

Communication, risk management and planning

During 2008, South Australian sheep producers Jane and Greg Kellock were speakers at eight Young Guns forums sponsored by Making More From Sheep producer workshops held in the state.

While the individual workshops covered a range of topics related to on-farm production, a schedule that took the Kellocks from their home near Burra, south to Warooka and Lameroo and west to Wanilla on the Eyre Peninsular gave them a rare insight into issues facing other sheep producers.

“There are some big issues sheep producers are facing, and not just related to the day-to-day business of farming,” said Jane.

“We found at the workshops each area had different issues but there were some common themes that just kept coming up – communication, succession planning, the future for farming families, as well as cost of production and knowing your profit drivers.

“Succession and succession planning was a big issue at the events, and particularly for younger sheep producers. For some, the workshops were the first opportunity people had to talk about succession planning and the issues they were confronting as individuals,” Jane said.

“People were feeling frustration around succession planning because they felt it was not always a topic that could be addressed in their farming business, but was so important for their future – to be able to go through the process without causing great distress and disruption for the business as well as the family.”

Jane stressed they thought it was important for the industry to acknowledge that these issues are out there for farming families – and

“Succession and succession planning was a big issue at the events, and particularly for younger sheep producers.”

that parents and employees of younger sheep producers are aware of the conversations that are being held about the future of farming.

Critical factors

At the workshops, the Kellocks were able to share with other sheep producers some of their key learnings from working in a farming partnership involving two generations and three couples.

The Kellocks, with Greg’s brother Stephen and wife Peta, and his parents David and Bev, run 11,000 sheep over three properties. Changes in management practice are increasing productivity in their enterprise.

Professionalism, risk management and excellent communication are the hallmarks of Kellock’s stud and commercial Merino enterprise.

For Jane, the critical factors for business success include open communication between all people involved in the business, regular formal planning meetings, having specific strategies in place to manage risks such as fire, drought and ill-health and continuing to learn and seek education.

“We have a formal business structure and that means we have developed a number of written policies for the various aspects of our business. The way we see it, this is a major enterprise and needs a sound management system in place. And that makes sense when you think about the asset value and turnover of many rural businesses,” Jane said.

The Kellocks have allocated specific roles and tasks to each member of their business team, which includes employed staff, external consultants, and family members.

They hold weekly planning meetings for day-to-day management issues and a monthly meeting which involves all board members. At the board meeting, budgets are discussed, property managers give a report and strategies are reviewed. Quarterly meetings are held with Principle Focus (with Chris Schied their consultant), accountants, bank manager and financial advisors. Then once a year they hold a strategic planning meeting at which all those involved in the business assess each element of the business and carry out longer term planning for the enterprise. The Kellocks also ask business associates to take part in a two-way performance assessment.

“We ask all of our external consultants, including our stock agents to assess our operation and to be frank and honest,” said Mrs Kellock.



Photograph courtesy of AWI

Sheep producers Jane and Greg Kellock keep a lookout for ideas, programs and tools that will help them develop their business.



Producer information

Producers:

Jane and Greg Kellock

Location:

Farrell’s Flat, SA

Property area:

3 properties: About 13,000ha and 700ha leased

Enterprise:

Poll Merino stud and commercial Merinos

Goals:

To run a successful business with increasing productivity, happy family members, open communication and managed risk.

Livestock:

11,000 sheep

Pasture:

Mixed cropping, irrigated lucerne, natural saltbush country, improved pastures.

Soil types:

Range of soils from clay loam to sandy.

Annual rainfall:

Property 1: 420mm, Property 2: 200mm, Property 3: 450mm. All lower in recent years.

“We also do the same assessment of them, so they know how we are finding their input. This can be a bit confronting for people at first, but we find that everyone benefits. We get to hear ideas about how we can improve the way we operate, and they get feedback from us which includes pats on the back and suggestions about what might improve their service from our point of view.”

Recognise successes

Jane said part of the family’s approach is to recognise and acknowledge successes and make sure that anyone who works in the business knows they are valued.

“We believe firmly in patting ourselves and our team members on the back, as well as making sure we understand weaknesses and vulnerabilities. I think acknowledgement and praise can so easily be forgotten.”

Another feature of the Kellocks’ approach is their open-minded attitudes to other people’s ideas. Learning has been the cornerstone



Greg Kellock speaking at one of the Young Guns forums in South Australia which were sponsored by Making More From Sheep producer workshops.

of the success of the Kellock’s business, and began when Greg attended the Principle Focus ‘Business of Farming’ course. They have been involved in a number of training programs over the years, and keep a lookout for ideas and tools that will help them develop their business.

Tips for taking on many of the Kellocks’ business practices can be found in *Making More From Sheep – A sheep producer’s manual*, launched by Australian Wool Innovation and Meat & Livestock Australia in January 2008. Jane said the manual is very valuable for anyone trying to understand their own business and to develop good management practices.

“The *Making More From Sheep – A sheep producer’s manual* is such a valuable tool for anyone, at any stage of their sheep production career,” she said.

“Younger producers would find it incredibly useful to have on hand. It is so comprehensive. And then again, I think it is equally valuable for us, and we’ve been in the business for years.

“One aspect of the manual I found particularly valuable was the quick quiz that allowed us to really scrutinise our operation and assess where we need to focus our attention and energy,” she said.

“I think we are already pretty confident about many aspects of our management, but the real value we gained from the manual was recognising where there are weaknesses in our approach,” she explained.

After doing the quick quiz I realised we need to give some attention to marketing. So that is an area we can develop into a strength in the future.”

True costs

Jane also said that one of the strengths of the *Making More From Sheep – A sheep producer’s manual* is its focus on helping sheep producers understand ways to assess the true costs associated with their business – one of the issues raised at recent workshops.

“When it comes to the farming side of an enterprise, involving cropping and farm machinery, people tend to have a much better idea of what costs are involved. For some reason, when it comes to understanding costs related to livestock, there seems to be less emphasis on understanding the costs of production. *Making More From Sheep – A sheep producer’s manual* provides sheep producers with excellent information to help them assess real costs. And I think this is so important,” she said.

“We believe it is vital to know exactly what each part of our enterprise produces and costs. If there’s an imbalance, where some costs are too high, then we can see that and make adjustments to our management.”

More information

- *Making More From Sheep – A sheep producer’s manual* costs \$65+GST for MLA members
Phone: 1800 675 717
Web: www.makingmorefromsheep.com.au
- Information on *Making More from Sheep* activities, forums and workshops can also be found on the website or by contacting the helpline.