



Outcomes Report

Investigating farmers' needs to support strong farm businesses

The Department of Primary Industries and the Office of the NSW Small Business Commissioner partnered to better understand farm business planning needs and identify opportunities to enhance farmer business skills and programs, with the aim to support farmers' financial resilience. This is the Department of Industry's third project applying 'design thinking' principles to policy design and service delivery.

Outcomes of the work to date are summarised in this report.

Background

Farmers face a multitude of challenges, including seasonal, environmental conditions, and market volatility. These challenges might be acute shocks or prolonged depressions. Farms with structured business plans have been found to be better equipped at managing these challenges and maintaining financial stability. Yet many small to medium sized farms do not engage in formal business planning.

The NSW Primary Industries Advisory Council (PIMAC) identified a need for improved understanding of farmers' attitudes and behaviours in managing risks to business operations on the farm. In response, the Department of Primary Industries (DPI) initiated a project to investigate farmers' needs to support farm businesses.

DPI partnered with the Office of the NSW Small Business Commissioner (OSBC) to deliver the project, using a 'design thinking' approach. Design thinking is a user-centric approach involving several key phases to ensure stakeholders are engaged through the entire process, from problem definition to solution development and testing. Consistent stakeholder involvement ensures that recommendations proposed at the conclusion of the process are grounded in experience and meet stakeholders' needs.

Through targeted consultation with farmers, farm advisors and primary industry stakeholders, the project assessed the strength of current risk management measures and scoped areas for improvement, with a particular focus on:

- understanding how farmers assess risk management options
- identifying and addressing information gaps and/or failures in current business support programs
- identifying opportunities for formal and informal farm business skills activities

The Project has progressed through the phases of consultation, analysis, workshopping and testing. Over 45 farmers across NSW were consulted about their experiences, motivations, challenges, and attitudes around business and financial planning. Farmers were also asked to provide feedback on preferred communication channels as well as existing and new business planning initiatives.

Outcomes

Personas

The insights gathered from farmer interviews were used to identify where potential problems and opportunities lie for farm business planning, and to generate three personas that represent the dominant characteristics of the farmers encountered.

The personas found in this project were:

1. The 'Solo Operator': focused on the operations of the farm and not well networked in the community.
2. The 'Connected Operator': primarily focused on the operations of the farm, while also being involved in community groups or farmer networks.
3. The 'Connected and Enterprising': engaged in both the farm operations and business management, and involved in community and farm networks.

Each persona was found to assess and adopt risk management options differently.

Personas can be used to identify the specific needs of the end user and to ensure that their perspective is front of mind when designing policy solutions.

Opportunities to improve farm business planning

The personas and insights gathered in the field were used by cross-disciplinary groups of stakeholders, both within and outside of the NSW Government, to generate ideas to improve farm business planning. The ideas were shortlisted to be progressed - either internally, in partnership with other organisations or agencies, or externally.

Of the shortlisted ideas, a few were taken forward for testing, including the Agribusiness Student Farm Placement Program, decision making tools, a mentoring program, farm business advisors and farm benchmarking. Farmers who were tested saw the value of this approach and almost all wanted to be involved in further testing to develop the services.

The project found that existing training, advisory and support programs had variable uptake by farmers and identified opportunities to ensure that existing programs, including the Farm Business Skills Program, are well targeted and meet farmers' needs.

Based on farmer feedback, four focus areas have been identified where opportunities exist to enhance farm business skills and preparedness for change.

Focus area 1: Connecting farmers with agribusiness students to develop skills and improve business planning

Feedback showed that many farmers struggle to find time to engage in business planning, and that they avoid paperwork. They may have brief plans in their head and prefer to prioritise 'on-farm' activities over time working 'on the business'. 'Solo Operators' were particularly resistant to changing their routine.

An on-farm agribusiness student placement program could help farmers make time to plan for their business. The proposed program involves agribusiness students working with farmers to develop farm business plans. Farmers believed that students would offer a fresh perspective, new ideas and help develop a written plan. Most farmers interviewed indicated they would be likely to participate and felt it would be useful for their farm business planning. Furthermore, almost all farmers, including 'Solo Operators', thought it was useful in developing the skills of, and engaging with, the next generation of people in farming.

A few farmers had reservations around the quality of the plan and dedication of the student and the farmer. The success of the program would likely depend on the involvement of experienced, high-performing agribusiness students and interested farmers.

Focus area 2: Leveraging existing channels to promote business planning

Finding the time to devote to developing skills in business planning is a major hurdle for many farmers, and farmers are unlikely to engage in business planning activities unless the activities are delivered in person. Around half of the farmers tested preferred to access forums, training and advice in-person, emphasising that trust is established through personal relationships.

Therefore, efforts to leverage existing channels and relationships with trusted advisers and networks offer the greatest opportunity to enhance farm business skills.

Intermediate services and networks

Accountants were found to be the first place most farmers sought business planning advice, and were viewed as experienced and trusted advisors. Farmers also see tax and financial reporting as key business planning indicators. Targeting business planning information and services at intermediaries who advise farmers, particularly accountants and "trusted" professionals, could help promote business planning.

Farmers listed business advisors and local farmers as the next likely source of advice. They believed advisors and local farmer networks should be aware of, and able to refer farmers to, different services beyond their own area of expertise. Establishing knowledge sharing and referral networks between intermediary services, business advisors and local farmer networks would enable more holistic and cohesive advisory services.

Farmer business forums

Forums were found to be a common source of information for farmers and were preferred over formal training. Forums were seen as less formal and could include networking and real life case study components. Promoting business planning information and services at existing

formal and informal forums could improve awareness of the importance of, and services available for business planning.

However, the project found that many farmers' prior experiences of forums were negative, largely due to inexperienced or biased speakers and inadequate facilitation or content. Only endorsing and supporting forums that are of a high quality and relevant to farmers' needs may improve farmer experiences.

Online customer portal

Farmers were also likely to use online options when searching for business planning information and advice. Most farmers wanted the option of online access to all services so that they are accessible from any location and device.

In particular, 'Connected and Enterprising' farmer personas preferred online channels. Most farmers also wanted the online platform to securely store personal information for future use and preferred and trusted government websites over others. Therefore, the development of a user-friendly government customer portal may increase farmer access to business planning information and services.

The project found low interest loans were very attractive to farmers and that they could be used to promote other services. By making loans available through an online portal linked to approved private and Government services, farmers may be more likely to access other useful information and assistance.

The main barriers to the effectiveness of an online portal are poor internet connectivity and the need for help when navigating an online platform. Poor internet connection will continue to hamper farmers' access to online resources and some, particularly older, farmers continue to rely on and prefer phone or face-to-face contact to online options. Any online customer portal would therefore need to be supported by face-to-face or telephone options.

Focus area 3: Improving messaging and marketing materials

The three farmer personas generated were found to assess and adopt risk management options differently and therefore a range of marketing techniques are needed to change current approaches to business planning.

'Solo Operators' and 'Connected Operators' conceive of business planning as cash flow management. This necessitates a shift in focus in communications and marketing to highlight that farm business planning is holistic and not just restricted to budgeting.

Most farmers do basic business planning when completing their tax documentation, or when seasonal conditions create opportunities or risks. Timing business planning marketing campaigns to target these key periods of increased planning thinking and activity may increase engagement in business planning.

All farmers are more likely to make time for services if they can see tangible impacts, including making their or other farm businesses more profitable. Farmers were found to benefit from shared experiences and stories of business planning - both positive and negative.

Promotion of case studies and evidence that demonstrate the links between business planning and increased profitability could increase uptake of business planning and services.

For example, the University of Canberra's National Regional Wellbeing Survey, presents strong evidence to linking effective business planning to improved financial outcomes and farmer resilience. Case studies could also be developed through partnerships with benchmarking services.

Focus area 4: Making the most of existing services

Centralising existing services

Despite the range and diversity of existing services and tools for business planning, many farmers find it challenging to discern which tools are most helpful and where to start with business planning.

Farmers viewed NSW Government subsidies to incentivise farm business planning as useful, however, they preferred different services depending on their age and persona.

Farmers want control over their activities and thought that they were best placed to make decisions on how to plan their businesses. For example, 'Solo Operators' generally stated that they "don't like being told what to do on the farm".

Younger farmers and more 'Connected and Enterprising' farmers were more open to training and new approaches to help run and plan their businesses, while older farmers or 'Solo Operators' wanted to buy advice from trusted sources.

Centralising and better promoting grants for various business planning services would help farmers easily find and choose which services and grants are best suited to their needs. Focussing promotion of farm business advice to older or 'Solo Operator' farmers is an example of how service uptake could be increased by identifying services that are relevant for those specific farmers' needs.

Training and templates

A major deterrent to accessing government services, including grants and loans, is the perceived administrative burden. Farmers had negative previous experiences with existing templates and forms, finding them hard to understand, and not specific or personalised. Farmers believed services and tools should be tailored to the farm type and stage to facilitate ready access to the most relevant information.

Updating and customising the templates to better target the three personas identified in this project will make them more accessible to farmers. This includes using farm terminology and customising the business templates to suit specific situations.

Despite viewing templates as less useful, farmers stated that they would be more likely to use them in preference to formal training. This was primarily due to time constraints. Farmers also preferred to learn through non-formal channels, feeling these were more efficient, social and relevant.

Restructuring formal training could increase engagement and attendance. This includes reducing the "time out of the business" so that farmers can attend (i.e. half-day short courses), allowing time for more social interactions and introducing more informal peer learning channels (e.g. forum style training).

Next Steps

Outcomes from the investigation will be used to ensure that existing programs, including the Farm Business Skills Program, are well targeted and meet farmers' needs.

It is expected that an implementation plan with resource and cost estimates will be developed in February/March 2018 in consultation with the Rural Assistance Authority.

- August 2017 Phase 1: Empathise Face-to-face research with target stakeholders
- September 2017 Phase 2: Define Identification of problem areas and opportunities for change
- November 2017 Phase 3: Ideate Brainstorming of potential solutions
- November 2017 Phase 4: Prototype Development of core ideas into simple models
- December 2017 Phase 5: Test Testing and refining of models with target stakeholders
- January 2018 Recommendations Presentation of findings and recommendations
- February/
March 2018 Implementation Development of a implementation plan

Updates on the progress of this work are available on the DPI website at <https://www.dpi.nsw.gov.au/agriculture/farm-business-planning>

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