

FARM ADVISORY BOARDS FACT SHEET

WESTERN REGION

SETTING UP A FARM ADVISORY BOARD

It is recommended that a farm advisory board consist of an uneven number of people and include a mix of farming and non-farming members.

KEY POINTS

- ▶ All members of the farming family should be on the advisory board.
- ▶ An independent chair gives family members a chance to openly participate in board discussions.
- ▶ Choosing board members with a mix of skills and experiences are essential for a board to operate effectively.

Who should be on my Farm Advisory Board?

All members of the family actively involved in farming, can be invited to be a part of any new Farm Advisory Board. The size of the farming family will determine the number of independent advisory board members.

To optimise the decision making process of a Farm Advisory Board, it is recommended the Board has between 5-7 members. The number of active family members and spouses involved in the farming business will determine who is on the Board, and how many independent members are invited to be a part of the Board. Some active members of the farming family, after being invited, may choose not to be a part of the Farm Advisory Board, and so leave places open for other family or independent members.

For example, if there are three families involved in the farm business, then five or six family members could automatically become members of the Farm Advisory Board. In this case there would be only one independent board member. However if there were only two members of a family involved in the farm business, then they



PHOTO: ALICE LONG

Farm Advisory Board meetings provide farm business partners with the rigor and time to prioritise the key tasks for the business.

may look at inviting another two or three independent members onto their Board. For larger families involved in a farm business, only those with a direct family or farming linkages are often invited to be on the Farm Advisory Board, instead these members represent other members of their family in the decision making process.

Independent Farm Advisory Board members

Independent Farm Advisory Board members are people not involved in the day-to-day running of the farm business. They should bring additional skills to the business, skills outside those of the farming family.

Independent board members may be people like the business' accountant,

farm management consultant, livestock consultant, bank manager, respected neighbour, industry leader or community member.

The most important thing in choosing an independent member is that your farm business trusts that person, and believes they will add value to your business.

Why is an independent chair important?

The role of the chair is to set the agenda and to chair the meetings.

The chair is technically not meant to make any decisions in an advisory board meeting. So from a farm business perspective, it would be very important that all legal members of the farm business are there to guide and make decisions on behalf

of the business. And if a family member undertakes this role, then they remove themselves from the ability to make decisions.

An independent chair is also important for farm family communication. They should ensure that all members of the family have their say in board meetings, and that all members have input into farm decisions.

The mix of skills

Effective farm advisory boards need a mix of skills to provide robust input into farm decisions. Generally boards need a mix of governance, financial, strategic, legal and operational skills.

Take the time to discuss and write-down the skills available to the farm business from within the family, and look to fill the gaps with independent people.

For example, if there are two families involved in the farm business (or four partners): one partner may be good operationally in cropping, and another in livestock, both with farm management qualifications. While the other partners' may have professional qualifications and experience in office management, law, grain marketing, accounting or education. All of these skills should be used by the business before investing in external board members.

So in this example (Table 1), the Smith

family may look for an independent board member who could chair the meeting and bring some legal or governance skills onto the board. Legal skills can be readily bought when they are needed, so they are probably looking for someone who can ensure the meetings are run regularly and conducted in a proper manner.

For large farming businesses or large farming families, it is recommended they seek professional advice in establishing their Farm Advisory Board to ensure all family, business and legal implications are properly considered.

Steps in setting-up a farm advisory board

1. Identify the reason for the board
For example, "to provide management advice to the Smith Family Farming Operation"
2. Determine who will be a member of the board by:
 - a. Conducting a skills audit on existing family and business members
 - b. Identify the skills gaps
 - c. Formally invite independent members to become a part of the advisory board (if required), and outline their role
3. Set a meeting date and location, and circulate an agenda for the first meeting. Ask the relevant business

members to prepare a report for the first meeting.

4. At the meeting take notes of the decisions made and circulate these amongst advisory board members within one week of the meeting.

MORE INFORMATION

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GRDC PROJECT CODE

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USEFUL RESOURCES

Nicholson, C., et al "Farm decision making: the interaction of personality, farm business and risk to make more informed decisions". Grain and Graze 2, GRDC 2015
Krause, M., "Farming the Business: sowing for your future" GRDC 2014

TABLE 1: Matrix of skills for Smith Family Farm Advisory Board

| | Operational skills | Financial and Accounting | Business management and policy | Legal and Governance |
|--------------------------------|---|--|--|----------------------|
| Operational skills | | David (age 42) - Cropping manager (Bachelor of Agribusiness) | Paul (age 70) - general manager | GAP |
| Financial and Accounting | | | Jenny (age 69) book keeper and financial manager | GAP |
| Business management and policy | Sue (age 40) - livestock manager (Bachelor of Business) | | | GAP |

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