

AGRI XTRA FLOR-HANLY

Advertising Feature

New year resolutions

Director of Flor-Hanly, Tony Olsen, discusses goal setting strategies you can put in place to strengthen your family business in 2019 and beyond.

JANUARY is always a good month to think about what you want to achieve over the long term and put in place some "new year resolutions" for this year. You may like to consider the following approach to do this.

REVIEW WHERE YOU CURRENTLY ARE

- Detail what your current operation is. What are your assets? What land do you own or use? What type of country is it? What is its approximate value? What cash reserves do you have (if any)? What is your plant and equipment? What is the make up and value of your cattle herd? Do you have grain in storage? What off-farm assets do you have?
- What are your liabilities? What bank debt do you have? What equipment finance or leases do you currently have?
- What is your net equity in both dollars and as a percentage of your assets?
- What profit or loss did your business make in the 2018 financial year? What profit or loss did your business make for the last six months?
- Who are the people in your business? Are they all family members? What are their ages? Did they all have a holiday last year? How well do family members work together? Do you have family members who aren't part of the business?

Who currently owns the business? Who is/are the decision makers? What would happen if any of these people died or were totally and permanently disabled today?

WHAT IS YOUR VISION?

Do you have a picture of what you'd like your operation to look like in the future?

For primary producers their business and personal visions are typically intertwined.

When creating your vision, don't fall for the trap of thinking of how you are going to achieve it. Focus on where you want to be.

Start with the long term. 10, 15, 20 years from now, where would you like you and your operation to be? What are your aspirations? Detail what this may look like. It's not an easy process and it may seem impossible to achieve.

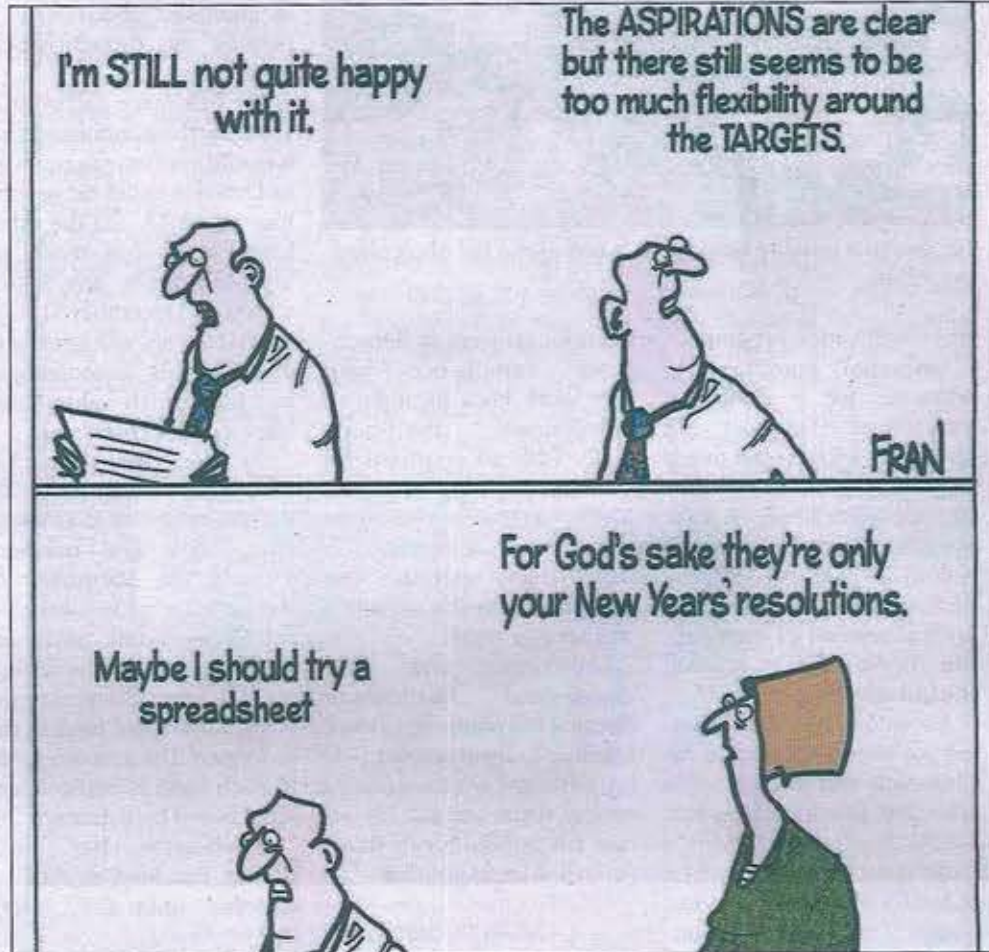
Having a compelling vision creates a clear picture of the future. It provides you with a line of sight. It helps you set direction.

GOAL SETTING

Now consider the mid-term, say five years. Based on your long-term vision, what do you want to achieve over the next five years? It is easier to be more specific over a three to five-year period.

How would achieving each of these "goals" work towards achieving your vision?

Some examples might be:



CLEAR VISION: Having a compelling vision creates a clear picture of the future. It provides you with a line of sight. It helps you set direction.



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Director of Flor-Hanly, Tony Olsen.

- To reduce debt within five years to a level that allows you to buy another property
- To rebuild cattle herd after the drought
- To convert 1000 acres of cattle country to cultivation for cropping
- To bring your family into the business
- To increase the tonnes per hectare of sugar cane production
- To retire
- To accumulate off-farm assets
- To go on a world trip
- To do volunteer work in your community

"Without goals I'm just drifting along".
Tom O'Toole, Beechworth Bakery.

Now consider the short term. What are your short-term goals for the next year or next three months? How will achieving each of these work towards your medium-term goals and therefore towards your vision?

These are going to be a lot clearer and more matter of fact. They will be actions or projects to implement. If you are wanting to achieve your medium-term goals and work towards your vision, what have you got to do now? What do you need

to stop doing and what do you need to start doing?

FINANCIAL MODELLING

Financial models are a very effective way to see what is possible and realistic. Most projects cost money. Instead of "going bull at a gate" without knowing what the impact will be on your cash flow (and long-term viability), modelling can help you plan what can be achieved each year.

ACCOUNTABILITY

"It's not what you know; it's not even who you know; it's what you implement that counts", The 12 Week Year.

We can have the best plans but if we don't act on them, they are at best only dreams. We are all guilty of failing to stick to our new year resolutions. Putting in place a system to keep you focused is important.

Setting and achieving goals is not easy. Very few people successfully do. There are always distractions and circumstances beyond your control (such as drought). I encourage you to take some time and have a go.

"Those who plan do better than those who do not plan even though they rarely stick to their plan", Winston Churchill.

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Information provided in this column is of a general nature. It doesn't take into account your personal financial circumstances. Tailored professional advice should be sought before acting on any of the information contained.



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