

## Business Planning



We often get asked the question, “why do I need a business plan?”

Often the recognition of the need to work through a business planning process is identified by an outsider because the people within the business are busy with day to day activities and have not had time to see the need.

Typical business and/or personal symptoms that indicate a need for business planning include:

- **A loss of profitability**  
When a business is not profitable, there is an urgent need to critically analyse why profitability is an issue and what can be done to turn around this situation or develop an exit strategy
- **A loss of the innovative edge**  
If you are feeling tired, grumpy, frustrated, or bored, it is time to reassess the business model and define a new direction that will motivate and inspire confidence in the future
- **Wasting time on non productive tasks**  
A loss of direction and purpose can be turned around by working through the business planning process. This will define goals and provide immediate direction
- **Succession debates**  
If you are debating the future of the management and estate ownership structure
- **Sibling rivalry**  
Competing with siblings is not healthy and often results in more effort being put into interpersonal issues and not into innovation or strategies for building the business
- **New business opportunities**  
Buying another property, new farm machinery, or property development should all be planned in detail to ensure that the proposed plan will improve the overall position of the business.
- **Busyness**  
If you are flat out and feel like you are drowning with the work load, it is time to take stock and work out a better way

Many farm business owners have a ‘gut’ feeling about how the farm is doing and what needs to happen to develop the business further. However there are huge gains in working through the business planning process in a formalized manner with an outsider. The benefits of working through a ‘formal’ business planning process include:

- Obtaining an external perspective on the farming business
- Building a family commitment to the future direction of the farm and making the business plan actually work
- Building a family commitment to the concept of proactive planning
- Building an awareness of existing strengths, weaknesses, opportunities and threats and actions that will create a profitable, stable and satisfying business
- Understanding the business in a new way because of an analysis of business benchmarks

Business planning with an outsider should never be threatening. Professional farm management advisors are equipped to work through a business planning process in a non-threatening, confidential and inclusive manner. It should be motivating, insightful and enjoyable.