

Business awards expand

A NEW dairy farming competition was launched in Victoria, southern New South Wales (Riverina) and south-east South Australia earlier this year – the Dairy Business of the Year awards. In 2008 the competition will expand to take in all of South Australia plus Western Australia, as well as have the finalists of the Tasmania Dairy Business of the Year competition. Trans Tasman rivalries may also be tested with the likely runoff with the winner of the ‘sister’ competition in New Zealand.

The competition has been developed by Red Sky Agricultural and Intelact Australia. Dairy Australia and NAB Agribusiness are principal sponsors of the award and *The Australian Dairyfarmer* is the primary media sponsor. The competition recognises business excellence in dairy farming.

Red Sky director David Beca said the competition was developed in response to a long-held view within the dairy industry

that recognising excellence in dairy business performance would provide incentives and knowledge to promote positive change on farm. “The concept of rewarding excellence in business and using this information to assist an industry to become more successful and to receive recognition in the wider community is well supported,” he said.

“The response to our initial year of competition was overwhelmingly positive, which provided us with ample incentive to continue developing the concept. Not only were we thrilled with the number of entries to the competition, but the response to the conference and awards dinner, as well as the field days that we are presently running on regional finalists farms, confirms that the concept is well regarded by farmers.”

In 2008 awards will be presented to the best farms in eight districts – Gippsland, Northern Victoria, South-Western Victoria, Tasmania, Western Australia, south-east South Australia, central South Australia

and Riverina. There will also be awards for winners in three farm system categories, as well as a sharefarmer category and a young farmer category. A new award for the Most Improved Dairy Business will go to the second year entrant that has demonstrated the largest improvement in their performance.

Winners will receive their prizes at an award ceremony in Melbourne that will include a number of leading speakers on farm business performance. Prizes valued at \$1200 to \$1500 will be awarded in each division and the overall winner will receive a travel prize worth \$6000.

All finalists will be invited to take part in a weekend retreat and have an opportunity to mix with experts in business performance, sharing their experiences and developing friendships.

Entry forms for the competition will appear in the next edition of *The Australian Dairyfarmer*. The competition is easy to enter. Participants will need to provide two pages of data and then send this along with a set of their annual accounts to the competition organisers. There will be a Helpdesk they can call to assist them in completing the questionnaire, and for a small fee they can have someone come out to their farm to assist them to complete the entry form.

Every entrant will receive a bound report detailing the results of their business analysis. This will include a written report detailing the strengths and weaknesses of their business and where the key opportunities for improvement in performance lie. In addition there will be graphical and numerical Red Sky reports that compare the business with district benchmarks.

Judging will be completed by Associate Professor of Agricultural Economics, Melbourne University, Bill Malcolm, along with an experienced Dairy Australia executive. Judging will be on an objective basis. The key judging criteria will be return on assets, with other factors to be considered including profit per hectare, cost of production, milk production per hectare, pasture harvest per hectare, cost of feed, labour efficiency and core cost structure.

In addition the finalists will be required to provide a second set of accounts for the previous financial year so that consistency in business performance can be confirmed.

There will be an entry fee to the competition of \$285 plus GST. This will be discounted if entrants already have their data entered in Red Sky Farm Performance Analysis. NAB Agribusiness clients will also receive a discount on the entry fee. **D**

Competition provides incentive for improvement

GIPPSLAND finalist in the 2007 Dairy Business of the Year John Verstedden said entering the competition could be worth \$50,000 or more to a dairy business. Mr Verstedden and his wife, Lyn, milk 600 cows on 200 hectares at Longwarry and for the competition achieved a return on assets of 12.4%.

He said the competition helped farmers focus their energies on the business side of their farm. “In the industry there’s far too much emphasis on production,” he said.

“And right at this point in time that’s a very dangerous way to operate a business because it’s far too hard to make a buck out of a lot of things at the moment, and unless you’ve got a really strong business focus you could actually be going out backwards.”

Mr Verstedden said the Red Sky report that each entrant received would help them identify their business strengths and weaknesses in comparison with how others in the industry were performing.

Most entrants would easily get back 10 times the value of the entry fee. “If a business is not travelling as well as it could be, you could quite easily (as a result of the report) make strategic decisions that are going to

net you \$50,000 to \$100,000 a year,” he said.

Mr Verstedden, along with other finalists in the competition, attended a weekend retreat in the Yarra Valley, where they were able to discuss each other’s businesses and look at aspects of improving business performance. He said it was great to be able to look at how other businesses operated and the principles they used and how they could be used to improve his own farm.

“For example, Danny Everingham (winner of the sharefarmer award in 2007) doesn’t rear any young stock. Now that’s very applicable at the moment because for most businesses the thing that’s probably hurting them in the last 12 months and probably the next 12 months is feeding those young stock a heap of feed that they get no return on until two years down the track. And the reality of it is they could probably go and buy them for half what they’re costing them. That’s just one example.”

The retreat was the highlight for Mr Verstedden. He said a personality profiling session at the retreat had been useful in helping him understand his strengths and weaknesses and how they affected his farm’s performance.