



**KELLOGG**  
RURAL LEADERSHIP  
PROGRAMME



**Boardroom to break-fence – pursuing a rural  
professional career while concurrently having a  
farming business interest**

Kellogg Rural Leadership Programme

Course 40 2019

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I wish to thank the Kellogg Programme Investing Partners for their continued support:



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## Executive Summary

The New Zealand primary industry is facing significant change, in particular, pressures around environment, finance, biosecurity and changes to consumer behaviour. The leadership and skills of our rural professionals will be a key component to the success of our primary industry in this changing and challenging environment.

For agribusiness organisations to remain relevant and equipped to navigate the changes within the primary industry, it will be crucial for them to have the right people with the right skill sets. For many years rural professionals in New Zealand have been successfully providing a valuable service to the primary industry, however with the fast pace of change there is a need to have rural professionals who have a deeper connection to farming.

The model of having a rural professional career alongside a farming career is a potential solution to ensuring agribusiness organisations and the primary industry has the necessary skills and leadership in its people. This model helps to generate relevant rural professionals who have a depth of connection to farming that allows them to empathise with the challenges that producers and the wider industry face as they understand the what it takes to run a farming business. If agribusiness organisations and rural professionals lose this depth of connection to farming, we have a risk of becoming irrelevant.

Both the primary industry and agribusiness organisations need to develop their thinking on how we progress the model of having rural professionals pursuing an agribusiness career alongside a farming career, and similarly we need to encourage rural professionals to think about the opportunities and challenges this could create. From my research into the topic, it was clear that whilst there was no shortage of opinion, there was a lack of formal strategy around how this model could or should be working among agribusiness organisations, rural professionals and industry leaders.

This report addresses the question of ‘what would it take to pursue a rural professional career concurrently with a career in farming?’ It takes on the perspectives of a rural professional and agribusiness organisation. The research sets out to answer this question through a better understanding of the following key area’s;

- Understanding rural professionals and what drives them
- Understanding the need for a ‘balanced’ approach to this model

- Understanding potential employment and farming structures
- Understanding of the financial viability of the model
- Understanding of the people capability and leadership benefits of the model

My aim for this report is that it will be used by rural professionals, agribusiness organisations and the primary industry to inspire further discussion and development on the topic for the purpose of looking at new ways to create opportunities for the benefit of all stakeholders.

The methodology used for this research report included an exploratory literature review followed by a qualitative approach using semi-structured interviews of key stakeholders.

The outcome of the research is made up of five key themes; values; balance; structures; financial viability; people capability and leadership. There are a large number of variables within such a model which at their heart are quite detailed and complex, some of which are discussed within the report, but many of which are unique to the individual situation and require more in-depth analysis.

From this research, my recommendations include:

- Rural professionals and agribusiness organisations should take the time to understand their personal values, family values and organisational values. This will help them gain a deeper understanding about what really matters to them. They should communicate these and create some alignment between one another, ensuring they 'tap' into these on a regular basis.
- Rural professionals should put in place well considered, realistic and measurable goals in all key areas to ensure they keep an overall balanced approach.
- Rural professionals and agribusiness organisations should share stories and real-life examples of where this model has been implemented in the past or current including success and failures.
- Rural professionals and agribusiness organisations should practice open and honest communication on a regular basis to ensure all stakeholders are clear on their responsibilities in the relationship.
- Farm business structures and farm systems should be chosen carefully. The decision-making process should involve family a number of third parties including a bank manager, other farmers, farm consultants etc. Financial viability, family and workload management should be key considerations.

- Agribusiness organisations should take the time to understand the issues that could arise if the depth of farming connection within its rural professionals is lost slowly over coming years
- Agribusiness organisations should take next steps to develop a formal strategy to support the model. This should be a balanced approach involving all stakeholders in the organisation and management should be able to discuss the strategy with confidence.

As the primary industry faces a changing future, there is a need to build people capability and relevant industry leadership. This model offers a unique opportunity for innovative personal and professional development, relevant skillsets and wealth creation. Rural professionals, agribusiness organisations, and other key stakeholders have a responsibility in ensuring the primary industry can thrive in a changing and challenging environment and help future generations prosper.

## Introduction

The New Zealand primary industry is facing significant change, in particular, pressures around environment, finance, biosecurity and changes to consumer behaviour. The leadership and skills of our rural professionals will be a key component to the success of our primary industry in this changing and challenging environment.

The model of having a rural professional career alongside a farming career is a potential solution to ensuring agribusiness organisations and the primary industry has the necessary skills and leadership in its people. This model helps to generate relevant rural professionals who have a depth of connection to farming that allows them to empathise with the challenges that producers and the wider industry face as they understand the what it takes to run a farming business. If agribusiness organisations and rural professionals lose this depth of connection to farming, we have a risk of becoming irrelevant.

My interest in this topic came from my own personal perspective, I grew up in a farming family and have been in a full time rural professional role for nearly 10 years. For me, farming feels like a missing piece of the puzzle, and has driven long and passionate discussions with friends, family and associates over recent years about the merits of such a model. Whilst there was no shortage of opinion, it is not a widely understood topic there was a lack of formal strategy around how this model could or should be working among agribusiness organisations, rural professionals and industry leaders.

In exploring this model, we must first look at rural professionals underlying drivers and a key component of these are their values. They are important because they help us to grow and develop, and create the future we want to experience, and increasingly, rural professionals are learning to tap into these values because they see so much potential. As individuals and as an industry, by understanding this we have a strong foundation to work from. The common values that came from the research were; happiness and stimulation; professional and personal development; family and lifestyle; wealth creation; connection to people; connection to the land. These are weaved through the theme's that are discussed in the report.

The model of having a career as a rural professional concurrently with a farming interest brings the need to find work (rural professional job), farm (business) and life (yourself and family) 'balance'.



These are referred to as the 'three masters' and the need to balance these three aspects is seen to be the most critical part of the entire model, being clear on your values will help guide you through this.

Millennials value family and health over anything else in life. (Nermoe, K. 2018). A number of respondents emphasised the importance of their partner, referring to both home and farm life. In saying all of this, it was highlighted that due to the nature of farm and professional work life, family won't always be the priority, so the strength of the family unit is very important. Communication and technology advancements were seen as key components in keeping family commitments in balance. Farm lifestyle was highlighted as a key driver by those interviewed, with a belief that there was an endless list of family and personal wellness benefits by living on-farm. While family and personal wellness was seen as the most important above all else, it was also seen as the easiest of the three to let slip so strong ground rules are critical.

Personal Wellness is a widely discussed topic in modern times, helped by the work being done by the likes of Farmstrong. One of the key themes from rural professionals and organisation leaders was the risk of burnout. Research suggests that many people are now scheduling non-negotiable time in their diary for their own wellbeing. It is important for rural professionals to recognise the need to prioritise their wellness, value it dearly and treat it as an on-going journey.

Rural professional role structure should be aligned with common values for both the rural professional and agribusiness organisation. Role structure will include many variables however transparency, communication, flexibility and trust were identified as top priorities. There is a need for rural professional to manage their personal brand, both internally and externally and a high level of professionalism will underpin this.

Farm systems was a topic discussed in quite some detail, most rural professionals feel passionate about their chosen farm system based very much off an individual set of circumstances such as the system's ability to fit around the workload fluctuations and pressures of their rural professional role and family and personal life. Small farm ownership and operation is seen as the most suitable structure; however, some saw merit in other structures such as large farm ownership shareholding only.

Financial viability of the model is a fundamental area to address, and like much of the research will vary depending on individual circumstances. A unique characteristic is that leaders see an opportunity to encourage more young people into rural investment, which is typically not as simple as the likes of residential investment. The consistency of income from a salaried structure is seen as an opportunity to minimise some of the cash-flow risks relating to the seasonal nature of farming. Diversification through multiple income streams is seen as being a powerful tool in a volatile market like farming.

Agribusiness organisations and the primary industry should take the time to understand the issues that could arise if the depth of farming connection within its rural professionals is lost slowly over coming years. They should take next steps to develop a strategy to support the model and involve all key stakeholders in the process.

## Aims and Objectives

The purpose of this research is to gain a deeper understanding of what it would take to pursue a rural professional career concurrently with a career in farming. Understanding this 'model' will be about learning about what is currently happening in the industry and gain insights into the potential future opportunities for the industry.

It is a thought-provoking research report and my aim is that it will be used by rural professionals, agribusiness organisations and the primary industry to inspire further discussion and development on the topic for the purpose of looking at new ways to create opportunities for the benefit of all stakeholders.

## Methodology

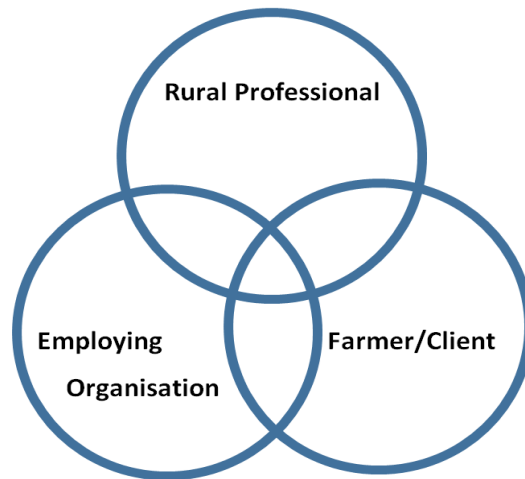
The methodology used for this research report included an exploratory literature review followed by a qualitative approach using semi-structured interviews of key stakeholders.

The literature review explored a range of literature from past research papers, industry reports and opinion pieces, national and international. This helped identify key areas to focus on which were carried through into the semi-structured interview questions.

Secondly, a qualitative approach was used by conducting semi-structured interviews focusing on the key areas identified in the literature review and from past personal experience. The focus was on the following three groups of stakeholders;

1. people in rural professional roles who have a farming interest or aspire to have one
2. agribusiness organisation and industry leaders
3. farmers dealing with rural professionals

There was a need to have the perspective of all three stakeholders, because each perspective has the ability to influence the model. This is shown in the following diagram;



*Figure 1: Three key stakeholder perspectives*

In total there were 14 interviewees with the highest weighting on rural professionals. Interviews ranged from 30 to 90 minutes and the responses provided valuable insights and a representative sample size. I grouped responses into key areas and identified common themes within these. Where possible I separated the three perspectives from the three groups above. These insights and themes are referenced throughout the report.

It should be noted that the number of interviewees, spread of demographics and farming types could be a potential limitation and represent a bias.

The findings from the literature review and interviews are contained within the 'findings and discussion' section of this report rather than being separated.

## Findings and Discussion

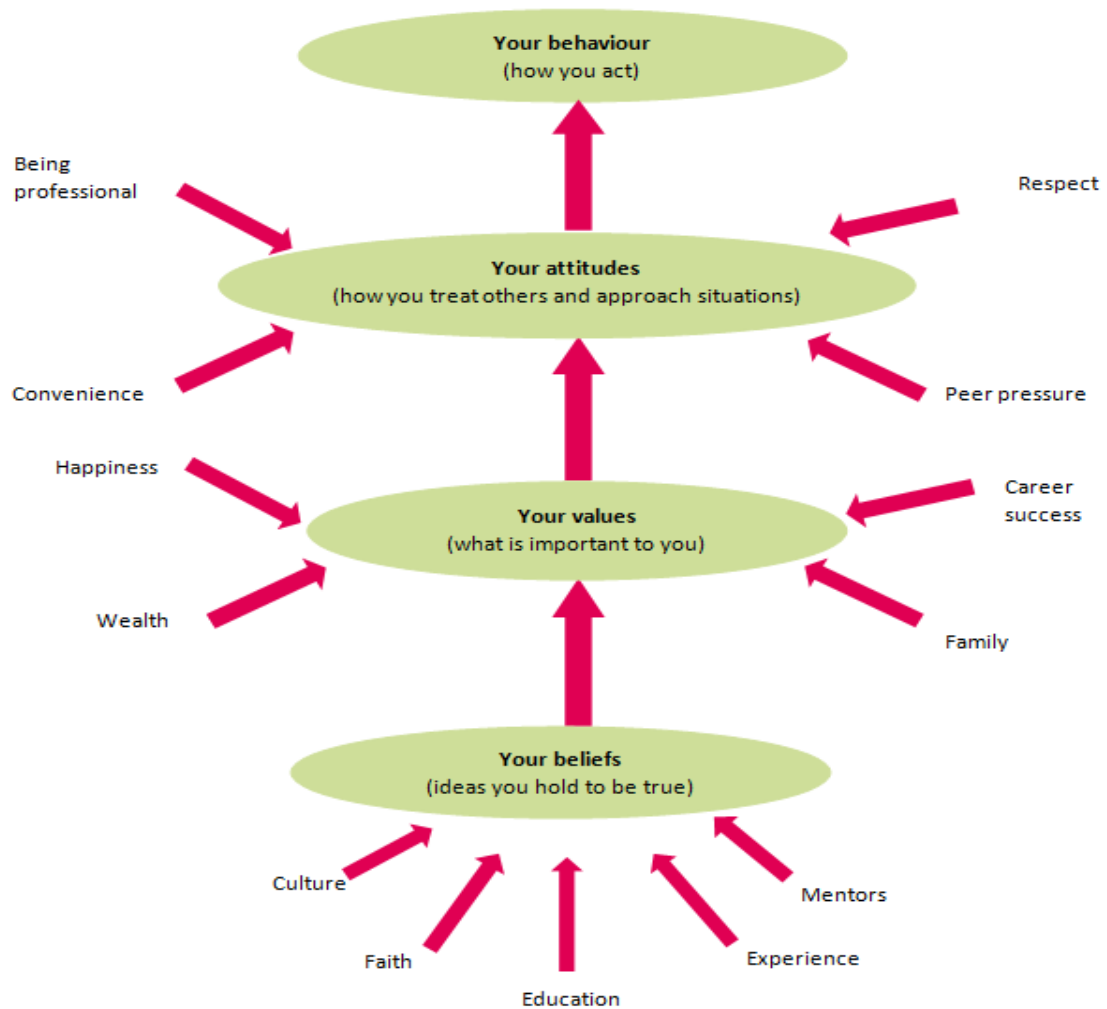
### 1. Values

***“It's not hard to make decisions when you know what your values are.” — Roy Disney***

As the world we live in evolves and changes, so to do the values, beliefs, attitudes and behaviours of our consumers, farmers, agribusiness organisations and rural professionals. Our values inform our thoughts, words and actions. They are important because they help us to grow and develop, and create the future we want to experience. After all, the decisions we make are a reflection of our values and beliefs, and they are always directed towards a specific purpose.

The first section of this research explores the values of rural professionals which provides a foundation for much of the research. It also discusses the relevance of organisational values and how important alignment is. This helps give relevance to many of the theme's and detail discussed from the interview responses.

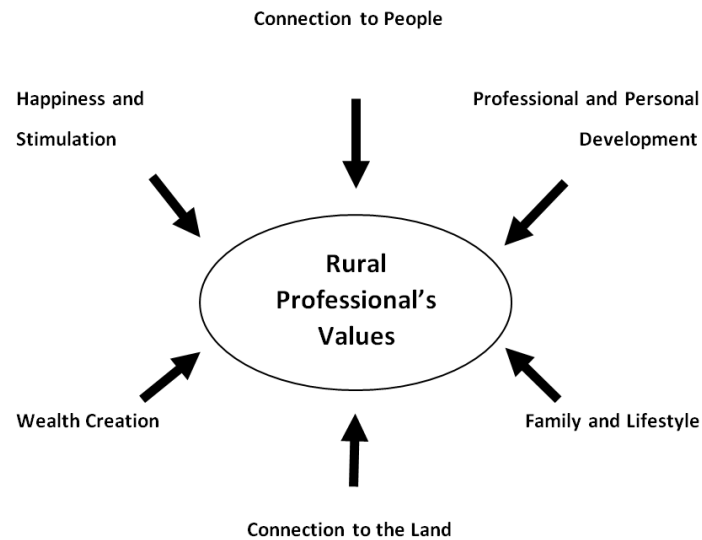
Understanding an individual's core purpose is complex and intrinsically different for each person, so this section focuses on the values that wrap around the purpose. It is widely researched that in order to achieve great success you must have a clear set of values. To help individuals understand values there are formal exercises available which are easy to follow and produce clear outcomes and tangible benefits. A clear set of personal values helps guide employee's decision-making process, as well as assisting the employing organisation to gain insights into what is important to the individual. The following diagram is a commonly used framework showing beliefs; values; attitudes; and behaviours and how they fit together.



*Figure 2: Personal beliefs, values, attitudes and behaviours framework*

*Source: Ministry of Business, Innovation and Employment NZ (2019)*

When discussing values with rural professionals interviewed there were some common themes that emerged. Most individuals were quite clear on what was important to them and I have grouped these into the top five common values, as shown in the diagram below;



*Figure 3: Key values from rural professionals interview responses*

In order for people to feel they are succeeding they need to be meeting all of these values over the long term. If one of these values is not being met, it is thought that people will lose sight of their purpose and some of their other values may also suffer, with one farming leader interviewed quoting “over the years I have found if you are doing something for financial reasons alone, it never lasts”.

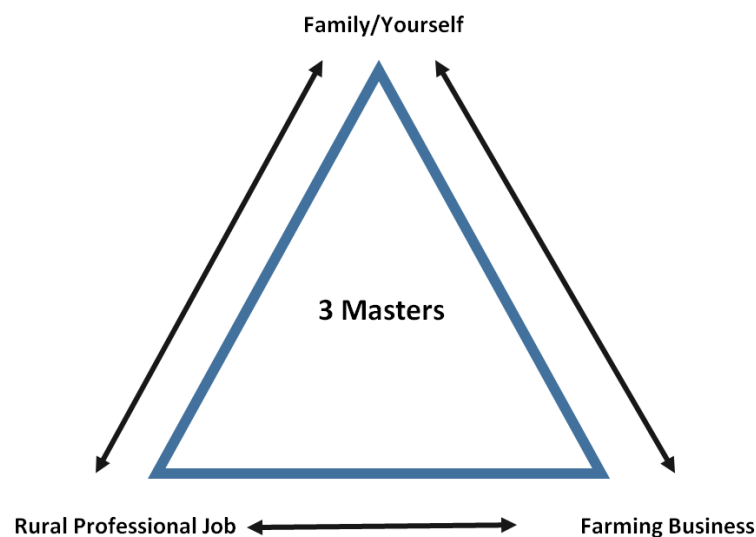
Research shows that there is an increasing need for agribusiness organisations to attract, retain and grow people, and understanding value’s is a critical step in achieving this. “Instead of ignoring values, we need to make them transparent in order to find out what matters to people” (Shaw, J. 2018). When interviewing agribusiness organisation leaders about organisational and employee values, a common theme emerged. They felt it was extremely important that they were clear on their organisational values first and foremost, but also needed to be very clear on understanding individual values within the organisation.

Alignment of personal and organisational values is thought to increase organisational productivity. One respondent said that “when you have someone with drive and passion because they love what they do, they have an inclination to make it happen”. This comment has alignment with some of the organisational values such as, ‘loving what we do’ and ‘making it happen’. Similarly, rural professionals also felt that it was important that their employer and manager took the time to understand their values and ensure they aligned so that they could feel comfortable they were working for a business that shared common purpose.

I often think about what makes people get up in the morning and when speaking to other rural professionals about the topic in my travels I had often heard comments like “when I am farming one day...” which really intrigued me. I have always known there was more to this than just owning a farm so it was interesting to dig deeper into what is really important to rural professionals. Rural professionals, agribusiness organisations and the primary industry will be unlocking future potential by gaining a deeper understanding of values.

## 2. Balance

The model of working as a rural professional concurrently with a farming interest brings the need to find work (rural professional job), farm (business) and life (yourself and family) balance. The term ‘juggling too many balls’ springs to mind. The diagram below describes a model which focuses on the three key areas identified in the research as being the most important to balance. One farming leader described these as “your three masters”. The outside arrows show that all three areas are seen as interconnected and the rural professional will ‘slide’ between these areas constantly.



*Figure 3: The three master's triangle*

Research into the hours spent working compared to time spent on other facets of life indicates that multiple job holders in New Zealand may be at risk of a poor balance, as the majority of workers engaged in two jobs are working more than 50 hours a week (McClintock *et al.*, 2004).



When asked about the need to have balance between these three key areas, all respondent's identified it as being important. Some rural professionals placed more emphasis on its importance than others, with one respondent saying "I am mindful if I get the balance wrong I risk burnout and the whole model falls over". Similarly, international research shows that people place a different weighting of importance on each area which is based on their values and personal situation. Being clear on your responsibilities in each of these three areas' will help with staying balanced, as explained by one respondent "Execution of key responsibilities in all three area's is critical".

Whilst balancing the three main areas' presents some challenges, there are also some identifiable opportunities as these areas interact with one another. An example of this came from one respondent who said "by sliding back and forth between each area, I feel like the variation between them gives me a lot of extra energy". Another opportunity discussed was the natural 'osmosis' of skills, knowledge and expertise from one area to another. When interviewing farmers, they felt that rural professionals with a farming interest would add more value to the relationship than if they did not. One farmer quoted "they will have empathy for the challenges we face day to day that some people may not see".

When looking at the importance of finding balance, rural professionals should put in place well considered, realistic and measurable goals in all three key areas to ensure they keep an overall balanced approach. Finally, there is a need to execute the plan which is the ability to mesh strategy with reality, align people with goals, and achieve the promised results.

### 3. Family, lifestyle and personal wellness

Research shows that most people have family and personal wellness as key themes in their set of values. Both are often said to be placed as more important than anything else, including work, money and business achievements. With the exception of family, millennials value health the most. In a recent study, 79 percent said family was important in their lives, followed by health and wellness at 53 percent (Nermoe, K. 2018)

Respondents indicated that family life balance is not only about the amount of time you spend with family, but how you spend it with them. Every person who responded to the question about the importance of family, acknowledged the importance of their family and the need to prioritise them. A number of respondents emphasised the importance of their partners in the partnership, referring

to both home and farm life, and their ability to complement each other. In saying all of this, a number of respondents highlighted that due to the nature of farm and professional work life, family won't always be the priority, one respondent saying "at times your family won't come first, so the strength of you as a family unit is very important".

Communication and technology were highlighted as the number one component in managing family life and family commitments. A number of rural professionals discussed the importance of having open and frequent communication with their partner and family to ensure everyone stays on the same page. Technology advancements have made this so much easier and more achievable through cell phones, Skype and other communication platforms. One rural professional respondent described it as being game-changer when away from home and travelling around the country for work as it allows him to stay connected to his children and wife every night.

Having a farm lifestyle and being connected to the land was highlighted as a key driver by those interviewed, with a belief that there was an endless list of family and personal wellness benefits by living on-farm. The farming lifestyle is a dream held by many New Zealand families, which comes from our rich connection to the land stemming back several generations. Children being raised in a farming environment are presented with endless opportunities to utilise the outdoors and open spaces, whether that be horse riding, motorbike's, or just helping mum and dad with farm duties. A number of respondents cited their own past experience of being bought up on-farm and wanted their own children to have those same experiences.

Personal wellness is a widely discussed topic in modern times, with an increasing awareness around the topic, helped by the work being done by the likes of Farmstrong. One of the key themes from rural professionals and organisation leaders was the risk of 'burnout', with one respondent saying "I tried working 12 hours a day at work and then 14 hours on the farm in the weekends and it was unsustainable". Research suggests that many people are now scheduling non-negotiable time in their diary for their own wellbeing, whether that be fitness, sport or general health. With this model being so demanding of time, it is important for rural professionals to recognise the need to prioritise their wellness, value it dearly and treat it as an on-going journey. After all, they are both the biggest asset and the biggest risk in this model.

## 4. Rural professional role

The 2019 NZ Workplace diversity survey shows that 69% of professionals in NZ state that work life balance, including flexible working, is their top priority when seeking a new role. It also shows this is trending upward (Roy, R. et al. 2019). A flexible work environment and the use of technology are possibly the most important components in your job structure. Organisations are becoming more aware of the need to meet the increasing demand from employees to have these two components available, one organisation leader stating “This business promotes flexibility and the use of technology is key for this to happen”.

When looking at the overall structure of the rural professional role it should be aligned with common values. The skillset required to perform the role should be clear and then the rural professional needs to consider the number of variables that will come into play such as; their own skill set, their farming business structure, their farm system structure, location and personal values.

From the agribusiness organisations perspective, a lot will depend on their appetite for this type of model which could be driven by a large number of variable's, especially in larger organisations such as banks. Once past this stage the most important part is to look for alignment of the individual's situation, and the core requirements of the role.

Two organisation leaders and all most rural professionals interviewed discussed the merits of utilising technology to create flexibility and time efficiency, with one rural professional saying “my job simply wouldn't exist without the use of technology”. Conversely, two organisation leaders said they have a heavy reliance on staff to have face-to-face time both internally and with clients which takes away some of the effectiveness of technology and doesn't allow as much flexibility. In non-client or people facing roles where the requirement to be present may be less important, there could be a more benefits in the use of technology.

Part time vs. full time employment agreements were discussed with rural professionals and of those interviewed, all except one person classed themselves as being in 'full time' employment.

Interestingly, further discussion revealed that in one case this was due to the trade-off of income from the rural professional employment vs. the potential farm income. One respondent explained that he tried working a 4 day work week and spending Friday's on-farm, however he ended up trying to fit 5 days of work into 4 and not achieving much extra on-farm with the extra day anyway, so eventually went back to 5 days.

Transparency, communication and a shared trust between the rural professional, their manager and organisation were identified as top priorities. Rural professional role performance targets should be clear and transparent and reviewed with your employer at regular intervals. At any given point in time, situations can change and your farming interest could become a concern to your employer, this is a real risk for both parties, as secondary businesses are known to be distracting. One agribusiness leader quoted “agribusiness organisations considering this model need to have really good metrics on success with the true measure being output based”.

I personally think both parties should have a basic understanding of employment law that surrounds the topic of an employee having a secondary farming interest. Research shows that according to the Employment Relations Act 2000, employees are legally able to have a second job or business, unless your employer:

- has good reasons for thinking they need to restrict you in that way; and
- they include the restriction and the reasons for it in your employment agreement.

All employees owe a duty of loyalty to their employers and you shouldn't do anything that would be against your employer's interests. The Act specifies certain categories of reasons that will qualify as “genuine”, which include:

- protecting your employer's commercially sensitive information;
- protecting your employer's intellectual property rights;
- protecting your employer's commercial reputation; or
- preventing you from having a real conflict of interest that could not be managed without restricting you from having a second job.

Lastly, there is a need for rural professionals to manage their ‘personal brand’, both internally and externally. Internally, there is likely to be times when expectations have not been met and it would be easy for colleagues and management to perceive this as being linked to your secondary farming interest. Externally, this is seen as a major risk to both the rural professional's brand and the employing organisations brand. One farming leader quoted “the last thing you want to do is turn up to a client visit and start saying ‘I do this’ and ‘I do that’ on my farm, you need to keep your personal perspectives aside as much as possible”. When interviewing farmers, one of them felt that it was

important the rural professional maintained a high level of professionalism in line with the job they were doing.

## 5. Farm business and farm systems

The types of farm business structures, of which the rural professionals interviewed currently have was a widely discussed topic across the group. The farm business structure for each individual varied greatly, the below list shows the 6 different farm business structures as they were explained;

1. Small farm ownership and operating entity ownership
2. Small farm leased and operating entity ownership
3. Small farm ownership and leased to third party
4. Medium/large farm ownership and operating entity ownership
5. Shareholding in farm operating entity and small farm ownership leased by operating entity
6. Shareholding in farm ownership entity

For the purpose of this research, small farm was classed as less than \$150,000 annual turnover and/or less than 100 hectares. Medium/large farm was classed as more than \$150,000 annual turnover and/or more than 100 hectares. All of these structures are different from each other and based off an individual set of circumstances. The below list shows some of the common reasons behind these structures as described by some of those interviewed;

- Equity position and financial viability
- Appetite for risk
- Workload management
- Family circumstances
- Access to labour
- Location

Regarding farm size, it was interesting to note that having a 'small farm' was the most common scenario. Farm systems was a topic discussed in quite some detail, as most rural professionals felt passionate about their chosen farm system and how it fits in with their rural professional role and family needs. Farm systems are based very much off an individual set of circumstances and the most commonly discussed aspect was the system's ability to fit around the workload fluctuations and pressures of their rural professional role.

Most rural professional roles are thought to have some sort of fluctuating workload due to the seasonal and biological nature of the farming clients business's they are providing a service for, so it is important to choose a system that compliments this. As described by one rural professional "my busy time is through the summer so I don't have lambs on over this time due to their high labour input". Another rural professional stated "I have changed my bull shifts to every second day so that I am only required to be on-farm three mornings one week and two mornings the following".

The choice of stock class was something that was discussed and dry stock beef came up as the most preferred option due to its perceived simplicity and low labour input. I would suggest that market price's influence the farm system choice alongside the ability for the system to fit alongside the rural professional workload.

Although there is potentially less accountability when you are running your own farming business, there was a common theme from respondents that they still place focus on having clear targets and executing them. One respondent said "we expect our farm to operate to its full potential even though I work off farm most days of the week, and we take that very seriously". There is little room for poor performance in farming, largely due to slim margins and variability, however by setting goals and holding the business accountable to them, you are giving the business every chance of success.

## 6. Financial viability

Data collected in past research shows that New Zealand farmers reported annual return of 2.5% on capital, and virtually zero net real capital gains. It might be thought farmland has been a good investment for it is often said farmers' capital gains offset the lower return on capital experienced relative to returns in other urban industries and investments. Is this true? Data on some land values might suggest this is the case. For example, dairy land in 1978 cost, on average, \$13,000 per hectare, and in 2014 the average 'value' was \$51,000 per hectare (Reserve Bank of NZ 2016), though this has subsequently declined.(Greig, B. et al, 2018). Recent New Zealand farm sales indicate a trend of reducing capital land values, with one respondent reporting that "Whilst we have seen strong capital gains in recent years, this appears to have weakened, so farm owners will have to focus on making money from running a profitable farming business". This adds extra complexity to the 'return on

investment' aspect of owning a farm, as the prospect of organic capital gain is potentially removed in the short term.

Farming leaders interviewed reported a noticeable lack of young people getting into farm land ownership, although farm business ownership, such as a contract milking business was on the rise. At the face of it, this was thought to be due to the high entry level capital requirement compared to other options, like urban residential investment. This is a real issue that needs to be addressed, as after all, don't we want our rural people investing in farms and farm businesses? When questioned on investment options available to them as they looked to utilise the capital they had available, rural professionals reported that they saw urban residential investment as an easier, safer and proven investment option when compared to rural or farming investment, especially in the earlier stages of their career. One respondent reported that despite coming from a farming family, they invested in residential property early in their rural professional career, due to its simplicity and low capital requirement, eventually owning several properties as a function to build enough equity to purchase the farm property they now own.

Despite all of this, both farming leaders and rural professionals still saw a unique opportunity for people to invest capital into farming and farming business's and match or better the financial return of urban investments through a number of different avenues. These investments don't have to be just land ownership; they could be any of the six different farm business structures described earlier. One rural professional said he wished he had someone giving him advice on how to invest in farming early in his career, but it didn't seem to be a widely discussed topic.

It is also worth noting that research showed that owning rural property offers unique opportunities for land use change which can impact capital land value and profitability, often upward. An example of this is a land use change from dairy to orchard fruit resulting in an increase in revenue, profitability and overall land value over several years.

Different farmland, farm business structure's and farm system types and the way they are run will all have an influence on the overall financial viability. There is a huge opportunity for the wider industry to be communicating and encouraging investment options for young people working in the primary industry wanting to invest into agricultural investments

## 6.1 Next generation of farm owners

There has been a steady increase in average age of farmers since 1981, meaning that regardless of the number of farmers, there have been fewer younger farmers and an increasing number of older farmers. New Zealand farmers are an ageing demographic, according to Statistics New Zealand data, and agribusiness scientists John Fairweather and Stephanie Mulet-Marques (F&MM) of Lincoln University. The average age of farmers in the 2013 census was 47.7, up from 46.4 in 2006.

Organisation and farming leaders interviewed felt that the industry needs to innovate in order to get more young people into farm business and farm land ownership. One agribusiness leader said “the ageing demographic of farm owners is a real issue we have to tackle together as an industry and innovative ways of thinking like this research is a great example of the types of things we should be looking at”.

Farm succession is another area researched as part of this topic. There is a need for an innovative approach to find solutions to farm succession, something we have not been great at addressing as an industry (Old, K. Nuthall, P. 2015). There is an opportunity to integrate this strategy as part of a wider succession plan. Those interviewed were in agreement that there was potential to use this model as part of a succession plan, however some had not given it a lot of thought. One respondent said “it has been a real opportunity for me to invest into the family farming business and still have that connection to the family farm while earning an income off-farm which is part of our families succession plan”. One of the options this model offers is the use of a family farm asset to use as financial leverage to purchase farm property that may not be large or productive enough to support an entire family, however when coupled with an off-farm income, offers a unique opportunity to see a family member supported to achieve their goals as part of the succession plan.

The industry needs to be looking for any opportunities to help keep as many New Zealand farms owned and operated by New Zealand residents as possible. We need to be creative in looking for new pathway's to farm ownership through innovative strategies led by farming leaders and strategies such as having rural professionals involved in farming is an example of one of these.



## 6.2 Diversified income streams

A Lincoln University survey shows 'off farm' income was surprisingly high with an average across all farms of nearly 25% of net income. In an increasingly uncertain world, this diversification is sound. Of broad acre farming, beef farmers, and deer like to diversify 'off farm' more than the others (Greig, B. et al, 2018).

Having diversification through multiple income streams is thought to reduce the financial risk. In the case of an agribusiness professional role, these roles typically have a standard salaried structure, which means there is consistent salary income through weekly, fortnightly or monthly payments. This consistent cash flow is a unique characteristic when comparing it with the income characteristics of a seasonal and market fluctuating business like farming.

Rural professionals felt that consistent salary payments were a key component when paired with the typically inconsistent and seasonal cash flow of a farming business. They identified this as one of the key reasons for implementing this model, as opposed to focusing time into another business that also has inconsistent cash flow. From a budgeting perspective, they felt that the consistent off-farm income really allowed them to have some certainty with financial commitments, "especially during the pinch times like early spring when we are spending a lot but have no farm income". One respondent commented that "the bank manager saw this as one of the key reasons for lending us the capital to buy the farm".

## 7. People capability and leadership

There is a recognised shortage of rural professionals in New Zealand, particularly in the area of farm management advisors and rural accountants. The primary industry is looking for talented and motivated individuals to become rural professionals to further develop and grow our primary sectors. (NZIPIM. 2019)

As the primary industry faces a changing future, there is a need to build people capability and relevant industry leadership. There is thought to be an urgent need to take action because if you look inside most organizations and you'll see different generations working side by side, bringing diverse expectations about career paths, work schedules, and decision-making power. To engage, retain, and maximize the strengths of their best performers, organizations have to determine how to

develop policies and practices that will appeal to diverse groups.” (Axon, L. et al. 2015). One of the challenges faced, especially by larger organisations in the past has been the loss of young rural professionals to the likes of the dairy industry. As quoted by one organisation leader “If we are to acquire or retain farmer-centric professionals in the future, we are going to have to think outside the box, otherwise we may be left with a major industry problem in say 10 years’ time”.

This model offers a great opportunity for organisations to support rural professionals outside traditional development initiatives with many of the development opportunities coming from the natural growth of owning and operating your own farming business. One organisation leader believes that some executive leaders could benefit hugely from running their own commercial business as it completes the picture. The knowledge and experience gained from owning and running a farming business will, without question broaden the skillset of rural professionals, giving them a more holistic perspective.

There has been a recent increase in the number of requirements for farmers to meet their obligations to farm. These new requirements often require a specialist skillset from outside of the farm gate – enter the rural professional. An example of this is the need for farmers to engage expertise for farm environment plans following the proposed changes to the national policy statement for freshwater.” One farmer interviewed said that “there is no question in his mind that the person turning up at the door adds more value by being a farmer than by not being a farmer.”

When asking rural professionals whether they have ambitions to be future industry leaders, there was some variability in the responses. Four rural professionals said they had future leadership goals and there was a common theme around rural business governance. When asked how important this model was in contributing to their development and helping them reach these goals, they all felt that this was a critical component.

The industry has been screaming out for people resources and leaders for generations, this is not a problem that is coming, it is here. This model offers a unique opportunity for innovative personal and professional development, relevant skillsets and wealth creation. Rural professionals, agribusiness organisations, and other key stakeholders have a responsibility in ensuring the primary industry can thrive in a changing and challenging environment and help future generations prosper. As put by one farming leader “you have to put your own hogget’s back into the flock rather than buying someone else’s two-tooth’s because you don’t know what you are going to get”.

## Conclusion

The model of having a rural professional career alongside a farming career is a potential solution to ensuring agribusiness organisations and the primary industry has the necessary skills and leadership in its people and continues to thrive. This model helps to generate relevant rural professionals who have a depth of connection to farming that allows them to empathise with the challenges that producers and the wider industry face as they understand the what it takes to run a farming business. If agribusiness organisations and rural professionals lose this depth of connection to farming, we have a risk of becoming irrelevant.

This model requires more development by all key stakeholders, however the report has covered off some of the broad area's required to progress our thinking, described as key themes. These key themes were; values; balance; rural professional role structure, farming business structure; financial viability; people capability and leadership. There are a large number of variables within such a model which at their heart are quite detailed and complex, some of which are discussed within the report, but many of which are unique to the individual situation.

A key component of our purpose is our 'values'. They help us to grow and develop, and create the future we want to experience, and increasingly, rural professionals are learning to tap into these values because they see so much potential. These provide a 'foundation' to work from. The common value's that came from the research were; happiness and stimulation, professional and personal development, family and lifestyle, wealth creation, connection to people and connection to the land.

The model brings the need to find work (rural professional job), farm (business) and life (yourself and family) 'balance'. These are referred to as the 'three masters' and the need to balance these three aspects is seen to be the most critical part of the entire model, being clear on your value's will help guide you through this.

A number of respondents emphasised the importance of their partner, referring to both home and farm life. Family won't always be the priority, so the strength of the family unit is very important. Communication and technology advancements were seen as key components in keeping family commitments in balance. 'Farm lifestyle' was highlighted as a key driver by those interviewed, with a belief that there was an endless list of family and personal wellness benefits by living on-farm.

Personal Wellness was seen as important and the risk of 'burnout' was identified. Research suggests that many people are now scheduling non-negotiable time in their diary for their own wellbeing. It is important for rural professionals to recognise the need to prioritise their wellness, value it dearly and treat it as an on-going journey.

Rural professional job structure should be aligned with common values for both the rural professional and agribusiness organisation. Detailed structure will involve many variables such as part time vs. full time employment and its income the trade-off. Transparency and communication and a shared trust with your manager and organisation are top priorities. There is a need for rural professionals to manage their 'personal brand', both internally and externally and a high level of professionalism will underpin this.

Farm systems chosen are very much based off an individual set of circumstances such as the system's ability to fit around the workload fluctuations and pressures of their rural professional role and family and personal life. Farm business structure's varies greatly from small farm ownership and operation through to large farm shareholding.

Financial viability of the model is a fundamental area to address. Leaders see an opportunity to encourage more young people into rural investment, which is typically not as simple as the likes of residential investment. The consistency of income from a salaried structure is an opportunity to minimise some of the cash-flow risks relating to the seasonal nature of farming. Diversification through multiple income streams is seen as being a powerful tool and a volatile market like farming.

As the primary industry faces a changing future, there is a need to build people capability and relevant industry leadership. This model offers a unique opportunity for innovative personal and professional development, relevant skillsets and wealth creation. Rural professionals, agribusiness organisations, and other key stakeholders have a responsibility in ensuring the primary industry can thrive in a changing and challenging environment and help future generations prosper.

## Recommendations

When looking implementing the model of having a rural professional career alongside a farming career, rural professionals, agribusiness organisations, and other key stakeholders should take the opportunity to understand the following recommendations;

- Rural professionals and agribusiness organisations should take the time to understand their personal values, family values and organisational values. This will help them gain a deeper understanding about what really matters to them. They should communicate these and create some alignment between one another, ensuring they ‘tap’ into these on a regular basis.
- Rural professionals should put in place well considered, realistic and measurable goals in all key areas to ensure they keep an overall balanced approach.
- Rural professionals and agribusiness organisations should share stories and real-life examples of where this model has been implemented in the past or current including success and failures.
- Rural professionals and agribusiness organisations should practice open and honest communication on a regular basis to ensure all stakeholders are clear on their responsibilities in the relationship.
- Farm business structures and farm systems should be chosen carefully. The decision-making process should involve family a number of third parties including a bank manager, other farmers, farm consultants etc. Financial viability, family and workload management should be key considerations.
- Agribusiness organisations should take the time to understand the issues that could arise if the depth of farming connection within its rural professionals is lost slowly over coming years
- Agribusiness organisations should take next steps to develop a formal strategy to support the model. This should be a balanced approach involving all stakeholders in the organisation and management should be able to discuss the strategy with confidence.

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