

final report

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The costs associated with a supported learning approach to farmer skill development

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The costs associated with a supported learning approach to farmer skill development

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1. Background to supported learning

The grazing industries have recognised the importance of management in generating profit and have not been short in providing a great deal of programs and activities that focus on improving the management of the feed base. However few programs or activities have been able to provide the level of support necessary to achieve lasting improvement in skill.

In view of the above there is a need to provide producers with programs that provide them with an opportunity to observe first-hand the implementation of these strategies over a full season. It is about providing the participants with a 'first step' towards challenging the way they manage their feed base. It is not about providing all the knowledge, skills and tools required – it is about providing the stimulus for participants to want to change.

A key focus of these projects is developing relationships between coaches, consultants and the farmer participants. These relationships provide producers with greater access to the wide range of information and services that already exist within the industry but most importantly support them in developing skills that allow them to capitalise on these.

Appendix 1 is an example of feedback related to a supported learning project that was run in South Australia.

2. General costing across the supported learning process

2.1 Assumptions

In order to determine the cost associated with putting an individual farming business (which may have more than one person involved) through a supported learning process a number of assumptions have to be made. These assumptions are listed below:

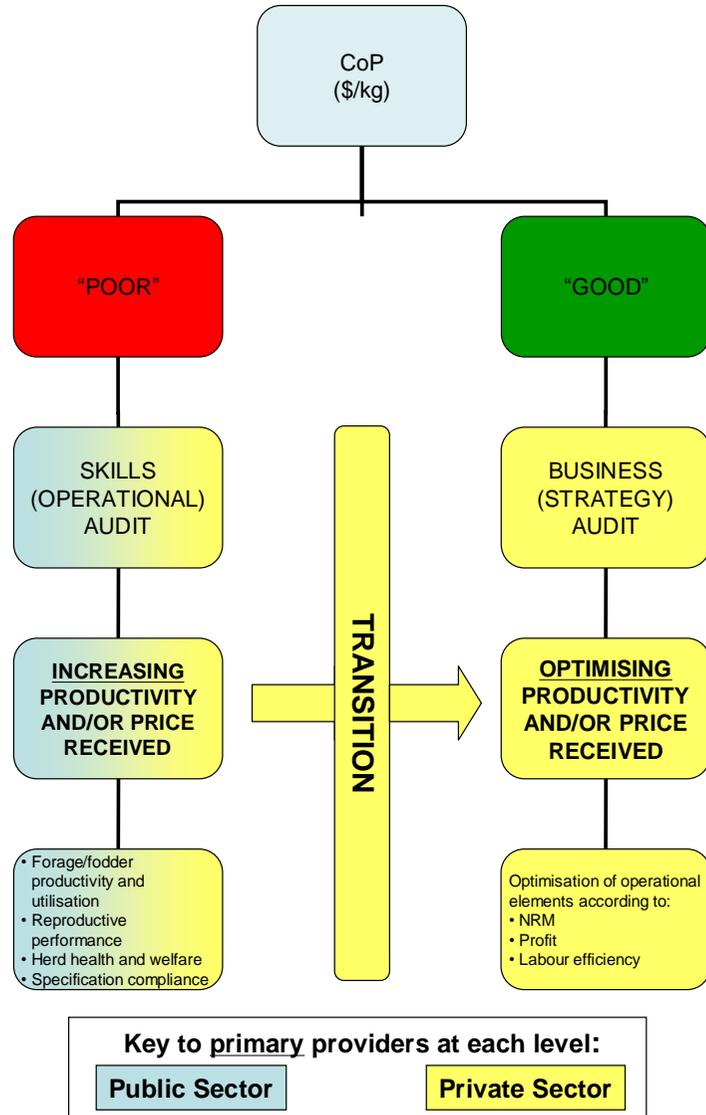
- That there is the need for a recruiting process to engage farmers (create the value proposition) and that this is part of the cost of a supported learning project. In this case it is the promotion to get producers to participate in the cost of production (CoP) workshops, and the cost of the workshops themselves.
- That there will be an attrition rate of around 30% between the promotional activities (CoP workshops) and entering a supported learning activity.
- That the starting point is 500 farm businesses completing the CoP which would result in 350 businesses entering the supported learning project.
- That a collaborative approach between state government and the private sector will be used where-ever possible.
- That in this instance the most common area that is limiting business profit for those with a “poor” CoP is the management of the pasture base.
- That the supported learning activity described would run for a period of 12 months.

- That small group coaching on-farm (or in the field) is used and the primary method of delivering the practical application component of the project. In this it is assumed that the coaches have some time to deliver on a one-to-one basis if necessary to keep members of the coaching group's on-track, and this cost is also included.

2.2 The model

Figure 2.1 below outlines the process that might occur beyond the CoP workshop. Initially there is a split into two broad categories based on CoP. In general we can expect that those producers with a very good cost of production are highly competent operational managers, at the very least. It may be that they are also strategically focussed but in any case would probably welcome an opportunity to follow on down the right hand side of the diagram and engage in other opportunities to further improve the strategic direction and/or growth of the business.

Figure 2: Drafting and prioritising the learning path for beef producers



The CoP workshop needs to sow the seed about the link between skill development and business performance. Producers with a poor CoP are in all likelihood less than competent managers. The “poor” CoP needs to be considered as anything below the top 10-20% of producers, and from experience in other industries there is usually a large drop off between the top 10-20% and others, rather than a tapering off.

Having completed the CoP and directed to either the operational or strategic part of the business participants would be encouraged to complete a skills audit which will help to link the performance of the business (good or bad) to a certain level of skills. In most cases this will be a deficiency in skill, and as a result will provide a clear guide to the areas in which the producers need to develop skills.

The bulked data from the skills audit can be used by MLA to develop programs where skill deficiencies are consistent across large groups of producers, have a major impact on business profit and can be coordinated centrally. It may also form the basis to prioritise investment in industry programs.

2.3 The skills audit

Producers may have some idea about the area(s) they are likely to require training in from the CoP workshop, particularly if it designed to achieve this. There is no reason why the skills audit could not be part of the CoP workshop. In the model described in figure 2.1 it sits as a separate step after the CoP is completed.

Even without the skills audit producers may be able to get a good idea of the areas that are limiting their business but to do this all of the cost centres would need to be described on a “per kg beef” basis like the CoP figure is. The skills audit does however move the producer to consider his/her role, rather than the cost centres per se, in driving business performance.

2.4 Workshop component

Generally it could be considered that as part of the learning process there is the need for an activity that can expose the participants to a lot of the theoretical foundation of the process in a timely costs effective manner. Workshops are generally a good way of achieving this.

In addition to exposing the participants to the theoretical basis of the learning activity it is also very useful in assisting the participants in coming to terms with the language associated with the coursework and to bring participants up to a similar level of understanding prior to engaging in the detailed application of the theory.

2.5 Group coaching

The practical application of the theory that participants are exposed to in the workshop is often most effectively achieved on a one-to-one basis, however this is very costly and is arguably entirely a private good exercise. Small groups about 6 businesses have been shown to be particularly effective where the tasks to be delivered have an operational and/or technical focus, such as pasture management.

Where the coaching skills required are of a particularly practical nature consideration should be given to using farmers, ex farmers and other industry personnel as they are again a lower cost option than say consultants.

2.6 One to one (coaching)

There are a number of issues that may lead to the need for coaches to engage in one to one coaching. Generally this is restricted to catching up members that have missed a session, are slow to pick up some aspects or have troubles with literacy and numeracy. It is a more cost effective option than having some participants receiving one to one support on an ongoing basis from the start to the finish of the coaching.

2.7 Learning outcomes

It is very important that the supported learning process is geared around activities that are clearly aimed at achieving the learning outcomes of the project. The delivery team must be supported with running sheets to achieve the administrative requirements, keep the activities on track, and make sure that the necessary learning's are covered.

2.8 Field days

Field days can be used in conjunction with the coaching groups to tackle generic issues that are unable (for either time or cost reasons) to be dealt with in the coaching groups. They are a good way of exposing a large number of participants to concepts and for creating awareness. They are also particularly useful in broadening the base for which the skills being learned via the coaching groups can be applied.

2.9 Monitoring and Evaluation

Monitoring and evaluation are a critical part of these projects. There is the potential for some groups or coaches to get off track and result in limited skill development. This needs to be quickly picked up in the monitoring component of the project. A lot of the information gathered in the monitoring component can be used in the evaluation.

It is important that information flows from the groups back to the project manager. Both coaches and participants need to fill out monitoring forms at each meeting to track progress and performance. It is also worthwhile having an independent person attend one of the coaching sessions to provide feedback to the coach and the project manager.

Evaluation is necessary for the continuous improvement of the project and for other similar projects that might be run in the future. The project needs to be able to demonstrate and increase in skills and/or confidence around the area of skill development. This can be done using surveys, the skills audit or semi-formal interviews.

2.10 The cost

The cost of a typical project based on supported learning is contained in Table 2.1. In this instance it is assumed that the entire cost of all of the activities is attributable to the project despite the fact that some of the activities used to recruit and draft participants are useful in their own right and have value beyond what they are used for in the supported learning project.

In this example the cost is based on an initial recruit of 500 producers which results in around 350 producers completing the technical component (left hand side of Figure 2.1). Some of the producers that complete the CoP workshop will progress down the right hand side of Figure 2.1, but are included in the cost here.

The activities that are included in the costs are:

1. Project administration
2. Promotion and awareness activities
3. Cost of production workshop
4. Skills audit and analysis
5. Technical workshop
6. 8 field based coaching activities run over a 12 month period
7. Coach training
8. Monitoring and Evaluation

The costs contained in Table 2.1 are indicative but based on a number of similar projects run around Australia. They are listed as total costs to the project at full commercial rate. A separate column aims to identify the amount of in-kind contribution that may be able to be obtained and in which areas this is likely.

Table 2.1 Project cost for a 350 business supported learning project

	Project cost	In-kind
Project administration	\$100,000	-\$50,000
Promotion and awareness	\$40,000	-\$20,000
Cost of Production workshop	\$60,000	-\$30,000
Skills audit and analysis	\$20,000	
Technical workshop	\$60,000	-\$30,000
Coaching activities	\$200,000	
Coach training	\$25,000	-25,000

Evaluation	\$20,000	
TOTAL	\$525,000	\$370,000
Cost/business	\$1,500	\$1,050

It is likely that were the project to be run on a national basis that there could be significant savings particularly in the area of project administration, product development and evaluation.

3. Coaching cost and process details

3.1 Use of coaches

The use of coaches as opposed to consultants or other professionals is primarily aimed at reducing the cost of projects that needed an intensive approach to training. Historically the most effective learning models in agriculture have been based around using one-to-one tuition (common in the late 70's and early 80's). This level of support is no longer possible with the reduction in the amount of government department staff and a shift in focus of away from this as core business.

The coaching model reduces costs in two key areas; the first is by using small groups rather than one to one, and secondly they generally do not carry the overheads associated with consultants so their hourly rate tends to be much lower. This is not to say that consultants could not be used as coaches but it would increase the cost of the process.

3.2 Coach skills

It is important that the coaches that are selected have the necessary skills and knowledge to be able to do the job. Producers place a lot of value in their coaches being highly technically competent in the learning area. As a result the task is much more than purely a facilitation role. The coaches must however possess the ability to run, facilitate and administer the group.

In a lot of instances the coaches may be current or past producers, industry support service personnel, company field staff or DPI.

The costs associated with the coaches are deemed to include these skills and as a result, training centres on the learning activities rather than developing facilitation skills.

3.3 Coaching capacity

Projects relying on coaches need to have excess capacity in order to cope with the inevitable drop out of some coaches. It is recommended that up to 20% excess capacity is maintained in a project. There are little costs associated with this other than in the training area because coaches are not generally paid a retainer and are remunerated on the basis of the number of groups they run.

3.4 Typical cost of coaching

Where coaches can be obtained with all of the necessary skills they can generally be expected to work for about \$400 per training activity. This includes travel, about 3 hours contact time with participants, time to meet monitoring and evaluation requirements and importantly participate in the training activities. Where travelling is over longer distances, a mileage rate of \$0.75 per km could be included and the daily fee reduced to \$350 per session.

For 350 businesses there would need to be approximately 60 groups. Coaches could not be expected to handle more than 6 groups and on average probably 3-4 groups is the reality. As a result 60 groups would require 15 coaches, which increases to 18 coaches if we allow for the recommended 20% extra capacity. Based on 8 activities over 12 months, one training day for each of these and two additional training days to deal with project administration and philosophy issues, the cost of coaching activities to the project for 350 participants would be approximately \$240,000 or \$685 per business.

3.5 Developing support tools

Because supported learning is a different way of tackling the problem of capacity building in producers it is likely to be used in areas where industry already has adequate support tools. This has been the experience in other industries. Certainly there is likely to be the requirement in the development of curriculum or learning activities but this is relatively minor because it will generally be based on material or theory delivered in the past.

In the case of many of the pasture management courses and manuals that already exist this is likely to be able to be done for around \$20-30,000 by someone familiar with the content and learning objectives.

4. Creating the value proposition

The value proposition to participate in a supported learning process has to be created out of a higher need than simply the need for training or the desire for coaching or support. Producers will generally respond well to challenges that are supported by facts and are clearly articulated.

Many projects wrongly choose a softly, softly approach or talk in generalities. The facts need to be specific and give producers little option that to choose to do something about mediocre performance.

4.1 Industry data

There is a real need to get good data together on an industry basis. There is a lot of broad scientific and extension information in the red meat industries to suggest that the management of a number of key variables has a major impact on profit, however as yet this has not been turned into a compelling argument for farmers to address skill and knowledge deficiencies.

Part of creating the value proposition must come from local data that is rigorous. It also needs to make the link between skills and the ability to manipulate or manage key performance drivers of the business. It also has to limit the “escape points”. Many producers are in a position to say “it must be someone else”.

Industry needs to combine to back a large proportion of producers into a corner where they have to do the CoP and respond to the disappointing results. Because the industry broadly speaking produces a commodity and in the business of “primary production” there will always be significant pressure from the cost price squeeze. Producers need to have a mindset that this is the business environment that they have to operate in on an ongoing basis.

Once they have done the CoP and it clearly demonstrates poor performance (which it must for 70-90% of industry) the skills audit is then the next logical step. You are then starting to gather individual data that could be combined to start making the compelling argument to industry.

4.2 Pilot programs

Running a pilot program using supported learning would be of significant value in demonstrating to both producers and funding bodies that the process works. There is still the fundamental problem of creating a value proposition for those that you would like to participate in the pilot.

As a result part of the pilot must include the demonstration of the strategy associated with creating the value proposition or you may have to have a strategy for the pilot that is different to the rest of industry.

If this is the case then fewer better resourced activities are likely to increase the chance of success. On a per farm basis they are likely to cost marginally more than that which is outlined above however part of this cost could be offset against the cost of future recruiting as it would be a very useful tool for this. The PDS program would be a very good place to start particularly with existing groups that have shown an interest in increasing profit but may have been looking in the wrong areas.

5. Beef – Cost of Production

5.1 Cost of production

The cost of production calculator is a very useful tool for producers in its current format however this could be greatly enhanced with a few minor alterations to the computer programming. Some suggested improvements are included here:

1. Clearly separating variable and overhead costs to create a gross margin and earnings before interest and tax (EBIT). EBIT can then be used as the basis for the calculation of return on capital (ROC). Return on capital can be easily compared between any businesses and is a very good reflection of managerial competency.
2. The incorporation of a figure for pasture utilisation. This could be generated out of the livestock reconciliation by including the period for which each of the stock classes spends on the farm.
3. All cost centres could be presented on a per kg of beef basis as well as totals. This allows for easier comparisons to be made between businesses. This is particularly useful for businesses in similar climatic regions and more specifically with similar resource bases.

5.2 Cost of production workshop

The cost of production workshops should reflect the key learning objectives of the deliverer. In the case of the CoP workshop it should at least get participants to where they are able to determine a next step, but better still it could aim to:

1. Achieve consistency in data collection and help producers recognise the key differences in taxation and management accounts.
2. Put forward benchmarking as a learning process and clearly differentiate it from comparative analysis.
3. Link CoP to managerial competency
4. Link management to skill base
5. Link business performance and profit to management capability and skill.
6. Identify the key areas of the business that are limiting profit and help producers map out their learning requirements as a result of this.

Additional detail on how these suggestions might be included into the workshop format is included in a separate document CoP Session Plan_310506.

Appendix 1

FORAGE Skill\$ has recently been awarded a FarmBis Training Award

I would like to personally thank and congratulate you all for your efforts in making this an award winning program.

The effort that goes on behind the scenes by working groups such as you were involved with in developing FORAGE Skill\$ should not be underestimated as it is the industry guidance, support and input that has made the program so successful.

We have had over 140 participants involved in the program so far, with 94% of the participants increasing their knowledge, all participants increasing their skills and 87% having improved their confidence. The program is still going strong with new groups commencing.