Southern AG Management

Farm Business Analysis



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Southern Ag Management– Farm Business Analysis

At Southern Ag Management, we specialize in helping farmers to understand the key drivers of their business and potential pathways forward. This process involves

- 1. Establish Personal and Business Goals and Potential Areas of Growth
- 2. Analysis of Current Farm Business and Key Performance Indicators
- 3. Financial Modelling of Potential Future Scenarios to identify best option
- 4. Formalising Outcomes in Strategic Plan or Funding Document as required

Establish Personal and Business Goals and Potential Areas of Growth

The first key to having a great farm plan is to establish the shared and common goals between stakeholders and look to promote them. Working with key members of the business, we look to identify business objectives and use this as a foundation to identify options to move forward for the business to achieve its goals and those of its owners.

Analysis of Current Farm Business and Key Performance Indicators

The aim of the initial consultation is to provide business owners and stake holders an overview of the current financial position of your business. We utilise the last three years financials to calculate a range of key financial ratios, to identify trends, strengths and weakness in the business.



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Financial Modeling of Potential Outcomes

The key stakeholders collaborate with our consultant to construct a financial model for the medium term (3 to 5 years) future of the business. Together we model a range of potential scenarios and help identify those most likely to meet your objectives. We can model almost any aspect of farm operations and are often asked to support decisions around:

- Scaling up or down: Leasing/buying/selling land
- Intensification of on farm enterprises (feedlot, dairy, irrigation)
- Enterprise changes
- Machinery decisions
- Carbon /Tree farming
- Succession Planning
- Drought modelling and planning
- Debt Structuring and Refinance Options





Formalizing Outcomes in Strategic Plan or Funding Document

When the clients have established the plan that suits their risk profile and goals, we can formalize this in a strategic plan document or bank finance submission.



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Case Study

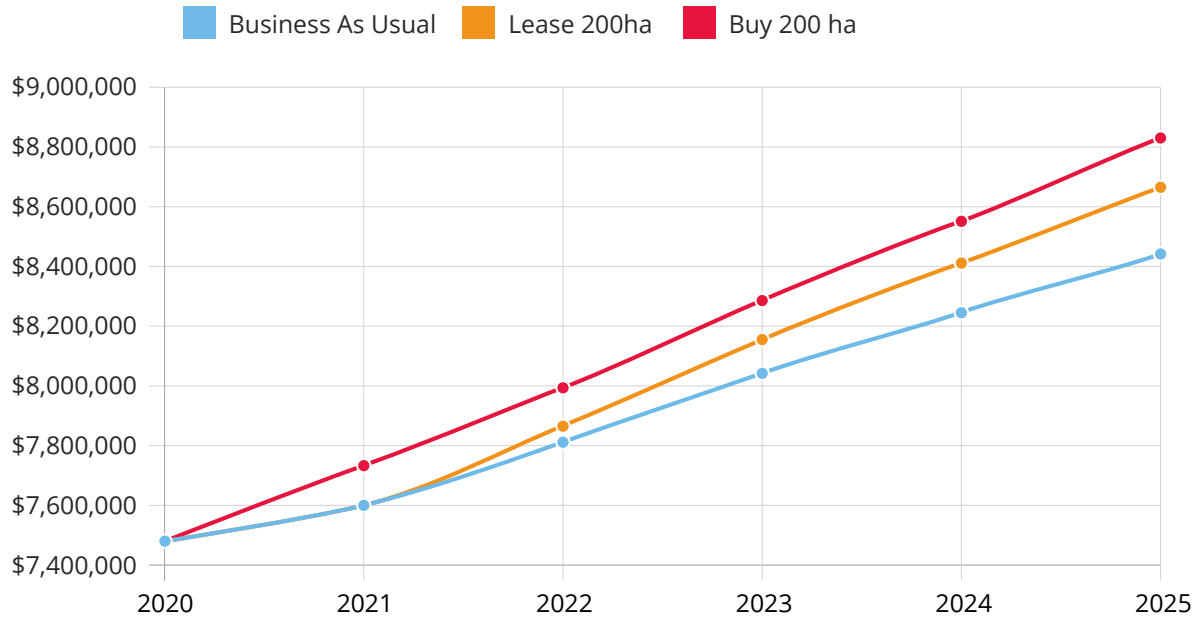
Business Expansion

A mixed farming family from southern NSW recently approached Southern Ag Management. They advised they were hoping to grow their business and increase their net worth. A neighbor had indicated that they wanted to sell or lease some land and the client engaged us to review the impact of each option on their long-term financial situation. We established an initial model, which was to continue farming in much the same way as had historically been practiced (Business as Usual), and then considered the options available:

- 1. Business as usual - continue running the business as it is now
- 2. Lease 200ha neighboring farm
- 3. Buy 200ha neighboring farm

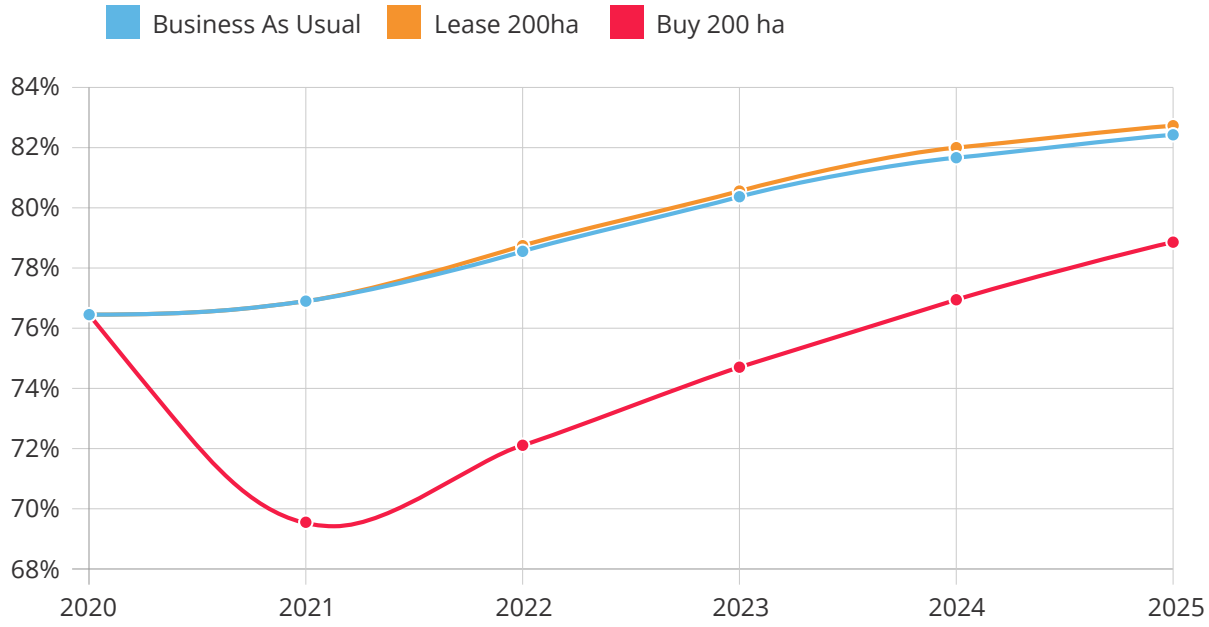
We modelled the options for the family and provided some of the following data for them to consider.

Net Worth Year End

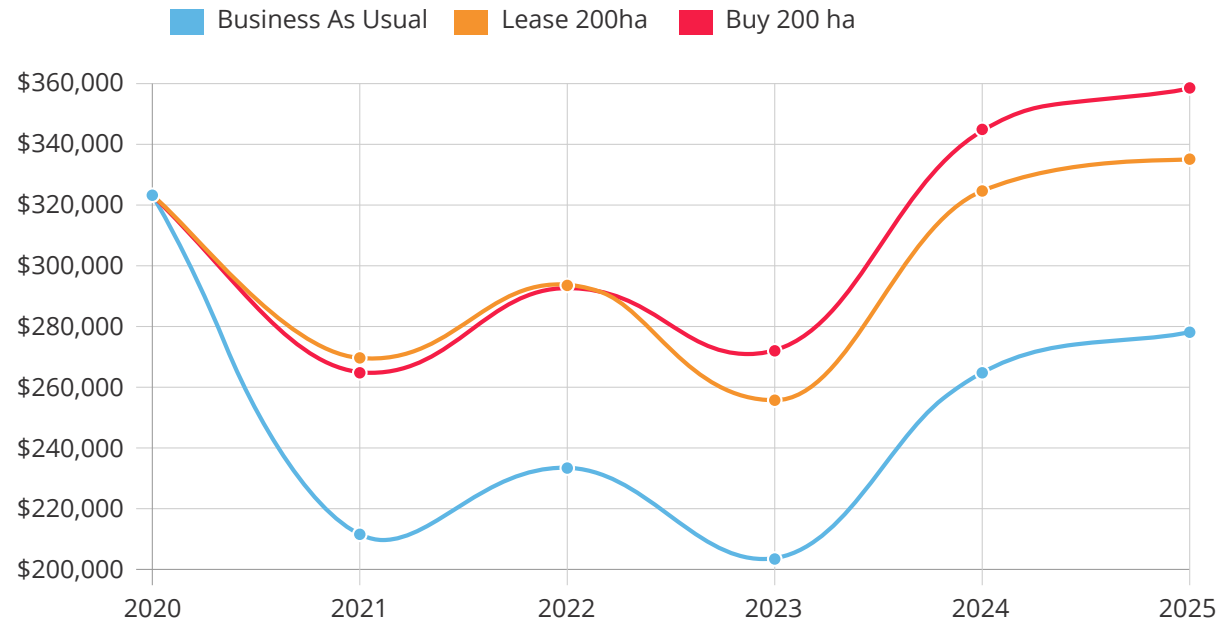


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Equity



Net Profit Before Tax



From the above modelling, the family understood the potential returns and long term impacts of purchasing land on his net worth and the risk to the business equity. This allows the client to make informed decisions and negotiate with the bank from a stronger position.

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Other Services

Bank Negotiation

Want to get a better deal from your bank but not confident on how to negotiate a better deal? We can help ensure you get the right debt structures and a better deal through our understanding of how your bank looks at your business and our proven approach to bank negotiations.

Ongoing Consultancy Package

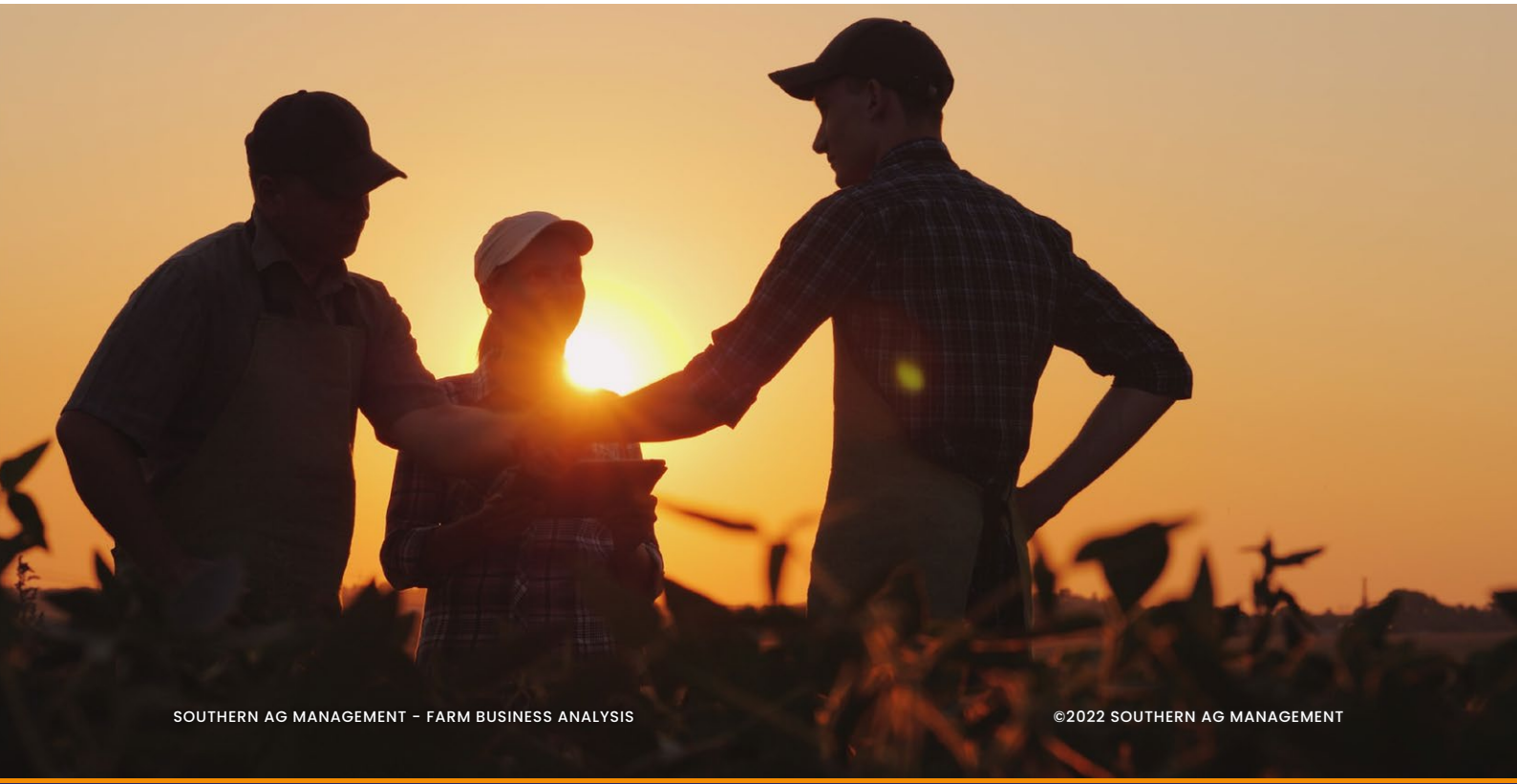
Proactive ongoing support to review budget to actual business performance, monthly review of farm business performance and sounding board for opportunities.

Benchmarking

Want to get a better deal from your bank but not confident on how to negotiate a better deal? We can help ensure you get the right debt structures and a better deal through our understanding of how your bank looks at your business and our proven approach to bank negotiations.

Focus Group Facilitation

Have a group of like-minded farmers who want to get more out of their businesses? We can help through facilitating focus groups. These groups are great for helping farmers to challenge each other through peer review, sharing knowledge and maintaining a focus on your own business and personal goals.



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