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Farm Management Consulting – The Newest Profession in the Oldest Industry



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As an agricultural consultant with RMS Accountants, Graham Peart specialises in Project Work, Succession Planning and Property Feasibility Studies, as well as the CEO of the Grass Merino Stud and a specialist advisor to the Sheep and Wool industry.

He has thirty years experience in financial, management and technical consulting to farmers across NSW. He played a major role in the management and evolution of Hassall & Associates (an Australian and international consulting company with a staff of over 80) and the implementation of holistic systems based management, training and education programs into the rural community (1978 to 2003). Graham was a former Director of CALM (Computer Aided Livestock Marketing), past Chairman of ERAC (Economic Research Advisory Committee of the AWC), and a past member of the NSW Advisory Committee to CSIRO, previously a Director of Wool International, Director of the NSW Grains Board, Director and past Chairman of Hassall & Associates. Currently a Director of GRASS Merinos Pty Ltd (a 35,000 ewe group breeding stud started in 1972).

In the Beginning...

"Agriculture is the profession that provides three feeds per day for everyone", firstly for yourself, your mate and family group and your tribal unit.

Hunters and gatherers first, and then the early equivalent of CSIRO gave us the stone axe, then the digging sticks, wheel barrow, bullock power, the stump jump plough, poly pipe, the self filling sheep race (still a work in progress), mechanised agriculture, plant and animal breeding, artificial fertilisers, weed and pesticides and now all this varied knowledge organised and analysed in a computer with worldwide inputs of technical and market updates.

Knowledge, capital and management have always been combined to produce a profitable result. Empires have come and gone but as Napoleon observed "Every army marches on its belly". Top technology leads to superiority and strength. The perfection of the double cropping system gave China 500 years of prosperity. The Chinese say that they have always had the world's highest standard of living except for the last 1,500 years. This is true long term planning.

In the year 1000 the perfection of the four bullock drawn moulboard plough gave 500 years of surplus food supply to the U.K. The British PM in WWI, Lloyd George, said that "War was far too important to be left to Generals".

The rise of strong central Governments has also led to a similar policy which could be summarised as "Food production is far too important to be left to peasants (farmers)".

Within Australia the Governors and pioneers introduced British proven crop and animal production systems into a new very different agriculture ecosystem. We have moved from a major importer of food to support 10,000 people when 80% were employed in farming, to a position where we feed 20 Million Australians and export approximately 70% of all our agricultural products and have 2% employed as farmers.

Supply and demand ultimately make price, and price and profit levels bring investment or disinvestment in Agriculture.

The perceived "Public Good" has driven Government interest in many vital areas of Agriculture: Land title and rights, soldier and closer settlement, land cleaning



schemes, death duties, subsidies to drive investment, research to control diseases and poisonous plants, legislated farmer research levy schemes, Federal and State research stations and institutions, quarantine and bio-security laws.

"Malthus" aside, Governments now wish to save money and invest in better vote winners – education, health, fast broadband; there is plenty of food so why worry. Departments of Agriculture and Rural CSIRO are being closed down. Death by retirement and non-replacement. Fewer and fewer industry specific extension officers, less plant breeding, less crop and animal research, fewer research stations.

How will the profession of "Agricultural Consulting" fare in this new climate. Will we miss Government directed and designed research and extension?

Innovation is a mindset. The bullock yolk and the wooden plough and moulboard ploughs and stump jump ploughs and modern stubble seeders didn't come out of research stations but we can't deny the place of basic research. Will the demand for the withdrawn services be met by private enterprise as either supply companies, farmer co-operatives or corporate farmers. The answer is probably 'yes'. Agricultural consultants have the opportunity to pick up some of this vacated area.

A Noble Lineage

In the year 1660 the British Royal Society was formed by 55 learned persons. "For the promoting of experimental learning and the promoting of the studies and labours of ingenious men".

All had university degrees or proof of renown. It encompassed "All learning" under the encouragement of the restored Charles II. Wren and Boyle were founders. In 1666 they were gifted a lord's library of 140,000 volumes.

Agricultural learning was a strong part of this tradition. This society slowly split into thousands of specialities:-

- 1660 Royal Society
- 1710 Royal Astronomical Society
- 1781 Formed the British Museum
- 1788 Linnean Society
- 1799 Royal Chemistry Society
- 1807 Royal Geological Society
- 1906 Royal Meteorological Society
- 1935 Australian Institute of Agricultural Science
- 1959 Agricultural Consultants

All meetings and proceedings were published. Exploration and research was commissioned and reported on. From 1660 on Government sought advice on all matters scientific from the Royal Society.

From 1703 to 1727 Sir Isaac Newton was president (one of the greatest minds ever). From 1778 to 1820 Sir Joseph Banks was the president when great advances in Agriculture were made under his patronage and investment.

In NSW we still have a "Royal Agriculture Society", sadly sidelined into a "Best in Show" of domestic and near domestic pets.

The Australian Institute of Agricultural Science is the direct inheritor of the mantle of Newton and Banks down to the modern science based Agriculture "Promoting Experimental Learning".

Agricultural Consulting is a learned society specialisation within the institute. Learned societies were made up largely of independently wealthy "Gentlemen" not people who needed to turn a profit from their time. There were skilled tradesmen who formed themselves into "Guilds" or trade associations eg Master Builder, Master Weavers, Master Brewers, The Guide of Barber/Surgeons etc. There were three levels of competence in every trade.

- Apprentice – Work only for a master.
- Journeyman – Able to travel and work.
- Master – Able to employ and train.

The "Masters Degree" grew out of this heritage.

Agricultural consultants are not "Gentleman Scholars" but they have a university training. I see us much more as a guild; setting standards and ethics, providing training and professional updates and professional directories. We are a generalist organisation providing GP's in a wide range of Agricultural industries.

Here we are after a mere 50 years but part of a long 350 year history and ever changing evolution. As you have been told most early consultants came out of government extension or research organisations. Their departmental ex-colleagues often resented this competition for the hearts minds and money of the farmers. Most consultants started in farmer organised advisory services (ie clubs). The farmers sought technical advice and groups prospered in cropping and mixed cropping or intensive agriculture such as dairying and horticulture. Farmers then weren't seeking financial or economic advice.

The GP consultant was able to integrate the advice of the Agricultural Departments, individual pasture, crop, livestock and veterinary experts. Now part of his role has been taken over by Agricultural supply firms, eg crop agronomists, animal nutrition, land mapping specialists and management accountants.

Specialists crops with high profit margins such as cotton gave a rapid increase in specialist "Crop Doctors" for all aspects of cotton growing. This has been repeated in cereals and oilseeds and horticulture.

Survivors in independent consulting either have a unique specialist skill or excellent whole farm technology, farm analysis and financial skills.

Well educated progressive farmers now have good computer skills and access to many technical and financial programs and feel less need for a generalist consultant.

Large successful farming firms buy in the expertise they want on an exclusive full time basis, e.g. Heightsburys



bought a whole consulting firm. Pigs and poultry – all internal and confidential. Small farms can't afford consultants unless they are Government subsidised financial councillors. Most rural lending banks now employ University-trained financial analysts who approve new finance and assist with professional annual reviews. 50 years ago animal health advice was dependant on widely scattered Ag Dept Vets. Now there are many rural vets, many company agronomists, many trained rural bank/finance officers, many management accountants. So, many more Agricultural graduates are out working with farmers. This is a great training ground for young potential consultants.

Once the early consulting firms grew up, such as Hassalls and McGowans and ACIL and worked out how to do budgets, gross margins and risk analysis they soon discovered that all these tools were much better employed on \$20,000 Australian projects or \$500,000 overseas projects versus \$2,500 per farm annual consulting fees.

From this moment on the investment and expansion went into marketing overseas projects with specialist management and integrated teams.

The burning desire to paddle your own canoe and be a prodigal son is still a very strong individual desire. Teams of consultants that offered some potential for economics of scale, some specialisation and a career path have been broken up into one and two person groups who moved out with a group of clients and press on with few of three major benefits they previously demanded.

Small and one man practices rely heavily on personality and farmer client loyalty. Succession plans for the founder of the practise are hard to organise and there is no capital value in the 30 year practice as at best it provides an opportunity for hard work, high risk but an often personally satisfying career.

Current independent consultants, at least in the Eastern States, are limited to the most successful ex-club consultants who have kept ahead of their clients in computer technology and expanded to a 3-5 person practice in areas of cropping and mixed cropping and a wide range of enterprise choices and ever changing technology. Some of these are the splinters of the three founding firms.

The large new wave of Corporate Agriculture Investors have absorbed high profile consultants and will recruit as required to internalise their expertise.

Absentee landlords often start with consultants, but in their absence the manager always advises the owner to save the consulting fees and always succeeds.

What of the Future

Independent consultants can only survive with a tied group of middle to larger sized owner-operated clients in a profitable area with a mix of enterprises that reward the inputs of appropriate technology, sound rotations and farm and enterprise analysis. Such farmers always want the experienced principal at a modest price.

To be a success the independent farm business consultant has to have:-

- Been born and reared on a farm.
- A sound whole-farm agriculture degree.
- Excellent computer skills.
- A winning personality.
- A tolerant wife/partner who likes living in Cowra, has her own profession and doesn't own a farm and can always use a dozen eggs.
- Three smart kids who rapidly became independent.
- No yearning to own a farm.
- No desire to work in Mongolia.
- A low expectation for wealth accumulation.
- Rich parents and few siblings.
- A strong ability to self congratulate.
- The capability to mentor honest loyal employees with long term stick ability.

Medium sized successful farmers now want and need educated children to run the farm. They feel they can only afford a certain annual amount on professional fees. The bulk of this budget goes to their accountant for the legal compliance tax work with at best forward planning tax advice.

The accountant has a strong desire to see his client survive and prosper. The future offers the potential for the accounting firms to employ good GP's who service say their best 20 clients at a good professional fee. This allows professional support, lower risk, guaranteed payment and easy client replacement. This will work best with teams of 3-5 consultants but will need large rural specialist accounting firms with a strong client focus. Such professionals would have the ability to use outside specialist in marketing and integrate these via financial analysis into profitable whole farm packages aimed at wealth accumulation and judicious expansion.

The specialist consultant can mostly only survive within firms of say Marketers, Rural Valuers, Soil Analysis Labs, Agronomy Service Firms and Rural Supply Firms. Many will find it hard to be totally independent especially if the bonus depends on product sales.

Agriculture will survive and prosper. Agricultural Consulting as we knew it may not, because of the ease of access to new knowledge. The skill to understand it and to apply it in profitable packages will always be needed.

During a long period of zero inflation Joseph Banks inherited a farm with an annual income of 6,000 pounds. By applying new technology and good management he turned it into an annual income of 36,000 pounds. The Banks family are still very wealthy.

"Ah, to have had him as my farm consultant". ▀