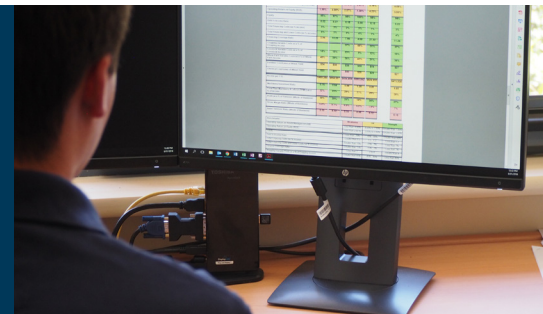


Farm Business Performance Reviews (SnapShot™)

Benefits

- Understand how the farm is going
- Identify low hanging fruit for instant cashflow
- Whole of business focus to maximise outcomes
- Comparison with the rest of the industry
- Nonjudgmental and safe process
- Structural and operational benchmarks
- Recognise opportunities to achieve profitability and personal goals
- Align opportunities with your strategy
- Support with data collection

A simple, stress free business review that provides you with vital business information



Our benchmarking tool, SnapShot™, is for business owners who want to monitor their performance and progress through an independent business review. SnapShot is like a health check for your business, highlighting successes and where improvements can be made.

Since 1997, we have developed this simple review tool which provides a consistent structure, allowing you to collect and review data in successive years. SnapShot has been developed, from our experience of working with farmers and small businesses, to monitor profitability and provide practical suggestions for improvements.

SnapShot highlights opportunities in your business to help you achieve your goals. Report back sessions are run so that current progress is shown and then a 5 year action plan is made to capitalise on this new information.

Features

Farm business performance reviews allow you to accurately look at how your business is currently performing and make informed decisions on how to improve profitability moving forward. The review is based on the output of our SnapShot benchmarking tools and the insights that they create for your business. This information is then used to align with your strategy to create meaningful actions to improve your business's performance.

The SnapShot products used in the review include SnapShot Premium™ and SnapShot NOW™. SnapShot Premium™ is a benchmarking tool that provides a comprehensive understanding of the performance of your business. SnapShot Premium includes:

- A financial report highlighting strengths and weaknesses
- Key benchmarks including debt to income ratio, equity, net worth and total plant, machinery and labour costs as a percentage of income
- Specific enterprise benchmarks for grain, sheep, beef and goats to monitor performance year on year
- A fact sheet to explain the indicators and what they mean for your business
- Access to an annual combined report which analyses the performance of all similar businesses in that year

SnapShot Now is a simple visual tool created from a quick questionnaire involving the following areas that aren't covered by SnapShot Premium:

- Infrastructure
- Business management
- Self management
- Commodity risk management
- Environmental management
- Human resources

The farm business performance review service involves:

- On farm data collection for SnapShot
- SnapShot Premium and SnapShot NOW reports
- A half day session looking at the results and using them to create a plan for the next 5 years
- Written summary outlining where your biggest opportunities to improve profitability are and how to approach them
- A copy of the annual combined report which shows how you performed compared to the rest of our dataset

Why work with Rural Directions?

We have been benchmarking businesses and producing strategic plans since 1997. We have a solid understanding of the essential drivers of a farming business and the key financial indicators driving other commercial industries. This knowledge enables us to review your business accurately, but also challenge you (nicely) to operate a business that achieves better commercial returns and outcomes.

Our whole of business approach considers both technical and management aspects. We provide you with a professional, independent, innovative approach and a genuine desire to help you achieve your goals and move your business forward.

Rural Directions has a large amount of experience in ranking farms on profitability through projects with GRDC and MLA, as well as using SnapShot with clients. The benchmarks that the top 20% achieve are shown on the back page of this brochure.

We are based regionally in South Australia and New South Wales, and deliver our services nationally. Our consultants are based at Clare, Dubbo, Freeling, Loxton and Naracoorte.

For more information about SnapShot, prices or to start inputting your data, contact us on 08 8841 4500 or visit www.ruraldirections.com



Current as at: 29/1/20



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ARE YOU IN THE ZONE? PROFIT ZONE

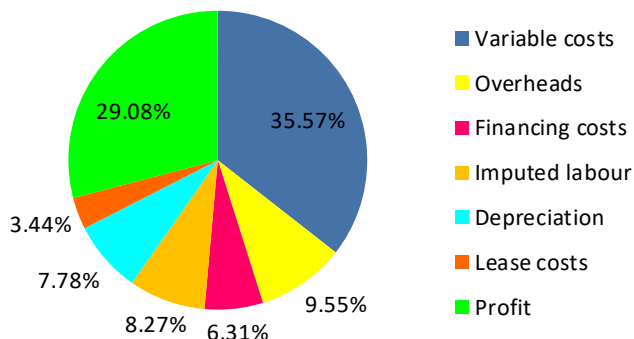
Key features of Top 20% grain producers nationally:

- Consistently achieve robust operational returns
- Are able to retain close to 30% of turnover as true net profit before tax
- Generate 10% more yield from a common or lower investment into variable costs per hectare
- Opportunity focused with an abundance mentality
- Demonstrate outstanding implementation ability
- Achieve >6% operational return on equity
- Achieve excellent utilisation from machinery and labour resources



Long term profitability is achieved by focusing on all four primary profit drivers.
Do you manage them all?

Top 20% of Businesses as Selected by ROE (Southern)



1. GROSS MARGIN OPTIMISATION

- Measures **operational** efficiency
- **Agronomy** and **timeliness** are key factors

Benchmarks:

<40%
Income spent
on variable costs

\$30/t
of cereal yield invested into N and P
based fertiliser costs is **PROFITABLE**,
REALISTIC and **SUSTAINABLE**

2. LOW COST BUSINESS MODEL

- Measures **structural** efficiency
- Provides opportunity to increase farm profitability
- **Driven by machinery** and **labour utilisation**

Benchmarks:

TPML*
<30%
Income

0.7:1
Machinery
investment ratio

1:1
Debt to
income ratio

>\$600,000 Income per FTE

*TPML = Total Plant Machinery and Labour

3. PEOPLE AND MANAGEMENT

- Management **skill** and mindset drive financial performance
- Knowledge alone is not enough, it is most often implementation ability that makes the difference

Key characteristics:

1. Have a clear vision and internalise responsibility for key decisions
2. Take a long term view, and achieve consistent implementation under variable conditions through systematised pattern of work
3. Focus energy on things within their control or influence to achieve enhanced profitability

4. RISK MANAGEMENT

- Develop a resilient business
- Effective identification and mitigation of production risks = less income variation = lower long term production costs

HIGH MARGIN, LOW RISK agriculture is possible.

Top 20% producers will breakeven at Decile 2 prices, the average requires Decile 5 prices to breakeven.
Where is your breakeven price?

SCALE IS NOT AN EFFECTIVE PROFIT DRIVER UNLESS SUPPORTED BY ALL FOUR OF THE PRIMARY PROFIT DRIVERS.

EFFECTIVENESS. EFFICIENCY. TIMELINESS.
High performance achieved by consistent profit driver implementation