Future challenge: management skills for farmers

By SIMON LIVINGSTONE

New influences and pressures are challenging farm managers and operators to develop new skills and competencies.

FEW FARMERS in the year 2000 will disagree with the statement that farming is now considered a competitive business. It is evident that the environment in which the family farm operates is changing rapidly. To be successful in farming, managers must make complex decisions. Unlike other types of businesses that employ a large workforce, however, most family farmers do not have the luxury of being able to rely on staff working in their business for specific knowledge expertise.

The farming manager often has to be the general all-round decision-maker.

So what influences are dictating the skills which farmers need to be successful?

FACTORS/TRENDS/FORCES: Research conducted by the author during 1997 and 1998 investigated the management skills required to keep the family on the farm. The findings identified several trends, forces and events that have, and will continue to impact on the family farm in future years. One influence involves the general social trends occurring in Australian society.

The impact from groups such as vegetarians and animal liberationists will have an increased impact on Australian agriculture and thus the family farm in future times. These trends will effect the amount of consumption of product that farms produce, but also the way stock are handled. Changing animal husbandry techniques may have a dramatic effect on the overhead costs associated with operating a family farm.

Environmental and government pressures are likely to affect the direction the family farm takes in future years. The environmental movement will continue to get stronger and put increased pressure on farming practices. The rural industry has seen the tightening of tree clearing guidelines and the tightening of chemical application on the family farm.

Other government issues which the rural sector has been involved in, includes division created by native title legislation.

It is also likely that the social and cultural gap between the rural and urban population will continue to grow.

Family farm members will need to keep abreast of rapid changes in information technology. Those farmers who do not keep up to date with information will be left behind. Family farmers in remote parts of Australia will also have to be in tune with this information, or experience the real threat of isolation and deterioration of the business.

The ageing of the rural population and the loss of farmers who drift away from agriculture will continue.

Other possible trends which will impact on the family farm include the issue of land ownership. Options such as leasing will become a major consideration for family farm management and there will be the forming of contracts and quite possibly farms will become less self sufficient.

Other changes will include the further restructuring of the banking industry, and the increased competition from imports onto the Australian market. Both of these trends imply that farming will be even riskier than it has been in the past.

So what are the major skills farm managers will need to be competent in to combat these factors, trends and forces impacting on the rural industry?

INFORMATION PROCESSING SKILLS: The multitude of information sources available to rural producers will increase in future years. Farmers are going to need to be able to sort information in a professional manner.

Farmers need to embrace information technology, however, they also need to consider advances in production technology. Farmers will also need to adopt mechanical technology and biological technology as developments occur.

PERSONAL SKILLS: To be successful in a demanding business world, farmers will need good numeracy skills when applying for bank loans and good literacy skills to read a large range of printed media.

It is likely those farm managers who have literacy and numeracy deficiencies will find it harder in the future to survive and conduct their farms as viable businesses. Successful farm managers will need to have good time management skills.

Networking will become increasingly important, especially networking with producer groups, marketers and sellers.

It will be important that a balance be achieved by family farm members between work and the home life. Farmers will need to get away from the farm periodically and reflect on their performance, goals and direction.

It is important that family farm members work together in the business. Family goals need to be communicated between members and these goals need to be reviewed and revisited and progress of their achievement evaluated.

Family meetings can be useful to discuss goals and improve communications between the business members. Communication within the farm family on succession planning will be necessary in the future.

Effective communications with others outside the family circle will also be increasingly important. Rural producers deal on a regular basis with staff, other farmers, advisers and agribusinesses. Therefore, skills need to be developed in a range of human resource management practices including leadership, teamwork, motivation and group dynamics.

In many situations, farmers will continue to use the services of financial advisers, consultants and contractors and will therefore require skills in effectively conducting business negotiations.

MANAGEMENT SKILLS: Farm managers will require advanced financial and analytical skills. In many situations agricultural producers will need to intensify production, expand the family farm or increase off-farm sources of income. Successful family farm members will be skilled in negotiating contracts and deals and be able to accurately develop farm business plans and monitor expenditure.

It is certain that more trading will be conducted via the internet in future years. In some cases, the physical commodity will be traded direct on overseas commodity exchanges via the internet. These changes mean that many farmers will have to change their mindset to remain competitive with progressive neighbours.

Producers in the future may have to take more risks and be more innovative than they have in the past to secure profits. Being able to adequately assess risk will become increasingly important.

It will be important that rural producers are capable of interpreting marketing information and keep up with global trends.

Others skills that will be required include the ability to forecast demand and prices for products with increased accuracy. There will be a need for farmers to liaise with other farmers more than they currently do and form co-operations and research bodies. Progressive farmers will continue to conduct their own research and benchmark their products and systems against other producers.

As profit margins continue to tighten, there will be increased pressure for farm members to obtain and maintain education and training. The training need not necessarily lead to a formal recognised qualification. Very relevant and effective training can often be acquired by participating in short courses. Either way, family farmers of the future will need to make an ongoing commitment to education, training and personal development.

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