Scaling up the farmer

Andrew Todd, 2020 Scholar
Western Australia

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Executive Summary

Australian farming businesses are continually expanding to manage declining terms of trade and the increasing cost of production. Like many small businesses, the family farm has traditionally remained profitable and sustainable through commitment to the business and its daily operations by the owner-operator.

Increasing the size of a family farm business (both in terms of hectare size and employee numbers) often comes with an acceptance of reduced efficiencies, given the farm owner-operator can no longer carry the entire workload, and employees do not necessarily have the same commitment to, or investment in, the family business.

When a scale shift occurs, certain structures must be in place for the business to remain efficient and profitable.

When a business is “scaled up” how can the farmer be scaled along with it?

During the 2020 Nuffield Global Focus Program, Professor Bill Malcolm from the University of Melbourne articulated two points that resonated deeply with me.

The first statement noted *"The best corporate operation is one that operates like a family farm, and the best family farms operate like corporates."*

Malcolm also suggested *"For corporate farming operations to succeed, they need to re-create the incentives of the family farmer for the corporate manager."*

This report considers the systems, processes, people and business models that may assist family farm businesses to survive and prosper as they expand beyond the physical work capabilities of the owner-operator, or as businesses evolve by necessity through illness, age, succession or the need for a new work-life balance.

Keywords: Family farm, owner/operator, business incentives, employee culture, remuneration, business structures, staff satisfaction, employee incentives

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Foreword

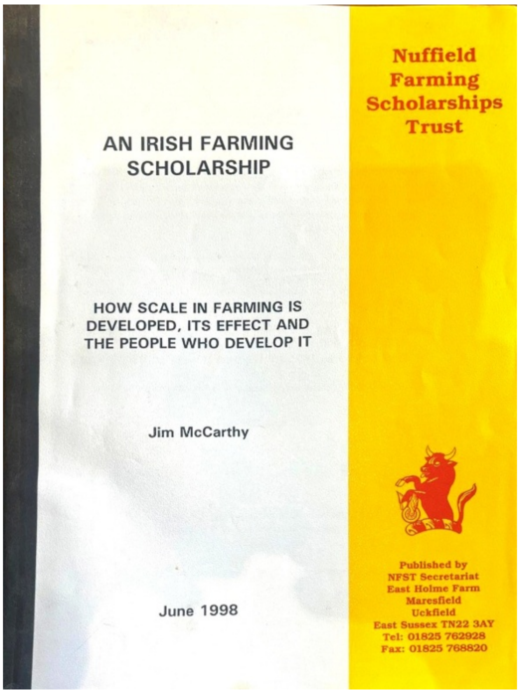
I have always had a passion for farming and feel very fortunate to have been able to make farming a career, having grown up on the family farm at Dowerin, in the central Wheatbelt region of Western Australia, 180km north-east of WA's capital city, Perth.

The central Wheatbelt is known for grain and livestock production, primarily wheat and merino sheep. It is dryland agriculture with our farm having an annual average rainfall of 320mm, 220mm of which falls between April and October (growing season). Most farm businesses in the region are intergenerational family owned and operated.

Having completed secondary schooling in Perth, I attended University to study Agribusiness and graduated with Distinction, realising that learning was easier when all topics were framed in an agricultural context.

This stands true for me today with the Nuffield program being the ultimate opportunity to broaden knowledge and continue to learn.

An initial exposure to Nuffield occurred in 2005, when meeting Irish Nuffield Scholar Jim McCarthy (1996). Jim had become friends with my grandfather, Bill Henderson in a previous visit to WA for his Nuffield research. The meeting was not by chance. Bill had arranged the meeting as he was a very keen and successful agriculturalist himself and one of my greatest mentors. Jim gifted me a signed copy of his Nuffield report with a hand-written note inside encouraging me to apply for a Nuffield Scholarship in my mid-30's because "*you will learn very little at home*".



Nuffield Farming Scholarships Trust

AN IRISH FARMING SCHOLARSHIP

HOW SCALE IN FARMING IS DEVELOPED, ITS EFFECT AND THE PEOPLE WHO DEVELOP IT

Jim McCarthy

June 1998

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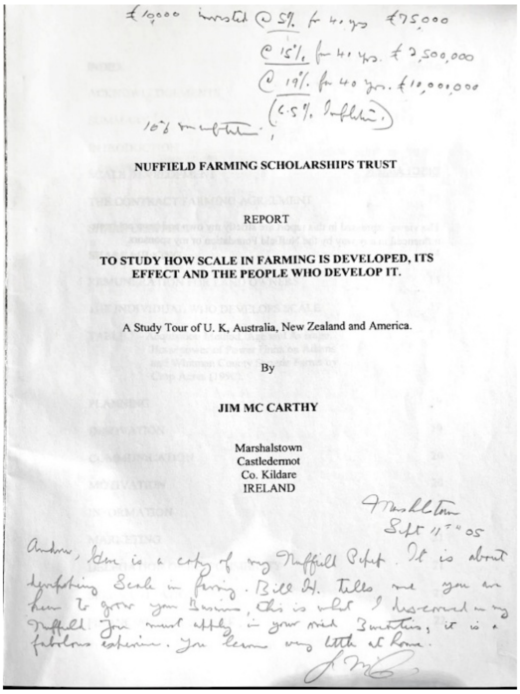


£10,000 invested @ 5% for 40 yrs £75,000
@ 15% for 40 yrs. £2,500,000
@ 19% for 40 yrs. £10,000,000
(4.5% Inflation)
10% inflation

NUFFIELD FARMING SCHOLARSHIPS TRUST

REPORT

TO STUDY HOW SCALE IN FARMING IS DEVELOPED, ITS EFFECT AND THE PEOPLE WHO DEVELOP IT.

A Study Tour of U. K, Australia, New Zealand and America.

By

JIM MC CARTHY

Marshalstown
Castledermot
Co. Kildare
IRELAND

Marshalstown
Sept 11th 05

Andrew, Here is a copy of my Nuffield Report. It is about developing Scale in farming. Bill H. tells me you are keen to grow your Business, this is what I discovered in my Nuffield. You must apply in your mid 30ties, it is a fabulous experience. You learn very little at home.

Image 1: Jim McCarthy's Nuffield report with his hand-written encouragement. (Source: Author)

Similarly, through industry involvement and attendance at events over the years, I have been fortunate to befriend a number of the WA Nuffield Alumni who provided guidance towards the Nuffield organisation.

Nuffield has afforded me the opportunity to gain an appreciation for 'farming' as a broad term that extends beyond the personal context of dryland grain production in WA and encompasses all things relating to the production of both food and fibre globally.

My business, like many, has expanded over time and now includes two farming operations separated by 300km, producing wheat, barley, canola, oaten hay and lupins across approximately 6300 hectares. Most produce from these operations is destined for export markets.

The operation includes a mix of owned, leased and share-farmed land and employs both full-time and casual staff, as well as utilising contractors extensively. Like many Australian farmers, I am personally involved in all aspects of the business, from daily operations to business management and administration.

In response to declining terms of trade and rising production costs, many farm businesses in WA's grains industry have pursued economies of scale, leading to increased consolidation and larger operations. This trend is reflected in Co-operative Bulk Handling's (CBH) annual report, which shows a decline in active grain grower members—from 4,500 in 2010 to 3,500 in 2024.

Despite the enormous gains in technology and efficiencies, increasing productivity per labour unit, there remains a ceiling.

Many farmers have the practical and technical know-how to operate high performing owner-operator scale businesses but are less proficient and experienced in the management skills required to transition beyond this traditional model – one that can become all-consuming and is so reliant on the owner for success.

There exists a real need for farm business owners to develop skills and management systems that enable continued business growth while allowing time for other pursuits such as strategic planning, to ensure the business maximises potential. An equally important use of time is maintaining a healthy work/life balance. In other words, the right systems, processes, and people must be in place to enable owners to avoid their time being totally absorbed by the daily operations.

The benefits of this will extend beyond the individual business. It will result in the retention of people in the industry, by reducing burn out, and ensuring the long-term retention of skills and experience. It will improve the image of farming as a sustainable and rewarding profession, addressing critical skills shortages, and attracting the next generation of farmers and farm managers.

Initially I expected the family farm had much to learn in this space from the corporate farm business.

A corporation can buy a farm, but it does not come with a farmer or a management system. For the financially well-resourced, land and equipment acquisitions are easy, but a skilled farm manager is a rare find. So how are they successful?

It was realised that corporate and growing family farms face the same issues in relation to attracting and retaining high-quality people, particularly at the operational level.

Both family and corporate businesses could learn from each other. With family farm businesses scaling up requiring more people, more management layers, and more sophisticated systems, much like corporate farms.

The research topic evolved, exploring how family farms can move beyond the traditional owner-operator model by leveraging systems, processes, and people to achieve high-performance outcomes.

The aim was to search for opportunities for farm businesses to build on their strengths, achieve economies of scale, and maximise their potential.

This journey of discovery began at The Farmers Club in London and took me across England, Scotland, Ireland, Poland, Romania, Ukraine, Canada, and Australia, where meetings with both family and corporate farm businesses ensued.

Along the way, research was conducted, and valuable insights gained that have shaped the findings in this report.

Table 1. Travel itinerary

Travel date	Location	Visits/contacts
17–19 Sept 2019	Royal International Convention Centre, Brisbane QLD	National Conference
20–21 Sept 2019	Darling Downs	Regional Tour
13–20 Mar 2020	Tangalooma Island	CSC
–	–	COVID
30 July – 5 Sept 2022	Chile, Argentina, USA, Italy, Spain	GFP
13 Sept 2022	Tamworth Leagues Club, Tamworth	2022 National Conference
14–15 Sept 2022		2022 Regional Tour
29 July 2021	Dongara, WA	Levis & Simone MacKenzie – Viridis Ag – The Grange
11 July 2023	Borden, WA	Paul O'Meehan – Butterfield Beef
25 Aug – 5 Oct 2023	England, Scotland, Ireland, Romania, Poland, Ukraine, Canada	2023 Personal Travel
25 Aug 2023	London, England	Farmers Club
26–27 Aug 2023	Cambridgeshire, England	James Peck – PX Farms
28 Aug 2023	Newmarket, England	Tom & Jane Bradford
29 Aug 2023	Lincolnshire, England	James Thompson & Jim Hayes – Dyson Farms
30 Aug 2023	Dorset, England	Mark Edgecomb – Velcourt
31 Aug 2023	North Norfolk, England	Tom Dye – Albanwise, Saxlingham Farming Pty Ltd
1 Sept 2023	Hawick, Scotland	Jim & Kerry Shanks – Standhill Farm
2 Sept 2023	Greystone, Scotland	Hugh Black – Backboath Farm
2 Sept 2023	Ardler, Scotland	Peter Grewar – Grewar Farming
3 Sept 2023	Coldstream, Scotland	Colin McGregor – McGregor Farms
4 Sept 2023	Larne, Ireland	Adrian McGill & Marty
5 Sept 2023	Ardee, Dundalk, Ireland	Robbie Byrne
5 Sept 2023	Grangeford, Carlow, Ireland	Kevin Nolan – Nolan Farming
5 Sept 2023	Milford, Ireland	Julian Hughes – Hughes Farming Ltd
6 Sept 2023	Ireland	Transfer to Dublin via Jim & Atracta

7 Sept 2023	Gdansk, Poland	James Little – Nuveen Capital
7 Sept 2023	Drogosze, Poland	Ralph Friedrichsen – Agro Funduz Mazury, Top Farms
8 Sept 2023	Oswiecim, Poland	Auschwitz Birkenau
9 Sept 2023	Glubczyce, Poland	Marcin Markowizc – Top Farms
10 Sept 2023	Bucharest, Romania	
11 Sept 2023	Borcea, Calarasi, Romania	Arnaud Chamaret – SC Alisa Group
12 Sept 2023	Alexandria, Calarasi, Romania	Alex Dragason – Agrinatura, Top Farms
13 Sept 2023	Botosani, Romania	Jim & Liam McCarthy – Southern Harvest
16 Sept 2023	Iasi, Romania	Lawrence Richmond & Greg
17 Sept 2023	Siret, Romania	Hubie (German)
17 Sept 2023	Kyshchentsi, Ukraine	Kornelis Kees Huizinga & Willem Janssen
20 Sept 2023	Botosani, Romania	Return to Romania
21 Sept 2023	Iasi–Bucharest–Amsterdam–Toronto–Saskatoon	Transit
22 Sept 2023	Saskatoon, Canada	Western Districts Museum, pickup by Josh & Jeanie Lade
23 Sept 2023	Warman, Canada	Josh & Jeanie Lade, Jerry Seinfield
24 Sept 2023	Saskatoon to Swift Current, Canada	
25 Sept 2023	Swift Current & Moose Jaw, Canada	Russel Monnette, Justin Simpkins, Michael Carter – C2 Farms
26 Sept 2023	Indian Head, Canada	Janel Delage – Delage Farms
27 Sept 2023	Moosomin, Canada	Kristjan Hebert – Hebert Group
27 Sept 2023	Regina to Edmonton, Canada	Transit
28 Sept 2023	Sylvan Lake, Canada	Rob Saik – Agvisor Pro
29 Sept 2023	Three Hills, Canada	Steve Larocque – Beyond Agronomy
30 Sept 2023	Banff–Calgary, Canada	

Acknowledgments

Nuffield Scholarships are awarded to individuals; however, they involve a great many people, without whom these amazing experiences and opportunities would not be possible.

I am truly grateful to my family both immediate and extended for their support and encouragement in both applying for and completing my scholarship. I would particularly like to thank my wife Jacinta and our three daughters Isabella, Ava and Imogen for their love and support. Thanks to my parents, Geoff and Tricia, for providing me the opportunity to be a farmer, and Billpa for sharing and fostering my passion for farming.

To Nuffield Australia, in particular Jodie Redcliffe, Nicola Raymond and the Nuffield board of that time, thank you. The challenges of a global pandemic were not enough to stop you from moving forward and furthering Australian agriculture and ensuring the future of Nuffield. It was a difficult and uncertain time but in true Nuffield style your resilience and adaptability shone through allowing me the opportunity and encouraging me to complete my scholarship.

Without the support of my investor, Grains Research and Development Corporation (GRDC), this opportunity would not have been possible. I am so grateful for your support personally, but also for the support of other grain growers both before and after me. The grain industry in Australia is full of amazing people. It is people that keeps the sector vibrant and progressive, so your role in supporting those looking for opportunities to further themselves and the industry should remain a priority.

Nuffield opens doors. Many people opened the doors of their businesses and homes to me and gave me their time and energy, which was an incredibly generous thing to do, and for which I will always be thankful. Not all were aware of the Nuffield program and so to those who were not sure who I was, what I was doing, or what might have been in it for them, I sincerely thank you for your time. You took a risk on me, and I hope that I represented Nuffield in a fashion that will mean that the next opportunity you have to connect with Nuffield, you are excited to do so.

To my GFP group, Jason Cotter, Tess Bitmead, Chris Manley, Phil Weir, Ed Pinckney, Ben McLaughlan, Robbie Byrne, Linda O'Neill, Shota Morigami and Judith De Vor, with whom I will always share the memories of a diverse and challenging journey. Thank you for your friendship and for constantly challenging my thinking. Maybe one day I will be a "regen" farmer.

Finally, I would like to acknowledge my friend and friend to so many Chris Reichstein (dec.). Chris was an inspirational Nuffield Scholar whose influence left a lasting impression on me and whose legacy continues to shape Nuffield, the Esperance region, and the Western Australian grains industry. I dedicate this report to you, Chris.

Abbreviations and Explanations

I have attempted to limit the use of acronyms and abbreviations in this report, however there is occasional use of colloquialisms believed to be common terms in the Australian farming industry, and while perhaps lacking in technical accuracy reflect the true sense of meaning for me.

ABARES	Australian Bureau of Agricultural and Resource Economics and Sciences
CAGR	Compound Annual Growth Rates
CEO	Chief Executive Officer
COO	Chief Operating Officer
EBT	Earnings Before Tax
EOS	Entrepreneurial Operating Systems
GRDC	Grains Research and Development Corporation
RACI (matrix)	Responsible, Accountable, Consulted and Informed
RAM	Responsibility Assignment Matrix
ROC	Return on Capital

Scale – The word “scale” has been used often in this report to describe a growing business (both in terms of hectare size and employee numbers).

“Skin in the game” – when someone has a financial investment in a company.

List of Images

Objectives

How can we help family farms move beyond the traditional owner-operator model and build on their strengths to continue to achieve economies of scale?

To answer this, I explored several key questions:

- What is required to allow farm owners to work on the business rather than in it?
- Is it possible to empower others to perform as well as, or better than, the owner?
- Are there effective performance or profit-linked remuneration models for managers?
- What can small family farms learn from larger operations – and vice versa?
- Are there examples of mutually beneficial relationships where passion and ambition but limited capital is partnered with those who have it? What do these look like?

The objective of this research was to seek knowledge from those who have successfully scaled their businesses, specifically in relation to the management of people and setting up a business for high performance at scale.

The focus of this report is on four key areas:

- Systems
- Processes
- People
- Business Models

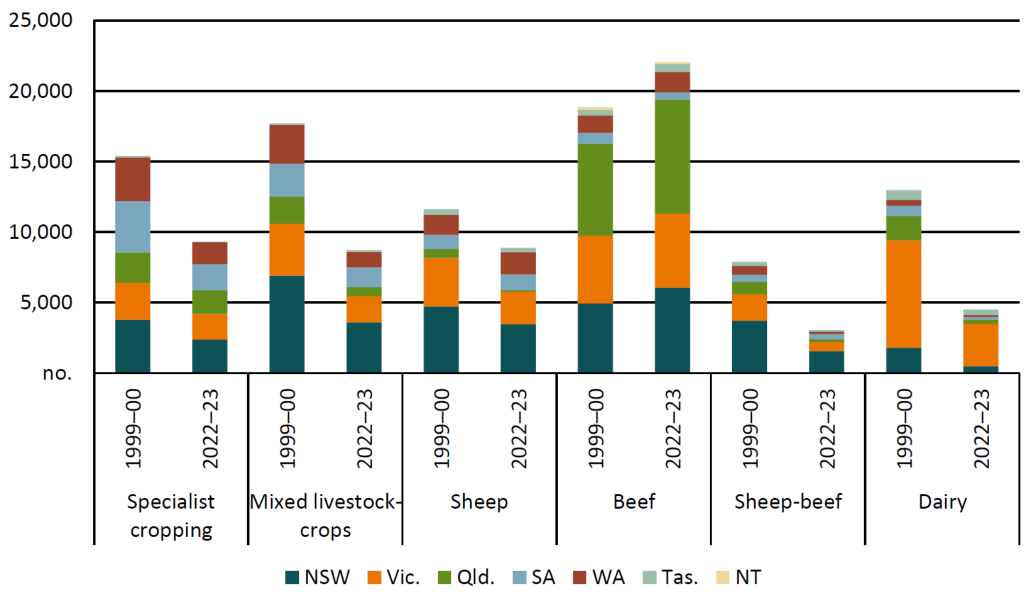
Chapter 1 - Introduction

Australian cropping businesses are expanding to achieve economies of scale, a strategy driven by the need to reduce per-unit production costs and increase or maintain profitability in the face of rising input costs and global market pressures.

This expansion is primarily occurring through the acquisition of more land, but also by lease and share-farm arrangements.

Increasing business scale is a long-term trend. A recently released report by the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) titled *Financial Performance of Cropping Farms*, reveals the number of specialist cropping farms nationally declined by 40% over the period 1999-2000 through to 2022-2023 with Western Australia leading the charge with a figure of 50% over the same time frame. (Dale Ashton et al., 2024)

Figure 2 Change in number of farms, by industry and state



Source: ABARES Australian Agricultural and Grazing Industries Survey and Australian Dairy Industry Survey

Image 2: Change in Number of Farms by industry and state. (Source: ABARES)

This trend of reduction in farm businesses correlates directly with data also collected by ABARES revealing that the average area operated by cropping operations in WA has almost doubled over the duration of my farming career, from 3,411ha in 2004 to 6,277ha in 2024. (Dale Ashton et al., 2024)

If this trend continues, the industry will see fewer farm businesses operating on larger land holdings yet producing more to feed an ever-expanding global population.

Continued investment into research and development, particularly in the areas of agronomy and production along with advances in technology and equipment, will offer exciting opportunities for productivity growth into the future. However, capturing these opportunities and scaling up farm businesses may require a change in the farm business model.

Wearing three hats

Jim McCarthy, 1996 Nuffield Scholar, suggested three key ingredients are required for success, being Strategy, Capital and People.

Jim also recounted famous Irish Agricultural identity Denis Brosnan, the man responsible for transforming the Kerry Co-op into a multi-national food and ingredients business employing over 20 000 people as saying:

"To run a successful business you need a dreamer, a businessman, and a son of a bitch to get things done."

For the family farm business, the challenge of wearing all three hats is real.

Image 3: The author with Jim McCarthy and his son Liam McCarthy in a field on their Romanian property where they trade as Southern Harvest Romania. (source: Author)

Commonly, successful farmers are proficient in technical and operational knowledge, often working in a very hands-on operational role as well as managing the business and are frequently referred to as "jacks-of-all-trades" and "masters-of-none". These farmers possess extensive knowledge accumulated over many years of experience. This involvement in operations is often why farmers are farmers. The intrinsic reward of working the paddocks and tending crops, constantly looking for opportunities to improve, is more a vocation than a job for many. Transferring this knowledge, and their passion for the business, over to an employee, is where the challenge lies.

Ultimately, if this investment in critical human resources does not grow with the business, the risks of sub-optimal physical and financial performance as well as poor well-being for the farmer may culminate in failure of the up-scale strategy.

But how do you scale "the farmer"?

To scale the farmer and change the farm business model from the traditional owner/operator model to something larger and more complex, requires the implementation of systems and processes. To develop and implement these requires extracting and documenting the aforementioned knowledge so that it may be conveyed to others in the business.

The irony for many farmers is making time amongst a busy farm and personal calendar to commit to this, likely a commitment that will be ongoing as this is part of a new method of operation.

Growth, Succession, Ageing, Illness, Asset Management

Scale and growth are most typically the things that necessitate a change in the farm business model and increase the need to introduce and implement systems and processes. However, there are other occasions where a change in structure, or the need to implement new systems and processes might occur, such as succession, ageing, illness and asset management.

Traditionally, in the absence of a willing farmer to carry on the farm business intergenerationally, the farm is sold, simply because it is not considered a liquid asset and is viewed by the non-farmer owner as difficult to manage. However, farmland values have experienced strong compound annual growth rates (CAGR) over the long term with 20-year averages of 9.1 percent in WA, and 8.6 percent nationally.

This rate of return is favourable when measured against many other asset classes and in a country such as Australia, is now known as a secure investment vehicle to store intergenerational wealth and global institutional capital.

Growth in more recent times has made WA farmland a very high performing investment by any measure, with 5-year and 10-year average CAGR of 21.5% and 14.1% respectively notable by the uptick in the chart below from 2018 onward (Bendigo Bank Agribusiness Insights, 2025).

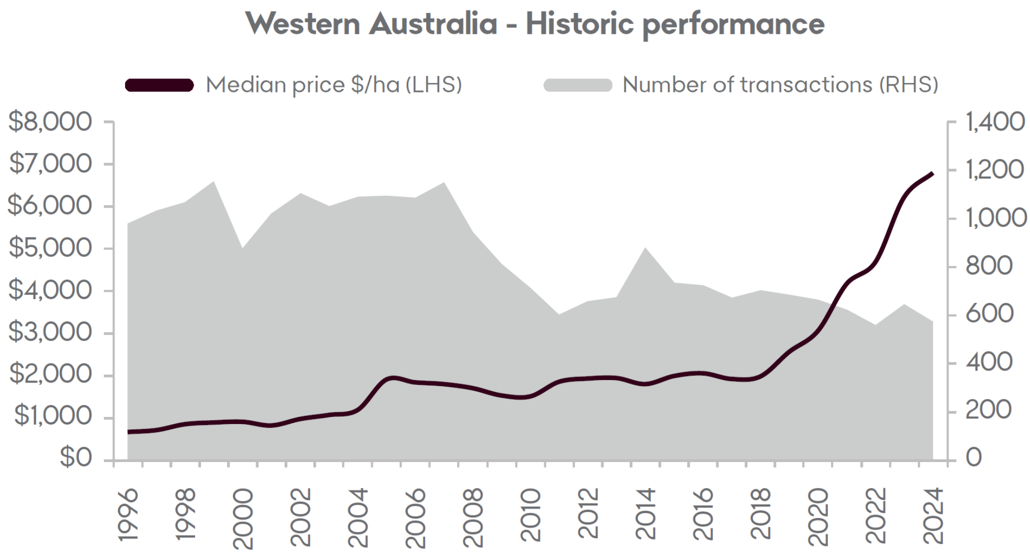


Image 4: Australian farmland values (Source: Bendigo Bank Agribusiness 2025 Report)

However, while land values are strong, maximising returns from a farmland asset is generally done by operating a high performing farming business using that asset. High-performing farm businesses consistently generate returns well above typical land lease rates. According to the 2023 Planfarm Benchmarks, between 2014 and 2023 the six-year average return on capital (ROC) for the average farm business in Western Australia was 6.6%, while the top 25% achieved 11.4%.

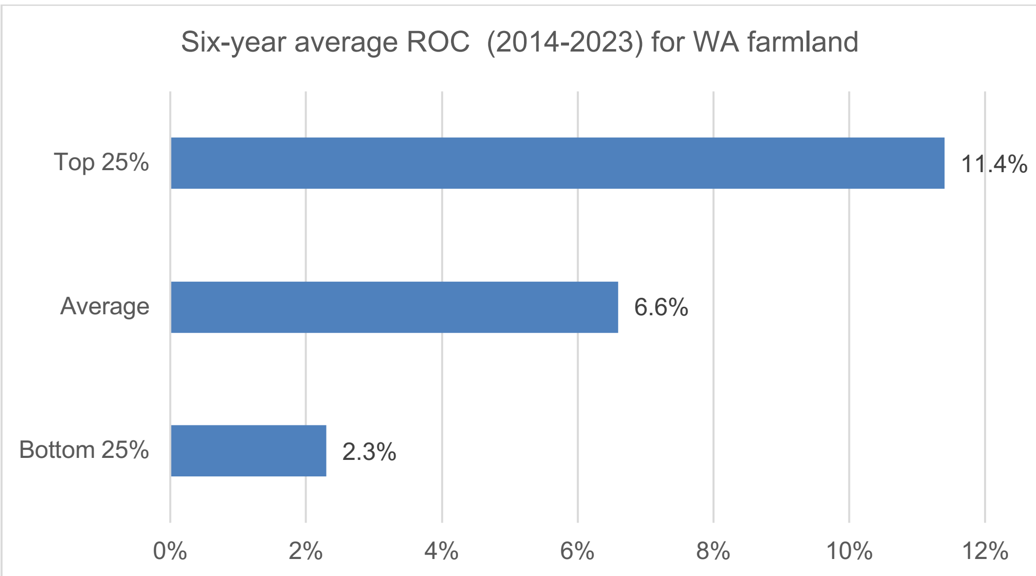


Image 5: Six-year average ROC (2014-2023) for WA farmland. (Source: Planfarm)

The biggest limitation to achieving this performance, in the absence of a family member owner/operator, is finding the right person and incentivising them to perform at the level beyond normal employee expectations. Often the biggest limitations for that individual in expanding their own personal wealth are opportunity and capital. However, finding individuals with the diverse skillset required to manage a large operation and lead a small team, is often difficult, particularly in Western Australia, and even the right person may need significant amounts of time to develop the required skills and knowledge needed for a career at this level of responsibility.

Perhaps, the holy grail of a family farm business might be referred to as “the balanced farm business”, meaning the business generates strong financial returns, is financially and environmentally sustainable, provides reward and satisfaction to those employed by it and affords the owners the lifestyle that they desire.

Chapter 2 - Systems

Establishing workable and practical systems into any farm business enables a consistency of approach to all farm activities and allows daily tasks to continue with or without the farm owner being physically present. Quality and dynamic systems are the foundation of most commercial business operations throughout the world, yet many family farming businesses often function on inherent knowledge and generational information transfer. Documented systems can be rare on a family farm, yet to move the business towards a structure that can ensure long term sustainability and continuity of operations, quality business systems must be implemented, despite their often-seemingly arduous burden. Several Canadian family farms were visited that use operating systems to support business growth.

Entrepreneurial Operating Systems

In Saskatchewan, Canada, the Entrepreneurial Operating System (EOS) was encountered, used by large family-owned farm businesses like Monette Farms, C2 Farms, and Hebert Grain Ventures. These farms, while family-owned, were run like corporations, using structured frameworks to manage growth, set goals, and measure performance. EOS is a business framework developed by American entrepreneur, author, teacher, and motivational speaker Gino Wickman.

The EOS model considers six key components which, when optimised, will ensure all employees are working towards the same goals. These principles are:

1. Vision – establishing long term goals and ensuring all employees understand them
2. People – ensuring the right people are in the right seats
3. Data – using key metrics and information to make informed decisions
4. Issues – identifying and solving problems before they impact on business functions
5. Processes – documenting and standardising operational processes to ensure consistency across the business
6. Traction – setting short term objectives and constantly reviewing to ensure accountability. How do we implement all this?

Image 6: Six key components to ensure all employees are working towards the same goals. (Source: EOS Worldwide (C), 2024)

According to EOS Founder Gino Wickman, by strengthening these six components everything else will fall into place. "That will move your business into the top 5 per cent." (Wickman, 2024).

It was interesting to see that these three large scale agricultural businesses were all implementing the EOS principles. Clearly, it was a system that had been successful.

In a practical sense, a professional accredited mentor is assigned to each business to assist them to implement the six key components in a functional and achievable manner. In Australia, some farm consultants are now skilled in the EOS system and can provide this service to Australian farm businesses.

Monette Farms (Saskatchewan, Canada)

Monette Farms, while a family-owned business, produces a wide range of commodities at 20 locations across the United States of America and Canada, from Arizona in the South to the Northern agricultural areas of Saskatchewan and Manitoba, Spanning over 350 000 acres of land. Managing a large staff across such a diverse geographical spread and across several farm business units and commodities (Farms, Cattle, Seeds and Produce), requires consistency in core values to ensure all employees operate on the same page and work towards the same company goals.

The vision and core values for the business were on display for all employees and visitors to see when visiting the Monette Farm Head Office in Swift Current. While a simple step, this was important as a daily reminder to all employees of the goals and culture of the business.

While the wording was perhaps a little uncouth, each core value was clear, concise, and created a culture of a strong work ethic, and an environment of achievement and accomplishment across the business.

Image.7: The Core Values of Monnette Farms. (Source: Author, 2023)

Hebert Grain Ventures (Saskatchewan, Canada)

Hebert Grain Ventures President Kristjan Hebert, a former accountant, has improved and expanded his business to include both a 41,000-acre grain farm in Fairlight Saskatchewan, a consulting company in Saskatoon, MaverickAg, making extensive use of data platforms to optimise systems within the business. Some of the platforms have been designed and built by Kristjan, he also uses commercially available platforms, such as Trello, and MyJohnDeere, syncing all data into standardised platforms that are user friendly for key employees.

Kristjan says he is a big believer in multiples, matching your resources to your farmed area. In his area 8,000 acres is a unit: one seeder, one sprayer and two combines. Likewise, on the farm, human resources are matched with one full time employee per 2500 acres. The rapid growth of the business can largely be attributed to this.

Transparency and consistency with employees are also critical to the success of Hebert Grain Ventures. The business has a remuneration hierarchy (available to be viewed by all employees) showing remuneration tiers, allowing all employees to understand where they fit into the business, and the career paths available to them within the business.

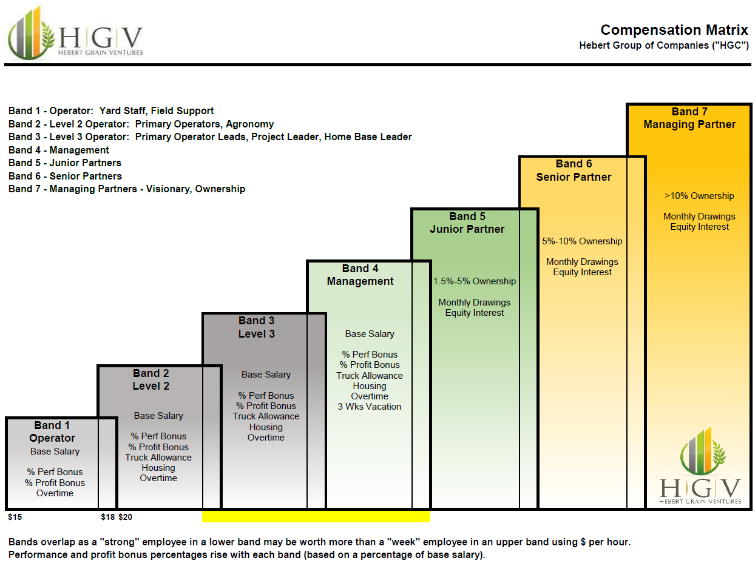


Image 8: Compensation matrix. (Source: Hebert Grain Ventures)

Image 9: Meeting with Hebert Grain Ventures President Kristjan Hebert (Source: Author, 2023)

C2 Farms (Saskatchewan, Canada)

Michael and Kevin Carter, of C2 Farms, are fourth-generation farmers who have scaled up their business significantly from humble beginnings as a small family farm with 6,000 acres in Provost, Alberta in 2009 to 60,000 acres in the spring of 2023 with further land additions coming on stream over the coming 2 years.

The implementation of EOS principles assisted them in taking calculated risks to increase the business size and building systems and processes to cope with this. As with Monette Farms and Hebert Grain Ventures, C2 Farms is a family-owned business operating on corporate principles. Michael attributed a significant part of their success in up scaling the business to application of the EOS framework. Joking that they have safe operating procedures (SOP), SOPs for almost everything, “if you want to change a light bulb there is an SOP for that”. “We’ve put a lot of energy into developing this across the operation”.

Michael also made an introduction to Justin Simpkins a friend and long-term consultant to C2 Farms providing insights into business strategy as well as working in areas of

HR, leadership training, onboarding practices, right through to insurances and risk management.

Justin was initially engaged to help Michael find ways to get some life back, looking to get time back to spend with family and to be healthy and happy.

He says that in most farm business there isn't much "white collar horsepower". There is no dedicated COO or CFO, generally just a very busy farmer (CEO) trying to fill all those roles as well as being heavily involved in operations.

Image 10: Pre-harvest meeting C2 Farms. (Source C2 farms)

Image 11: Harvest operations at C2 Farms. (Source C2 farms)

Chapter 3 – Processes

The practical application of systems (particularly the EOS framework) is the next step in creating consistent guidance for non-owner employees, particularly when running businesses in multiple locations or with multiple commodities. This practical application is the process, or the way in which these businesses conducted their operations.

Several farm businesses were visited where an understanding of the critical importance of sound processes ensured operational efficiencies and long-term business profitability.

Delage Farms (Saskatchewan, Canada)

Janel Delage, CEO of Delage Farms, suggested she didn't believe her original career pathway was in owning and managing a large-scale family farming business, despite her early career as an agronomist for Cargill. However, after the shock death of her husband Marc, Janel was thrust into this very scenario and took over management of the business, running it with her father-in-law Maurice. Her message was particularly pertinent, saying that farming families with daughters could still have a long-term intergenerational future, if the right systems and processes were made available to them.

> *"Don't discount the fact that none of your daughters might want to farm just because they are not showing interest right now. Keep asking, keep offering, keep engaging with them, keep them connected to the farm, because you just never know." (Delage, pers.comm., 2023).*

Image 12: Janel Delage with Morris and Janet Delage and the harvest team. (Source Janel Delage.)

Under Janel's leadership the systems and processes at Delage Farms are impressive, and extensive, and are now relied upon by all staff.

These processes include practical manuals for each differing task on farm including planting, harvesting, carting grain etc. This is particularly important for the large amount of seasonal and casual employees who are required for the busy periods such as harvest when there are 10 combines, 3 grain carts and 8 semi-trucks operating.

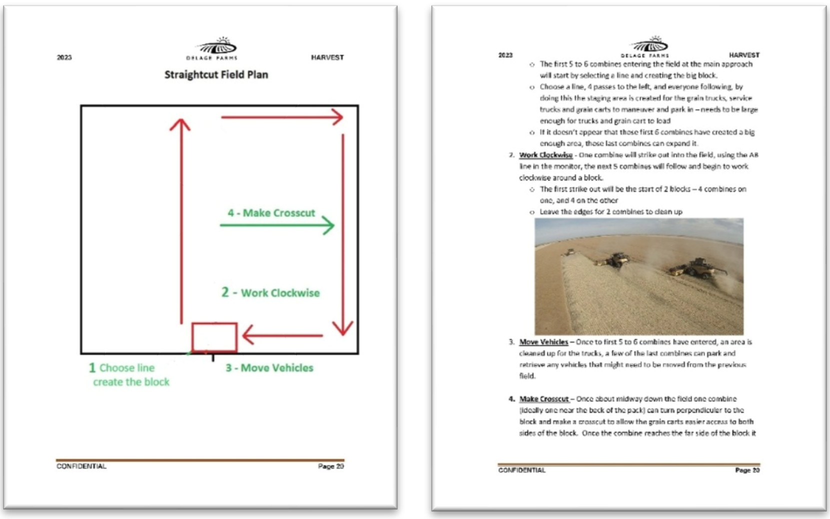
DELAGE FARMS

Harvest Information
2023

JANEL DELAGE
Confidential

Image 13: Harvest information reference manual. (Source: Janel Delage)

These manuals contain specific details of how to complete all tasks on the farm, including (as one example) maps and directions on how to move a group of combine harvesters into a paddock in a strategic and systematic way that ensures efficiency and operator safety. Any new employees can pick up a specific manual and understand where they fit in the business, and how each task is to be completed, ensuring both employee confidence and consistency across the business. It also provides employees with information on who to contact should the manual not provide them with enough information to progress the task at hand. These manuals are living documents and must be updated as each machine or task is updated.



2023 DELAGE FARMS HARVEST

Straightcut Field Plan

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2023 DELAGE FARMS HARVEST

- The first 5 to 6 combines entering the field at the main approach will start by selecting a line and creating the big block.
- Choose a line, 4 passes to the left, and everyone following, by doing this the staging area is created for the grain trucks, service trucks and grain carts to maneuver and park in – needs to be large enough for trucks and grain cart to load
- If it doesn't appear that those first 6 combines have created a big enough area, those last combines can expand it.

2. **Work Clockwise** - One combine will strike out into the field, using the AB line in the monitor, the next 5 combines will follow and begin to work clockwise around a block.
   - The first strike out will be the start of 2 blocks – 4 combines on one, and 4 on the other
   - Leave the edges for 2 combines to clean up

3. **Move Vehicles** – Once to first 5 to 6 combines have entered, an area is cleaned up for the trucks, a few of the last combines can park and retrieve any vehicles that might need to be moved from the previous field.

4. **Make Crosscut** – Once about midway down the field one combine (ideally one near the back of the pack) can turn perpendicular to the block and make a crosscut to allow the grain carts easier access to both sides of the block. Once the combine reaches the far side of the block it

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Image 14: Pages from the harvest information reference manual. (Source: Janel Delage)

Top Farms (Poland and Romania)

In Romania and Poland, I observed Top Farms employing the Kaizen system and Lean principles across their operations and administration.

Kaizen

The word Kaizen literally translates to the word “improvement” in the English language, and the Kaizen strategy was first published in the book Kaizen, The Key to Japan's Competitive Success (Imai, 1986). Written by Japanese organisational theorist and management consultant Masaaki Imai, the strategy encourages all employees to contribute to the long-term success of a business.

In the context of business practices, Kaizen emphasises the importance of making small, incremental improvements regularly, aiming for long-term success rather than short-term gains. This philosophy is deeply embedded in the daily practices of Japanese organisations, fostering an environment where continuous improvement becomes a norm rather than an exception (Imai, 1986).

The Kaizen system of operation is based on the premise that those who are physically performing the tasks are best placed to offer improvement solutions. In his web blog, Kiran Chahal, a Senior Campaign Manager at the Department for Work and Pensions (United Kingdom) says:

Small and steady shifts can be subtle yet effective. Yes, we want to capitalise on the opportunity presented by digital technology. However, innovation doesn’t have to be all tech-based. It’s just as much about doing things differently as it is doing new things (Chahal, 2023)

In his blog, Chahal breaks down some of the ways continuous improvement can occur at the ground level of a business, such as redesigning office spaces, reducing administration burden and improving communication between work teams. This can be applied to a family farming business, where concepts more aligned with corporate structures, such as analysing office spaces, restructuring workshop spaces, creating lunch and break rooms, reducing or streamlining administrative burdens (such as leave forms etc.) can all have an impact on employee efficiencies. Using the Kaizen principles, a business would involve the employees who use these services to advise on the best methods of improvement.

At Top Farms, all the workshops were designed to be simple and streamlined, and every piece of equipment had a place. Yellow painted lines across the workshops, in the same vein as a peg board, directed staff to store each individual piece of equipment in the correct place.

Image 15: The five “S’s” - Sort, Straighten, Shine, Standardise and Sustain. (Source: Top Farms, Glubwice, Poland)

QR codes were used on all machinery, allowing staff to use their smart phone to access a pre-start program to understand the service history, and follow instructions on the servicing and operation of the equipment. Likewise, every machine has the purchase price displayed on it, as a visual reminder of the value of the equipment they were using, increasing each employee’s responsibility in taking care of the machinery.

This mindset filtered right through the business and the principles were displayed visually on pin-up boards everywhere in the workshops.

Image 16: Kaizen cycle for continuous improvement (Source: Daniel, 2021)

Lean Principles

Lean Principles were popularised by researchers from the International Motor Vehicle Program (IMVP) based at Massachusetts Institute of Technology, who considered the success factors of automobile production across the globe, particularly relating to the 1960s and 1970s. The resulting published work by James P. Womack, Daniel T. Jones and Daniel Roos, titled *The Machine that Changed the World*, while focusing on the manufacturing sector, could be of interest to farming businesses, particularly in relation to waste reduction (James P Womack et al., 2007)

As with Kaizen™, the Lean system focuses on continuous improvement through following a series of five steps, these being:

1. Define Value – what does a customer value
2. Map the Value Stream - Identify every step in the value chain, eliminating any steps that do not create value.
3. Create Flow - Ensure the value-creating steps flow smoothly without interruptions or delays

4. Establish Pull - allowing for Just-in-time delivery and manufacturing where products are created at the time that they are needed and in just the quantities needed.
5. Pursue Perfection – A continuous improvement system that becomes part of organisational culture. (*The Five Principles of Lean*, 2016)

Image 17: The Five Lean Principles (Source: The Five Principles of Lean, 2016)

Top Farms utilised Lean Principles in all its offices and constantly reviewed its operational structures. As with the visual reminders of vision and core values found at Monette Farms, Top Farms displayed this management system to ensure employees understood and were involved in the continuous improvement process.

The benefit of both the Kaizen and Lean systems is that they set expectations, create uniformity, remove variability, and ensure consistent outcomes. These processes provide cues for employees, removing weak links (such as inexperience) in the chain of responsibility. An employee working at a Top Farms operation in Romania could be transferred to a Top Farms business in Poland, and they would step into the role seamlessly. Likewise, a new employee would be able to quickly and easily fit into the business given the descriptive cues in these processes.

Most importantly these processes create accountability, because if anything occurs outside these prescriptive processes, it can be traced to individual employees.

These principles can be transferred to an Australian family farming business, particularly in areas such as workshop management, machinery operation, and chemical handling, by detailing task management and providing expectations to the employee.

Image18: A visual reminder of the use of Lean Principles to all employees at Top Farms (Source: Author)

Chapter 4 – People

Who's on the Bus?

People are one of the most important assets in any business and becoming an employer of choice is the goal of larger-sized Australian family farm businesses.

Building the Team

While in Canada, a meeting was arranged with farm consultant Rob Saik, who is well known and respected in the Canadian agricultural industry, for his forthright views on employee attraction and retention.

One of Rob's key messages, found in many of his podcasts and material from his PowerFarm Groups, is to work out what personality types, and what types of decision makers, are already in the business before employing anyone new. This will then allow the business to ascertain where the gaps lie, clarifying what type of employee you need to complete the team. Rob also said to me:

> *Look for the mindset not the skill set. If someone comes to you – and they are a good fit – employ them and then find a fit for them into the business. The mindset must align with your business vision and objectives* (Saik, pers.comm., 2023).

Likewise, Kristjan Hebert from Hebert Grain Ventures, adheres to this principle. He advised that if someone knocks on his door looking for employment and is recognised as a cultural fit for the business, he will immediately employ them and figure out how they will fit into the business subsequently. His mantra "if we have too many good people in the business then we need more dirt".

Rob Saik is an advocate of using personality profiling tools, such as the Myers Briggs Type Indicator assessment tool, combined with decision making assessment programs, such as the Kolbe System. Using these systems, employers can seek to understand people before employing them, ensuring diversity in thinking and skill sets, which will ultimately lead to better outcomes.

While personality profiling and decision-making analysis tools may not yet be commonly used in growing family farm businesses in Australia, structuring a team that works well together and aligns with the business culture is an enviable outcome (and will almost certainly see a more stable workforce). As such, these types of tools would add value to any employee recruitment strategy as farm businesses move beyond a small owner/operator structure.

Rob also suggests considering the RACI matrix (responsible, accountable, consulted and informed), otherwise known as the Responsibility Assignment Matrix (RAM), to assist in assigning roles during large-scale projects or busy periods.

Typically, in a family farming business, there is inherent knowledge of the business and its operational strategy, with the expectation that everyone in the business understands the tasks that need to be completed at certain times of the year. As businesses expand beyond the owner/operator structure, and the size of work teams increases, the RACI, or RAM model could serve as a valuable system to clarify roles and responsibilities and increase accountability.

Engaging with staff

While in the United Kingdom a meeting was arranged with Tom Dye, the Chief Executive Officer of the farming division of Albanwise, an agribusiness operating on over 12 000 hectares throughout Norfolk and Yorkshire. This business has several other business units, including a property division, a renewables division, and an insurance division, to name a few.

Each year at Albanwise, a staff satisfaction survey is undertaken to ascertain the areas that require improvement and investment, but also to celebrate the successes within the business. In 2022, 1200 responses were received from staff across the business, with 419 of these responses coming from the farming business unit (note one staff member was able to give multiple responses). Tom was happy to share the results, saying the survey illustrated most staff felt passionate about their work, proud to be associated with Albanwise, comfortable in their role (they could “be themselves” at work) and felt safety in the workplace was taken seriously. Tom also admitted the survey identified that less than 31 percent of respondents understood the business direction, and only 45 per cent felt they collaborated well as a team, acknowledging these were key areas for the business to focus on and invest in, into the future.

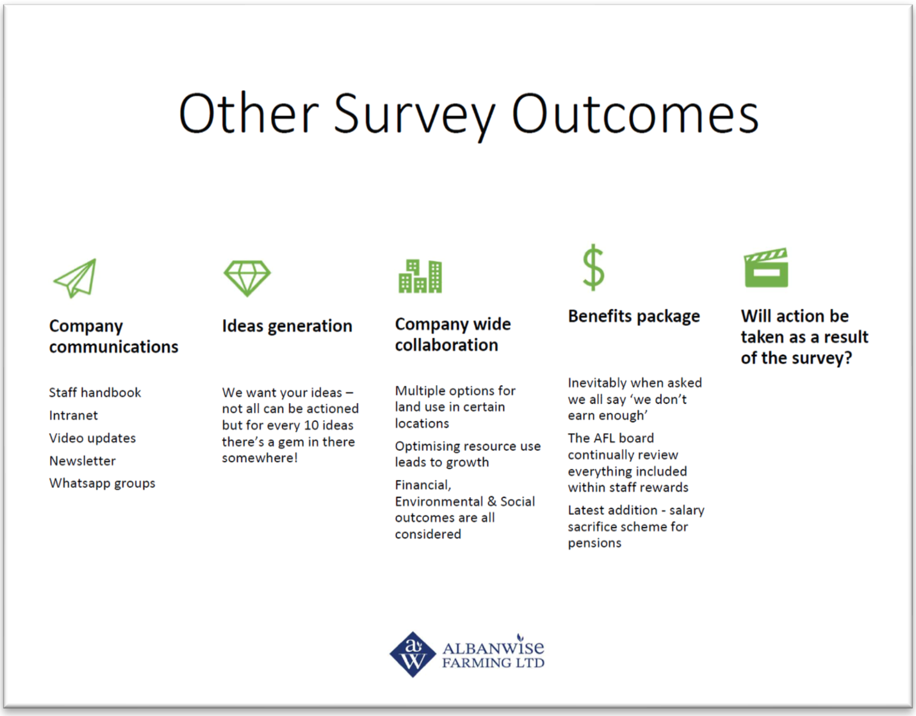

Image19: Staff satisfaction survey outcomes. (Source: Albanwise Farming Ltd.)

Interestingly, Albanwise has only three company objectives, relating to:

- Profit;
- Sustainability; and
- People

Demonstrating how important people are in their company culture.

While most Australian family farming businesses would not have hundreds of staff to survey, this culture of caring for employees, and the desire to understand their thoughts about the business, (and therefore using their suggestions to improve business strategy) should become commonplace in growing farm businesses. A formal survey, and a formal analysis of survey results, may not be suitable in smaller farm businesses, but employers can implement informal ways of understanding the thoughts and attitudes of their employees which will lead to employee retention, and the creation of an “employer of choice” culture.

These strategies could be as simple as regular toolbox meetings (with recorded minutes), pre and post seeding/harvest/shearing meetings which provide employees an opportunity to share their thoughts or even outsourcing a feedback project to an external human resources company.

All of these tools are implemented by Paul and Jillian O'Meehan of Daniels Well at Borden, Western Australia. Together with their small team of employees, including two managers, they operate a large mixed farming enterprise that includes a 30,000 acre broadacre cropping operation, a cattle feedlot, contract feeding services, and the production of the branded beef product, Butterfield Beef.

Paul’s view on the importance of regular team meetings is simple: "Pre-harvest meetings are non-negotiable; they are as much a part of preparation as changing the oil in the header."

Communication underpins Paul's core focus on developing and maintaining a strong workplace culture. It is a philosophy centred around the idea that good culture acts as a natural filter for the team, or as Paul described it: "bad eggs don't like good culture and so they leave, and if you've got bad culture the good guys leave."

To support this philosophy and continually learn from staff experiences, Paul also implements exit interviews when an employee does leave. These conversations are highly valuable, allowing the business to understand ways to improve, leading to opportunities for greater employee satisfaction and retention in the future.

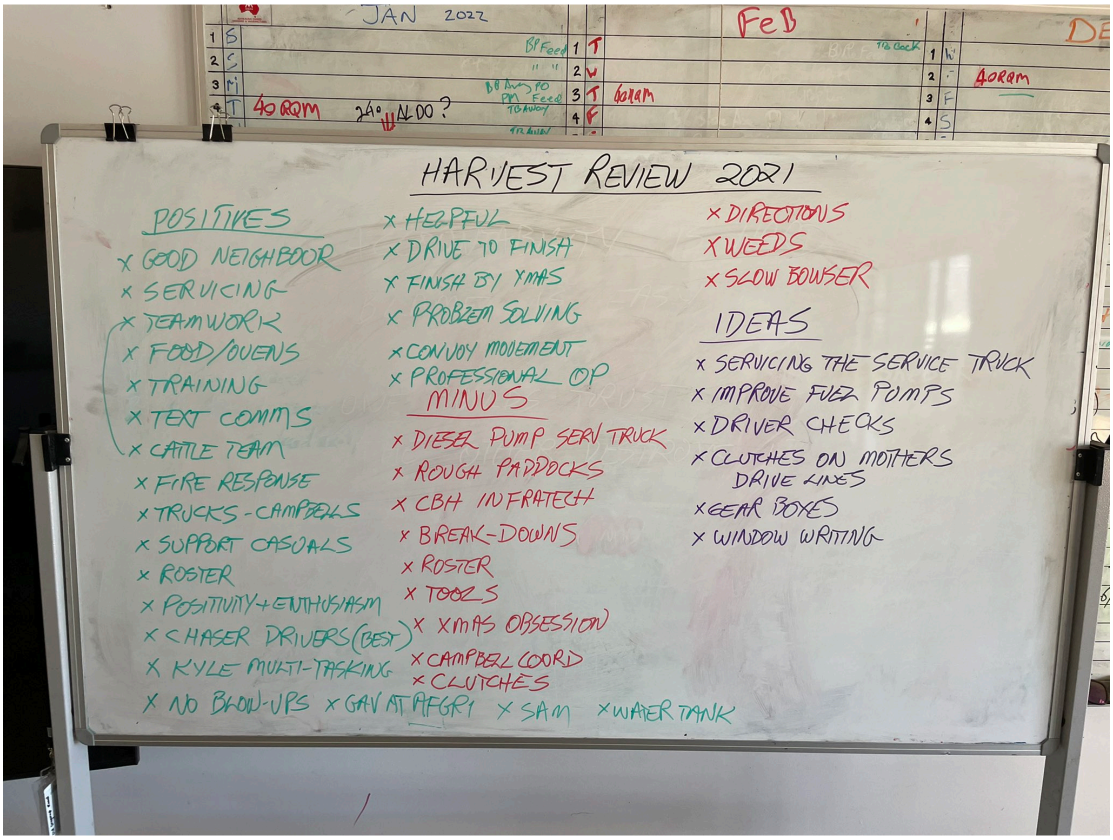

Image 20: Harvest review staff meeting outcomes. (Source: Paul O'Meehan)

Remuneration & Incentives

Rewarding employees by connecting their financial remuneration to performance measures was commonplace amongst the farm businesses visited. This was predominantly but not exclusively for those employees in management roles.

Various remuneration models were observed that fostered greater commitment, accountability, and engagement from farm managers and farm staff.

Typically, these took the form of a salary plus bonus. Bonuses were linked to key performance indicators (KPIs). These KPIs were often linked to the financial performance of individual enterprises, whole farm, or company profits but also in many instances to non-financial metrics, including meeting deadlines, compliance, production targets etc.

At Alisa Groups 17,700 hectare farming operation in Borcea, Romania, COO/CEO and 2021 Nuffield Scholar, Arnaud Charmetant was charged with the oversight of a permanent workforce of 190 people. He shared detailed excel spreadsheets, tailored to the individual roles of employees, and developed by the company for assessing employee performance. KPIs were grouped into 3 Tiers based on importance and weighted accordingly, with individual items within each tier also weighted.

Ultimately, a system not unlike a school report whereby grades ranging from A to D are marked against each KPI and the result is tallied to determine an overall score for the calculation of bonus payments. i.e. bonus payment available is $X, KPI score is 75% therefore $X x 75%.

Communication is key and Arnaud advised that it is important to offer employees the opportunity to check in at scheduled intervals with senior management as to how they and the business are performing against KPIs.

KPI's for CEO/COO - 2020	PERCENT RATING	SCORE	Far Exceeds Standard	Exceeds Standard	Meets Standard	Not Meets Standard	Well Short of Standard
CALCULATION OF PAYMENT ==>	75.0%	3.69	A	A-/B+	B/B-	C/C-	D/D-
1st Tier KPI's	65%	SCORE	5	4	3	2	1
Meeting Budget EBITDA and shareholder returns	20.0%	5.0	1.0				
Meeting Crop Yield Targets	20.0%	4.0		1.0			
Meeting Operating Expenses Target (cash flow)	20.0%	4.0		1.0			
Meeting Capex Budget	10.0%	3.0			1.0		
Meeting Irrigation Development Plan	5.0%	3.0			1.0		
Meeting Land Acquisition and Lease Prolongation Plan	10.0%	1.0					1.0
Meeting all legal requirements in employment and H&S, and monitoring and reporting of ESG metrics	10.0%	3.0			1.0		
Meeting Infrastructure Plan (develop & demolish)	5.0%	3.0			1.0		
TOTAL 1st Tier Targets	100.0%	3.60	* enter a '1.0' in selected cell or '0.5' in 2 cells				
2nd Tier KPI's	25.0%	SCORE	5	4	3	2	1
Development of company structure and Senior Management Team	50.0%	4.0		1.0			
Meeting Operational and Personal Reporting Timelines	10.0%	4.0		1.0			
Set up and management of Internal Audit project and progress	25.0%	3.0			1.0		
Implementation & Accuracy of Control Systems	7.5%	3.0			1.0		
Contribution to Review of Business Plans	7.5%	4.0		1.0			
TOTAL 2nd Tier Targets	100.0%	3.68					
3rd Tier KPI's	10.0%	SCORE	5	4	3	2	1
Protect the Reputation & Good Standing of TFE *	20.0%	5.0	1.0				
Build Productive, Professional, Honest & Open Work Relationships	20.0%	4.0		1.0			
Build Strong Teamwork within TFE	25.0%	4.0		1.0			
Develop/Promote External Relationships	15.0%	5.0	1.0				
Develop Personal Management Skills	20.0%	4.0		1.0			
TOTAL 3rd Tier Targets	100.0%	4.35					

* Protect the reputation and good standing of TFE by conducting your duties with appropriate awareness of all relevant risk and with due regard for, and compliance with, general regulatory principles and TFE's policies and procedures.

KEY PERFORMANCE INDICATORS	PERCENT RATING		Far Exceeds Standard	Exceeds Standard	Meets Standard	Not Meets Standard	Well Short of Standard
CALCULATION OF PAYMENT ==>			A	A-/B+	B/B-	C/C-	D/D-
1st Tier KPI's	65%		5	4	3	2	1
Meeting Budget EBITDA and shareholder returns			> +10%	+10% to +5%	+5% to -5%	-5% to -15%	< -15%
Meeting Crop Yield Targets			> +10%	+10% to +5%	+5% to -5%	-5% to -15%	< -15%
Meeting Operating Expenses Target (cash flow)			> +10%	+10% to +5%	+5% to -5%	-5% to -10%	< -10%
Meeting Capex Budget			> +10%	+10% to +5%	+5% to -5%	-5% to -10%	< -10%
Meeting Irrigation Development Plan							
Meeting Land Acquisition and Lease Prolongation Plan			> +10%	+10% to +5%	+5% to -5%	-5% to -10%	< -10%
Meeting all legal requirements in employment and H&S, and monitoring and reporting of ESG metrics			> +10%	+10% to +5%	+5% to -5%	-5% to -10%	< -10%
Meeting Infrastructure Plan (develop & demolish)							
2nd Tier KPI's	25%		5	4	3	2	1
Meeting Operational and Personal Reporting Timelines			95% in 3 days	90% in 4 days	85% in 5 days	80% in 5 days	<80% in 5 days
Set up and management of Internal Audit project and progress			95% in 3 days	90% in 4 days	85% in 5 days	80% in 5 days	<80% in 5 days

Image 21: Alisa Group bonus payment calculator. (Source: Arnaud Charmetant)

When meeting with the farm manager of a large corporate grain farm in Western Australia and questioning him and his wife about what motivated them to perform at a high level a common theme emerged. Incentive systems need to be tangible, measurable, and preferably not discretionary. It was important to them that they were assured that their incentives would not be impacted by factors outside of their control.

Equally as important, however, was feeling respected and valued by peers and senior management. A sense of recognition and belonging was critical to their motivation.

Incentives need not be limited to financial bonuses, nor as previously mentioned measured solely against financial metrics. Tom Dye offered insights into the non-financial measures of performance linked to bonus payments used by Albanwise Farming as Attitude, New Ideas, Enthusiasm and Dedication. The company also offered non-salary incentives such as quality housing, private health insurance, vehicles for private use and contributions to pension funds.

Non-salary incentives are already commonplace in the Western Australian agricultural sector but should not be discounted in terms of the value that they can add to an employee. They also offer the opportunity to tailor a package to meet the varying needs of individuals who may place differing value on the offerings available depending on their own stage of life and personal circumstances.

Chapter 5 - Putting “skin in the game”

If productivity outcomes are not tied to remuneration, commitment and accountability will always have limits. People rarely change their behaviour in the workplace unless their personal financial wellbeing is directly affected—this is why farm owner-operators consistently go above and beyond operational expectations, even when it is difficult.

To move employees beyond being “just employees” opportunities for personal investment in the business are useful, and there are numerous ways this type of incentive system can work.

By considering alternative remuneration models, there is the opportunity to provide incentive for staff beyond salary, while at the same time providing a mutually beneficial arrangement with the current owner/operators.

Financial Support

In situations where employees lack the financial capacity to access capital (e.g., through borrowing) to pursue opportunities, providing financial and emotional support to help them invest in complementary businesses—such as transport, a school bus run or hire equipment—can be an effective incentive.

By structuring opportunities that minimise the compromise to their ability to continue working on the farm, the business not only supports employee growth but also increases the likelihood of retaining their services for the longer term.

While this would typically take the form of an unsecured loan, there may be more innovative and flexible approaches to achieve the same outcome.

Lease/Share Farm

Lease or share-farming arrangements are commonplace in Western Australia between landowners and farm business operators. Similar opportunities can also be extended to employees, even on a very small scale. Such arrangements help employees build a stronger connection between risk and reward, and cost and benefit—key elements in developing a farm manager’s mindset—while also providing the added incentive of earnings beyond a standard salary.

Employees who are keeping records and running simple gross margin analysis for their own part of the operation can improve their understanding of the whole farm business and the factors that influence the financial outcomes.

This empowerment to make decisions around inputs and the requirement to arm themselves with information can greatly enhance engagement and foster a thirst for knowledge, increasing their understanding of the whole farm business and better aligning the interests of the employee and employer, ultimately to the benefit of farm business.

The simplest method observed was to offer land and plant/machinery at favourable lease/contracting rates to an employee, which therefore gives them “skin in the game”.

The generous farm business owner may also offer to insulate the employee from any potential financial losses as the real objective is to improve their performance on the farm.

Profit Share

Conceptually, a profit share system could operate with key staff where a Return on Investment (ROI) target can be set and profit over and above this target can be shared with those key staff at a nominal rate.

As an example, if a 7 per cent return is deemed the ROI target and that equates to $1m profit, a profit of $1.2m would see key staff remunerated with a portion of the $200,000 above the nominal target ROI.

Continuing this example, the operations manager and assistant operations manager could be on a profit share rate of 10 percent and 5 percent, respectively. This would then equate to a bonus of $20,000 for the operations manager and $10,000 for the assistant operations manager.

This model has been successfully adopted by progressive farming businesses such as Yarranabee Holdings Pty Ltd, owned and operated by 2024 Nuffield Scholar Ashley Wiese and his wife, Jo, in Narrogin, Western Australia. Together with their team, Ash and Jo manage 5,700 hectares of arable land, producing cereals, legumes, canola and oaten hay. They also add value to their produce through on-farm processing facilities that process quinoa and produce gluten-free oats for supply to a major supermarket chain as well as for export. In addition to their cropping enterprise, the Wiese family runs a flock of 10 000 sheep, demonstrating a diverse and integrated farming operation.

While Ash acknowledged that escalating land prices pose a challenge to this model by negatively impacting ROI, he maintains that the core concept is still highly relevant. However, he notes that the underlying metrics may need to be adjusted to ensure the profit-share remains tangible and meaningful for employees.

Other business models – Joint Venture

Joint ventures could present an opportunity for partners who are looking to enter mutually beneficial business arrangements and leverage off the strengths of each of the participants.

Josh Lade, an Australian hailing from a seed potato operation on Kangaroo Island (South Australia) and The Wiebe family, grain farmers from Warman, Saskatchewan, Canada have been able to execute this strategy. Forming a 3-way partnership between 2 generations of the Wiebe family and Josh and Jeanie Lade, a joint venture that has evolved over time. When visiting the business in 2023 it had been operating successfully for 13 years, growing from 10 000 to 17 000 acres.

Following completion of his Bachelor degree in Agronomy at Roseworthy, University of Adelaide, Josh had travelled back and forward to Canada, initially being employed seasonally as a machine operator over a few seasons working on a number of operations including the Wiebe's farm. John and Janice Wiebe recognised Josh's inquisitive nature, business acumen, drive, and passion as characteristics they were looking for to ensure the continuing sustainability of the business. In 2013 John and Janice offered Josh the opportunity to lease 2 quarters (320ac), access to the capital required to farm it as well as a salary. This was a model they were already undertaking with their son Rayden who was also on the farm. They were looking to take a more passive role in the business and were uncertain about passing the management of the business to the next generation. For Josh this provided an opportunity to begin farming with limited capital and grow his wealth faster than he could have on a salary only while also enabling the Wiebe family business to bring in another younger partner with enthusiasm, passion, excellent work ethic and new ideas.

Over time this model has evolved into more of a joint venture. Josh was able to lease 2000 acres from a third party and bring this into the business model which increased his initial small contribution to a more significant 15% stake. This gave rise to the percentage-based business model that they now employ.

The current business model is an operating entity with multiple shareholders which leases land at commercial rates from multiple landholders. Operational profits or losses are distributed pro rata to each shareholder based on their percentage contribution to the operating costs.

The success of this model can be attributed to the fact that there is an alignment of interests and that it is mutually beneficial. This extends beyond the financial outcomes and into the operational space. Roles have evolved over time with Josh having a business and agronomy focus, Rayden looking after staff management and equipment maintenance etc. and Rayden's wife Jenn also involved in agronomy allowing John and Janice to become more passive yet retaining a financial interest in the farm. Sharing the load of running the business and the operation and bringing more heads to the table has proven valuable.

However, it is by no means without its challenges and Josh was keen to point out that respect and trust are crucial. "You need to learn to measure in buckets, not cups and to be patient, be aware of the different personalities". Particularly in relation to new ideas with Josh saying, "lay it out there and then give it 6 months".

This model is an example of an alternative to the traditional lease or share-farming arrangements that we see in Australia. It offers the opportunity to customise to the situation at hand and could be applied to Australian farm businesses where the next generation is either incapable, or unwilling, to take on a management role in the family business.

Image 22: Josh Lade in his sprayer cab on farm at Warman, September 2023 (Source: Author, 2023)

Below is a simplified mock example of a joint venture farm business model. The assumptions used for input costs and earnings before tax (EBT) are taken from my interpretation of data presented in both the ConsultAg Client Averages and Planfarm Benchmarks datasets. Aggregations are of financial and production data from their clients, Western Australian farmers. There are also notes below the table about some of the nuances and challenges of the model.

JV Farms

Total Land Cropped	6000	Ha				
Working Capital	$	8,400,000.00				
Plant & Equipment	$	4,800,000.00	*change this amount in the Plant & Equipment worksheet			
Input Costs	$	3,600,000.00	@	$ 600.00	/ha	
Working Capital inc Interest Costs	$	8,904,000.00	@	6%	interest	*select an interest rate

Operating Entity Shares	100%	$8,904,000.00	
Shareholder A	70.00%	$ 6,232,800.00	*choose a % share
Shareholder B	20.00%	$ 1,780,800.00	
Shareholder C	10.00%	$ 890,400.00	

Average EBT per Ha	$150.00		/Ha	*select an EBT from -100 to +400
Total EBT	$900,000.00			
Shareholder A	70.00%	$ 630,000.00	plus lease	needed to service debt on land
Shareholder B	20.00%	$ 180,000.00	plus lease	
Shareholder C	10.00%	$ 90,000.00	plus salary	to be re-invested

Capital Invested	Profit Share	ROI	
$ 6,232,800.00	$ 630,000.00	10.11%	
$ 1,780,800.00	$ 180,000.00	10.11%	
$ 890,400.00	$ 90,000.00	10.11%	Plus Salary

Land Ownership

	Existing	New	Total Ha	
Landholder A	2000	2000	**4000**	67%
Landholder B		2000	**2000**	33%
Total			**6000**	
Land Price $/ha			$2,500	
Lease Rate 4%			$100	
Total Lease			**$600,000**	

How much intial equity willing to give to get the right Manager?

Purchase Price Additional Land	$10,000,000.00
1%	$100,000.00
2%	$200,000.00
3%	$300,000.00
4%	$400,000.00
5%	$500,000.00

Managers Salary - Commensurate with the responsibilty of operating a farm of this scale. Circa Total package of $200k p.a

Challenge - Land Owners cost of Capital is 6% and rental values are circa 4% = shortfall

Shareholders without equity in land are to re-invest all profits into purchasing Shareholder B's Share in Operating Entity

Sucessful model - aligns your long-term investment objectives, i.e. profits for reinvesting & debt reduction, and long term capital gain

Business structure = Unit Trust

Manager could be offered a share in the land owning enity

Image 23: Simplified mock example of a joint venture farm business model. (Source: Andrew Todd, Laharna Farms.)

Conclusions

Regardless of the scale, farming is fundamentally about people. Whether we are learning from corporate agriculture and applying those lessons to family farms or vice versa, success comes down to how well we develop, empower, and support our people.

Ultimately, the scenario was best summed up by Rob Saik, a farm consultant in Canada who said:

> *The solutions don't come off the shelf, they are built and customised over time, they evolve. There is no holy grail but there are a series of systems that come together. All hinged around people* (Saik, pers.comm., 2023).

Providing easy to understand systems and processes to employees within the business, will create a culture of confidence and accountability, while at the same time reducing opportunities for errors.

Regularly seeking feedback from employees to ensure they feel heard and valued is also a critical component of any growing farming business.

Recommendations

Scaling family farming businesses beyond the owner-operator model requires a deliberate approach to systems, processes, and people. The following recommendations build on the insights gathered through international study and apply them to the Australian context.

Based on experiences throughout Nuffield travels, seven recommendations have been developed to assist Australian farm businesses to remain successful in the longer term, even after growth beyond the owner/operator structure.

1. Professionalise Management Capacity

Encourage farm owners to transition from "doers" to "leaders" by investing in management training. This includes structured leadership development, exposure to governance models used in corporate agriculture, and the use of mentors or consultants. Succession and growth will be most sustainable where management skills are formally developed alongside technical expertise.

2. Document and Digitise Operations

Develop clear, practical guidelines for all core farm operations—seeding, spraying, harvest logistics, machinery maintenance—and keep them as living documents. Digital tools such as QR codes, cloud-based manuals, and task management apps should be integrated, ensuring employees can access instructions and compliance requirements quickly and consistently.

3. Strengthen Employee Engagement and Retention

Adopt regular, structured methods for listening to staff, such as toolbox meetings, seasonal review sessions, or anonymous surveys. Translate feedback into measurable improvements. Pair this with cultural initiatives that emphasise belonging, recognition, and pathways for professional growth, helping farm businesses become "employers of choice."

4. Link Rewards to Outcomes

Move remuneration systems beyond flat wages by introducing innovative models tied to both financial and non-financial performance indicators. Transparent bonus structures, profit-sharing arrangements, or role specific KPIs can foster accountability and reward initiative. Where possible, tailor incentive packages to individual needs through a mix of salary, housing, training support, and flexible benefits.

5. Create Ownership Pathways for Key Staff

To ensure long-term alignment of interests, provide opportunities for employees to build equity in the business. Options may include share-farming arrangements, lease-to-own models, joint ventures, or co-investment in complementary enterprises. Giving staff "skin in the game" not only deepens commitment but also strengthens business resilience by broadening leadership and financial responsibility.

6. Benchmark and Collaborate Across the Industry

Develop stronger peer-to-peer learning opportunities by benchmarking performance against other progressive businesses and participating in farmer networks. Formal collaboration, whether through joint purchasing, shared machinery pools, or advisory groups, can spread risk, accelerate innovation, and lift industry standards.

7. Prioritise Work-Life Balance and Wellbeing

Finally, acknowledge that sustainable performance is tied to the health and wellbeing of both owners and employees. Proactively invest in workload planning, flexible rosters, mental health initiatives, and family-friendly policies. By embedding wellbeing into farm culture, businesses improve staff retention while reducing burnout of owner-operators and employees alike.

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