

## CHAPTER 1

# Business management

This chapter describes the approach for the development and implementation of a farm business plan to optimise profitability while ensuring sound environmental management, good sheep health and welfare, and meeting personal goals.

### **Managing a sheep enterprise**

There are many facets of a farm business to be considered if the enterprise is to be financially successful, environmentally sustainable and socially acceptable. Managing a sheep flock is demanding and complex. The manager requires a broad set of skills including agronomy, livestock husbandry and financial and personnel management. The manager has to be able to manage the risks of variable climate and volatile commodity prices while ensuring that natural resources are maintained and improved, sheep welfare requirements are met and that the family has an acceptable lifestyle.

Successful farm managers understand and monitor the financial performance of their business, understand the key profit drivers and focus on the key aspects of management to ensure success. They understand pasture production and feed requirements, can manipulate feed supply and feed demand to optimise productivity and profitability. The successful manager is aware of the financial, environmental, animal health and welfare and personal risks that can have an impact on the business, and how to manage them.

### **Business planning**

All producers have different visions and objectives. A key to realising objectives is to develop and constantly update a business plan. The plan must encompass all aspects of the farm business. In a complex system involving physical resources, variable climate and numerous options for pasture and livestock management, having objectives and a vision of what the future will look like is essential to maximise profitability and manage risk. In a constantly changing physical and financial environment, the manager must be motivated to manage change and must have a clear plan.