

Collaborate to survive and thrive

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Abstract: *Over the past three years John and his wife Bronwyn, along with another local farming family, have been involved in the creation of their first collaborative farming venture. “Bulla Burra” is the merged entity of the two former farming businesses, which in its third season in 2011 will plant 8000 ha to wheat, barley, triticale, rye, canola and mustard. John is excited about the future potential of their new farming model as a means to build long-term profitability and sustainability for the agricultural sector while retaining the integrity and heritage of family farms and the fabric of local communities.*

Key words: investment, business structure, business model

John Gladigau and his wife Bronwyn own a 2000 ha property at Alawoona in the northern Mallee region of South Australia. They have two children, Jayden (13) and Aimee (9). In 2006, John was awarded a Nuffield Scholarship, sponsored by ABB Ltd, to study collaborative ventures around the world. In 2007, he travelled to the USA, Canada, New Zealand, Mexico, Brazil, the United Kingdom and Europe gaining a global perspective on the future of agriculture and visiting many businesses involved in collaborative arrangements which were creating long-term benefits for all involved.

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There is no doubt that collaboration in any form of business makes a great deal of sense, especially in agriculture. At a time when our terms of trade are diminishing it is widely documented that farmers globally are overcapitalised beyond what a successful business can reasonably sustain into the future. They are also being stretched in their business and agronomic expertise, and are

developing businesses which are being funded by capital growth due to high land prices, rather than return on investment.

The fact that so little collaboration occurs between grass roots farmers, especially in Australia, has more to do with our fierce independence, some lack of understanding of business fundamentals, scepticism of being ‘ripped off’, and the emotion attached with long-term family farm ownership. Though collaborative ventures can be fraught with danger, mainly due to the emotions and personalities of the individuals involved, much of these can be mitigated by having a comprehensive business plan with well documented entry and exit clauses for all concerned.

Though there are not the government or industry incentives for collaborative ventures in Australia as there are in countries like the United Kingdom, I believe there are advantages available to farmers through the full utilisation of capital and resources, marketing and value adding opportunities, purchasing of inputs, sharing of labour resources and expertise, and the full business and financial accountability such a venture brings.

A study of collaborative models from around the world has led me to conclude the following:

- There is an enormous amount of investment money currently looking for a home in agricultural ventures, including within Australia. Such ventures need to be structured in such a way that they can be scrutinised alongside other industry and investment sectors.
- Businesses need to be able to differentiate between real estate and agribusiness, and

if necessary separate the two to maximise performance.

- There are no set rules on how a business model can be set up, outside of the laws and regulation by which you are governed. There are many entrepreneurial structures which can be designed to share risk and reward between parties for the benefit of all, including flexi-leases and share farming options.
- All collaborative ventures need to be set up with the notion of win-win in mind.
- Successful, large-scale businesses create cells of optimum efficiency and profitability, and replicate them.
- The two greatest threats to the success of any collaborative venture are the emotions and personalities of the parties involved.

I believe collaborative farming ventures, or the notion of running several family farms under a single business structure, has a huge amount of potential in Australia. We are not restricted by agricultural policies which create disincentive for cooperation and are in a time in history where, with the biofuels revolution, and a volatile local grains industry, we are in a position to make a significant contribution to the agricultural development of our nation. We can do this through the creation of business models which not only make our properties more profitable and sustainable, but also preserve their integrity and heritage for generations to come. In this way, not only will it allow a lot of currently unviable businesses to survive, but with the opportunities available, the potential to thrive.



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