

# **WORKING ON THE BUSINESS RATHER THAN IN IT, IN ORDER TO GROW YOUR DAIRY BUSINESS**

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Working on your business is vital if you plan to create the future you want for yourself and your family.

When moving forward with your business and re assessing your future aims, it is good to take time, once in a while, to undertake strategic planning in order to obtain your desired outcome. We hope to cover off, in a broad brush way, a few suggestions to help you.

Before we look at the nuts and bolts of this topic we need to look at the most important point of any business planning process.

## **What is your dream?**

This is the key driver to your life, not just your business. Life is too short and valuable to spend it in areas you have no interest in.

Where are you going? What do you want to achieve in your life time, and secondly, how are you going to achieve it? Do you know how you are going to get there?

It is important that when you are planning your future, your whole plan should tie in to achieving your dream. Make sure your career is designed around chasing your dream, rather than seeing what you can achieve within pre-ordained constraints.

When you look at opportunities, ask will the opportunity tick the boxes you need to. If it doesn't, then careful thought should be given to whether or not you should pursue it. If it only ticks half the boxes you should make sure that the trade off is worth it. Are there hidden benefits that make it worth a punt, or are you better off walking away. Many of us will put up with poor housing or facilities when we are younger, but later in life it is important for your sanity that you at least have a roof that doesn't leak.

How do we actually dream about our future? We think in pictures, not words. Anyone of us here can use past experiences or images we have seen to conjure up mental pictures. At age 18 this might be thinking about a supermodel, at 78 it might be trying to picture where you left your Zimmer frame.

The good news is that you are in charge of your destiny. The bad news is that you are in charge of your destiny. Think big, use the magic wand technique: if you could be, do or have anything you wanted, what would it be?

Be excited about your future!!! Most children can come up with a list of things they would like to have, just ask them for their letter to Santa! As adults though, we can tend to hold back on what we

really want. Money won't be the dream; it'll be what it will provide that will get your creative juices going.

As an example, having a goal of generating \$100,000 free cash is all well and good, even if you invest it and it makes more money, what will you do with it?

As a challenge to you, write down 100 dreams. Most people will struggle beyond 20. (Make sure you include world peace). It is always a good idea to have a pen and paper handy for ideas and for working through them. Pick goals in more than one area, so you can work on living a balanced life. Sarah and I take regular time out to make sure we are working on what is important to us.

If you aren't sure what your dream is, then write down ten ideas for your future every day for a month, you'll either have 300 new goals or a core of thought will appear that will be the basis of your dream. If you are having issues with this, don't worry. Most people struggle planning what they will do on a weekend or choose for dinner!

It is important to be as specific as possible with what you want. If we suggested to you that you would like a new car, what would it look like? If you were unsure, you would ask some of the following questions: petrol or diesel, engine size, number of seats, sedan or wagon? What colour would it be, any particular manufacturer? You would find it easy to identify what you wanted if you used a decision making matrix to help you. (This tool is available from DairyNZ).

Once you have identified a goal, then put wheels and dates on them. Take ownership of your desires. Imagine what it will feel like to you when you have achieved it. Use the feelings you have had when you have had success at other times. If you have struggled with goal setting, then think of moving away from something you don't want.

A worthwhile dream should inspire yourself and others. In order for your success, passion and excitement are needed. It won't happen by average efforts. Once you find what you love, you'll never work another day in your life.

It is important to reiterate that the most important questions are: What do you really want out of life and why do you want it? Focus on the answers to those questions and the how to will eventuate.

We evaluated several options at a Mark and Measure course a couple of years ago. Once we had identified our preferred farming option, we had the antennae out for it. When it was happening and we bought our farm, it all came about quite quickly. This was because we had crystallised where we wanted to go and what our goal was. If we had tried to get in the way, we would have spoiled it.

We only get one life, so we need to make sure we prioritise the important stuff. How do we do that? Develop a sense of urgency. Start now, where you are. Ask the question "What do I do when I leave this room?"

Go out and physically make a list of your priorities. Pick the big things first. These are your big cornerstones of your life: health, family and leisure, business, wealth creation, community work. Try and put some balance in your life.

Once you have identified your dream, work on a mission statement and vision that supports it. Vision and mission statements must be believed by everyone, especially you. They will help you focus on what you want and provide a map for when you get lost. Some people can survive without a statement of intent, but most of us need a prompt. Get something down on paper that you can see every day. Put it on the toilet door, or if your teenager is setting goals, on the fridge door. Having it in a prominent place will keep you focussed on it.

A major reason mission statements fail to inspire is when they come from the top down. Use all stakeholders or staff as partners to come up with a working statement about your dairying future. Work with your spouse and family to set personal goals. (If you aren't with someone, then that could be your first goal!) A fire lit at the bottom using dry wood will burn better than one started at the top with wet wood. Otherwise you'll get noise, smoke and not much else!

Keep it simple. Many of us can remember the Team New Zealand motto "Will it make the boat go faster?" This was used to great effect in earlier successful America's Cup campaigns. When this simple focus was lost in later years, the cup went with it.

Once you have decided where your future dreams will take you, next you need to focus on setting some goals to achieve them.

## Goal

As with all the areas we have touched on today, each one could have a workshop of its own.

It is vital to learn not only how to set, but also to achieve goals in the areas important to you. Be realistic with goal setting. We all overestimate what we can do in a year and underestimate what we can do in ten. However, it is important that we do try and stretch ourselves. A big goal is one where you almost think, "I can't possibly do that, but if I did it would really move us forward". Remember Walt Disney started his business with a drawing of a mouse!

We are all reasonably adept at plotting out the next twelve months-cash flows and seasonal targets are easy to work out, but what about the next season and the one after that? Do you wish to have ten years experience in growing your business, or run the same business the same way for 10 years? Have 1, 2-5, and 10-20 year goals.

Countries such as China and Japan look 100 years ahead. Here in New Zealand we seem to struggle with putting a tree on one tree Hill or developing "Party Central". If you are involved in a family business, ask yourself the question "What will it look like in 100 years time?"

Set SMART goals.

- Specific
- Measurable
- Achievable
- Realistic

- Time defined

If you find it difficult to set goals, ask those in your team what is realistic. For example, a banker or accountant will have access to district financial and production figures. A realtor will know land values and potential opportunities arising.

Make yourself accountable-to your spouse, to your family and your mentors. Do what you say you are going to do. We had to explain to our six year old recently why the drought stole our holiday money! Have a reason big enough to make you do the work. As an example, “If the rental cottage isn’t decorated by the end of the month your mother-in-law is moving in with us.”

If you don’t achieve a goal, then re-set it. Try and evaluate what went wrong that was in your control. Then change it. Try to minimise the risk of things that are outside your control. We had issues obtaining our maize allocation this year as demand was high. Next year we will secure it from multiple suppliers to spread the risk. Work on the areas of influence, rather than areas of concern.

When you know your vision clearly, all the distractions and side projects drop away. People can see you are on a mission and will either rise up to help you get what you want, or get out of the way!

If we go back to the example of purchasing a new car, let’s say you want a red one. Once you have made the decision, then every car you see is a red one.

Learn how to evaluate opportunities. Learn the skill of assessing whether or not an opportunity fits for your personal criteria, then do the numbers to back it up.

## **Plan**

Here are some of the tools that are available to help you evaluate an opportunities potential for you.

- Brainstorming with mind maps, and Post It stickers can be invaluable when used as a planning tool. These will help you prioritise the order of events needed to move towards your goals.
- Transfer the timeline to a diary, wall planner, PDA or other time management tool.
- Have regular but productive meetings to discuss progress.
- In terms of organising “big picture” items such as land/stock/leisure purchases, use tools such as the decision making matrix offered by DairyNZ and also Mark and Measure or Icehouse courses.
- Most banks now have goal setting or designing your future programmes.
- Develop and maintain a written business plan with milestones to keep you on track, for example, farm production “we will have done xxxkg milk solids by 31/12, using these inputs...”

We all know, through people such as Mike Murphy, about \$10, \$100, \$1000/hour activities. Use your time wisely. Ask “What is the best use of my time right now to achieve my goals?”

It is very important to build strong relationships with mentors and key players to keep accountability, minimise surprises and stay on track.

You will most likely have different mentors for different areas of your life. These will help guide you towards what you want. Draw on the different experiences that they have had. A varied portfolio of mentors will also reduce the risk of unqualified advice. There will be people that will help you with your short term goals, and others that will come into your life as you aim for bigger things. These mentors offer depth and perspective. An experienced farmer may help you survive a drought, but it may be an accountant or lawyer that helps you secure your business growth. Have someone a year or two ahead then 10 and 20 years ahead. The big thinkers will keep you up in the down times.

## **Action**

Quality decisions lead to quality actions. If you start towards a goal and don't do anything, you haven't started. If a car won't start, then logically you can systematically check it out and come up with what isn't working. Do the same with yourself.

There is a story of a man who visited a friend one evening. When he arrived at the man's house, he could see a dog howling on the deck. He asked his friend why the dog was howling in such a manner. His friend replied, "He's sat on a nail and it hurts". When asked why the dog didn't just move off the nail, He said, "He won't get off because it isn't hurting him enough". At some point, you have to get motivated enough to get started.

Have your goals broken down into simple tasks that can be done on a daily or weekly basis. If spending time with your partner is an area you would like to be better in, then schedule in a couple of coffee dates. This will give you the time together you need to grow your relationship. If you want to read up on finances, then set aside 15 minutes each day to read materials that will educate you. It's usually little and often that succeeds in terms of steady progress.

Do the thing you must, it's usually the thing you don't want to! Eat a toad in the morning, and then the rest of the day won't seem so difficult. Do the right thing for you, not the popular thing. We have sacrificed holidays, expensive dinners and pop concerts to put our resources where they will be best used for us. Watch out for HP disease. (**H**oldens, **P**lay stations and **P**lasmas). Purchasing things that break and rust will only improve someone else's balance sheet. Don't be afraid to go against the flow. If you work when others play, you will play when others can't.

To move on from a given position, we must all be prepared to move out of our comfort zone: know it, but then leave it. Get uncomfortable. When Ciarán was editing the College magazine in its centenary year, he wanted to feature an article featuring a custodian of the countryside. Within a week he had plucked up the courage to pick up the phone and arrange a meeting with The Duke of Westminster, a large land holder and one of Britain's wealthiest people.

We all have habits, learn to develop good ones. Are they the right ones? It only takes 21-30 days to create a new habit.

It is important to balance your life plan and have time for wealth and time for health. Time out with the family and fun can refresh you and keep the family's goals relevant. Holidays don't have to be expensive; work within your budget. Camping in Canterbury can be as much fun as cruising in the Cook Islands!

Take some time out to help in an area of your community, be it school, church or scouts etc. Be careful however that you don't spread yourself too thinly and lose your effectiveness.

Reward yourself along the way when you have had small successes. Go on bush walks, hire a DVD, play music, paint, play sport, get creative. Smell the roses.

Enjoy your success, have a minute once in a while, but then re set your goal. The week after we went 50/50, our previous employer phoned up and asked "What's your next move?"

Time out is important, but be ready for the opportunity. Imagine you were given a legacy from an overseas relative but had to go and collect it on Friday. Even if that was your grocery or haircut day, you would go and collect it! We all know people who have turned down great opportunities because they weren't ready, or just too lazy or afraid to take a risk.

Do you read the Warehouse flyer, or books and farming literature that you can learn from? Value your time and focus on what is important. Don't sweat the small stuff. In the 1980's a plane crashed in the Everglades in Florida because the crew focussed on a faulty landing gear indicator light and forgot to fly the plane.

## **Personal development**

At some point in chasing your dreams, you will hit obstacles. This is perfectly normal, but people will either go hard or go home. Have a big enough dream that you don't give up. It is important to know, that until you refocus on your reason why, you won't put the time in to any development work in order to move on.

This is where we find our level. Our life's success is like a full bucket. If there is a hole in the side of the bucket, then the water will only fill to that level.

Once the hole is repaired, (by undergoing personal growth, usually found outside your comfort zone), we can carry on filling the bucket. Some of us have no holes in our buckets; others have buckets that look like colanders!

Which hole do you fix first? The biggest one, nearest the bottom. Don't superficially try and fix it quickly, as at some point it will empty out again. Take the time to make a permanent repair. In modern parlance, deal with the elephant in the room.

Learn about fear of failure and fear of success. We are all worthy of success, so why do we talk ourselves down?! Overcome this by associating with people whose skills and attributes you would like

to have. Eventually you will realise you are just as capable as they are of achieving what you want. Model your habits of success on those who have achieved what you want and who have the same values as yourself.

Be aware of self sabotage and watch your self talk. Things like “I can’t do that,” or “I’m not good with money” need to be dealt with. Don’t ask mentors for how to overcome problems, ask for the questions and processes, as the techniques will work in many areas. It’s like the old adage, give a man a fish and he’s fed for a day. Teach him how to fish and you’ll feed him for a lifetime. (And his wife will grumble he’s always off in the boat...)

Believe 100% in yourself and your ability to achieve whatever it is that is important to you. Belief comes from within and is built by thoughts becoming actions, becoming positive results in leading to a growth in confidence. Sometimes we just have to run on other peoples belief in us. That’s why it’s important to pick mentors/ key players who have the runs on the board.

We are unique individuals. Misery comes from comparison, so run your own race. It’s important to finish, not necessarily how long it took.

Partner support is vital for your success: a good partner will double your wealth, a bad one will halve it! Your partner doesn’t have to be in the trenches on farm with you, but they do need to understand your goals. You can have different careers but still have the same end point.

In terms of our personal growth and mental toughness, we are made under pressure, not when we are cruising along on the crest of an \$8 payout. Remember a diamond is a piece of coal that has been put under a lot of pressure. These tighter financial times have rekindled disciplines. Some people will get by, some will get wealthy! Once you have overcome an obstacle, put those problem solving skills that you learned into your next challenge.

Be mentally prepared for when opportunity knocks.

Have a positive attitude towards life in general. If life hands you a lemon, don’t worry about making lemonade unless you like it. Sell it to someone who wants a lemon. When taking action, act as if you have already achieved it.

## **Monitor**

Imagine if a ship is off course by one degree. Initially this doesn’t seem to matter, but over time it can take the vessel miles off course. We can all go off track from our pathway to success, but if we don’t regularly monitor, it will be harder to pick up and slower to fix.

In terms of feed and financial budgeting, do your own. It shows ownership. If the bank or consultant does it, it’s not your business.

Cash manager variance reports are a useful financial device to manage your financials. Drill down to problem areas and improve. Ask for help if need be. Don’t just throw your accounts in the drawer. Squeeze as much out of them as you can- and your accountant for that matter.

In terms of improving on farm performance, farm walks can be plotted on programmes such as Farm keeper. Cow condition, stock live weight gain and animal health are just some of the areas that can all be planned for and monitored.

Monitoring your business regularly will soon become second nature, to the point where you unconsciously can register the snapshot, and then use the results to forward plan.

When you are monitoring your finances, make sure you check off your bank statements and docketts. The next time you are out shopping, notice how many people don't keep them at the petrol station etc. How can they monitor where they are? Credit cards can be good when cleared at the end of each month- use the Airpoints for air travel.

On any given day do you know your exact financial position? If Nigel Evans or Mike Murphy phoned up tomorrow with an opportunity could you tell them yes or no in 30 seconds based on your equity and borrowing potential.

Tools such as Dairybase can help you see where you are at compared to your peers, and highlight areas that you need to work on. Get to know local farming and financial KPI's.

If you want growth, improve on them.

In terms of monitoring, be aware of and identify problems, but be a solution seeker. Identify the problem, and then focus on the solution.

## People

We are all in the people business. Your personal and business reputation is very important. Our reputation is the only true wealth we leave behind. Reputation and integrity is important in securing the right people in your business, and in securing the right position for you.

In terms of on farm and business procedures, show and exceed industry best practice.

As farmers and business people, we need to collectively lift the "Mana" of the industry. Are we responsible for milking a bunch of cows or providing safely produced food for a hungry world?

How do we get staff to "buy in" to our dreams? Get them involved in being part of the decision making process. Learn how to delegate, give them something to lose. Show them where they fit in to your "big picture". They will want to know; "What's in it for me"? Do you know what your staff members want from the time they choose to spend in your business?

Other people are rarely motivated by your dreams. Help them find what they want and then help them achieve it.

American motivational author Zig Ziglar says-"you can have whatever you want if you help enough others to get what they want". The highest paid individuals in the world are the ones who are able to relate to the most people. Get some people skills.

Build a strong team. Look after your team- a hot meal or BBQ during busy times will work wonders. Regular performance reviews will stretch them and also encourage accountability and security for both parties.

Growing your business will involve other people's time and other people's money. Seek these people out. Use networking. Get out there. Raise your profile. It really works. Attending SIDE is a classic example of putting yourself out there.

Use banks, accountants Equity Partnership mailing lists or referrals from syndicates, for example My Farm.

Sarah and I love people, cows and grass and have EP partners with outstanding financial skills and business networks. We use complementary skill sets. Tailor your CV to market your skills. Make the most of what is available to you. Use your personal reputation as collateral.

Entering farming industry competitions can help put an analytical template across your business, adding to your personal growth. Once you have stretched you won't shrink back if you keep growing.

In husband and wife, family or corporate businesses, learn to work as a team.

## **Strategic planning**

Learn to develop good systems. McDonald's pays around US\$70m/month to founder Ray Kroc's estate account. All of this comes from a system operated by teenagers. Some of us panic when we let someone else milk our cows! We have a friend in England who used a book on system development (E Myth Revisited by Michael Gerber) to go from owning one pharmacy to six and working just two days a week.

Most self employed people in business buy a job. Be different and own your own business. Develop something that works while you work elsewhere. While this may take time initially, once you have a few income streams coming in, it will reduce your risk, challenge your thinking and start you on a path to higher things.

SWOT- use your strengths and use others skills to minimise your weaknesses. Get those closest to you personally and professionally to comment. Take good and bad points professionally not personally. If you ask the hard questions, be prepared to listen to the hard answers.

Develop an awareness of risk management in your business. A few scenarios could include; What If my farm owner sells? What if I am sick? What will happen if my dairy company goes belly up?

We had a plan with our 50/50 job should our farm owners have to sell. As a direct result of that, we started thinking about our own farm. That became our dream, and then when circumstances conspired to help us, we were ready.

Know what you are worth financially; know sensitivity analysis for payout, production, livestock values. Be aware of tax implications. Have shareholder agreements that cover off expectations, dividends and in and out clauses. If you are on wages or you are a Sharemilker, have written contracts and agreements.

In terms of using capital growth, it can go up and down. We used capital gain on 520 cows to roll it into land. We had a bridging loan and took a calculated risk. We are more than happy with our farm, but the economic situation has now caused us to look at what will move us ahead again. We are now looking for cash opportunities, for example purchasing calves, using our time to oversee other businesses, property management. Have goals set in concrete, but have plans written in sand.

## **Suggested reading list**

Over the years we have read a lot of books to learn how to improve ourselves. Here are a few suggestions to help you fill in the mental potholes on your road to success.

- The Artist's Way, Julia Cameron
- Think and Grow Rich, Napoleon Hill
- The Magic of Thinking Big, David Schwartz
- Personality Plus, Florence Littauer
- The Richest Man in Babylon, George S Clason
- How to Win Friends and Influence People, Dale Carnegie
- Goals, Brian Tracy
- Rich Dad Poor Dad Series, Robert Kiyosaki
- The E Myth Revisited, Michael Gerber
- Berkshire Hathaway reports, Warren Buffet

## **Summary**

Working on your business can be a daunting prospect, especially when our natural inclination is to concentrate on more familiar-and easier- day to day 'stuff'. However, a logical series of steps can be worked through to achieve your desired outcome:

Define your objective, develop a business plan, set timely goals and monitor your progress. Be aware of risk and keep your eyes and ears open for opportunities that fit your criteria.

It can be a fun and inspiring process that will improve you as a person, and give you the confidence and the courage to achieve your dreams.