherine, Gin Gin, Biloela, Charters Towers, Mackay and Gympie.

A comprehensive set of notes were developed for the deliverers to assist them in course delivery. Additional background was provided on each PowerPoint slide as well as a more detailed explanation of the logic and formulas in the spreadsheet based tools.

Some effort was made with accreditation of the course to make it eligible for FarmReady funding, thus reducing the expense to participants. This effort was successful with the course being fully accredited and all course deliverers meeting the requirements of qualified trainers.

The analysis of the results of the pre and post course questionnaires is ongoing and is used to fine tune any section of the course that participants find difficult or unclear as is the feedback from the course evaluation form. As well, the promotional brochure has been used widely to promote all the courses that have been conducted to date and the various State Departments of Agriculture continue to support and promote the course. Courses are limited to a maximum of 15 businesses and there appears to be no difficulty in filling the room.

## **5. Results Against Objectives**

All the objectives of the project have been achieved except for the follow-up to the course. This remains problematic and is the subject of ongoing discussion. It was originally envisaged that the follow-up would be a collective face-to-face one-day workshop with former course participants. However, the logistics and expense of this present some problems. This approach was tested at the time the second Roma workshop was held, where participants at the first Roma workshop were invited to return for a half day session when the second Roma workshop was over. The experience showed that a follow-up day would require former participants from more than one workshop. At this stage, it is likely that the follow-up will be primarily webinar based and this will be developed when there is general agreement on the final format.

## **6. Discussion/Conclusion**

The two day workshop is now a commercial product and has been tested and refined to the point where it now requires no further work other than the occasional updating of some data in the course.

Participant evaluation has been very positive with the course rated highly at all locations to date. All potential course presenters have been well accepted and are now capable of delivering the course on their own.

If this course was to be developed again or a potential future advanced course on this subject was to be developed, it is doubtful if there would be any significant modification needed to the methodology described here.