

THE DREAM IS FREE – THE JOURNEY HAS A COST

**Alvin & Judith Reid
Winchester, South Canterbury**

A career in dairy farming has the potential to deliver rewards to each one of us that far exceed our dreams. However, that journey doesn't come for free – there is a cost and we need to be prepared to pay that price!

In 10-15 minutes, how does one cover the key lessons, values and principles from thirty three years of continuous employment in the dairy industry? Where Judith and I find ourselves today is way beyond our wildest dreams from where we started as sharemilkers back in 1977.

Today, we would like to touch on some of the principles, the values and lessons learned that have given us a fantastic lifetime career in dairy farming.

Early experiences and lessons

- June 1980, our third season of share milking started with the farm being covered in water for 6 – 8 weeks from the Taieri floods. That season we milked 90 of our 270 cows with the balance leased to farmers in Canterbury.
- The things that we recall today from that 1980 experience are the wonderful generosity of friends and farmers. For example, a Southland friend organised grazing for our dairy cows, heifers and young stock within days of the flood.
- That flood experience drove our determination to purchase our own farm, at the end of that 1981 season we settled our first dairy farm at Winchester in South Canterbury. We still live on that farm today.
- The 1980's saw the Rural Bank settling a limited number of young farmers each year on special settlement loans. These were available to first farm purchases that had demonstrated strong farming skills. These loans settled young farmers with up to 85% debt loading.
- These settlement loans provided great opportunity to a few young farmers. They did come at some cost, for example we were on budget control for 2-3 years with extremely tight personal, farm expenditure and development budgets.

The disciplines that we lived by in those early farming years are no different to those required today for young farmers entering share milking and farm ownership. Disciplines such as:

- saving cash.
- reinvestment into your business.
- controlled spending on farm operating costs.
- maximise farm physical output (kg MS/ha) matched to input costs (\$/kg MS).
- controlled (minimized) personal expenditure

The mid 1980's saw significant change in Government policies and the introduction of the "Rogernomics" era, this placed huge pressure and stress on the Agricultural sector. During this period significant number of farmers left their farms with very little reward for years of hard work. Today (2009-2010), we see in times of world recession where a percentage of farmers are again facing significant pressure.

Growing our farming business

- In 1986 we began leasing land (both dairy and drystock) so that we could expand our business from the original 54ha.
- We continued to use leased land as a cornerstone of our business growth right through to the year 2000 when 80% of the land that we were farming was not under our own ownership control. Today we have ownership in more than 90% of the 1300 ha of land we farm.

A key principle that we adopted when leasing land has been:

- treat the land as though you owned it.

Partnerships with young farmers were also a key platform to building a larger dairy business.

The key principles here were simple and straight forward:

- fit the deal around the individuals, not the farm.
- trust other people and share control.
- reward for skill and investment separately.

The 1990's saw us setting production and technical challenges, pursuing them with vigour. Challenges such as achieving 1.75 tonne MS/ha were met and well exceeded as we entered the 2000 decade. Productivity from increased Herd BW has been a focus since our share milking days. Driving farm systems to achieve maximum EFS in \$/ha (now EBIT \$/ha) were all key strategies in our farming efforts.

Late in the 1990's was one of the first times that we ever sat down and studied what had dairy farming returned to our family in the form of wealth. We were surprised and pleased that dairy farming had returned an excellent return on our 20 years of endeavour. Wealth creation is not one of the goals that we set out in the front of our planning. Wealth creation follows the other business and personal goals, such as:

- profitable milk production through maximising output at the most sustainable cost.
- efficient farm systems that fully utilize resources and target continuous improvement.
- partnerships with staff and partners which utilize the best skills of those involved.
- enjoying the work we are involved in.

Get these factors (among others) right and I believe that adequate wealth creation will follow.

Focus on the strategic issues

- Equity partnerships in two dairy farms and drystock property.
- Corporate investment in 4 dairy units in Otago and Southland, and then the sale of those corporate properties.
- Sharemilking activities to establish a charitable trust.

These activities and others have guided our business thinking and actions through the past ten years.

The important aspects in this time have included:

- key farming partnerships with people that we can work with and trust. We have been privileged to have worked with a couple that we started share farming with in 1986. We have now been involved with them in a number of ventures over the past 24 years, the trust and confidence that we have built over that time makes for truly rewarding business and personal relationships.

Some thoughts to consider

- Champions are made on the Hills, not on the Flats!
 - To create champions you need to face the tough going. It's only when a cyclist hits the hills (the tough going) that we see the champions shine through.
- Do you know the difference between leaders, followers and losers?
 - Leaders stretch with challenges.
 - Followers struggle with challenges.
 - Losers shrink from challenges.
- The Value of Time!
 - "I've dreamed of this day for 25 years." Bert Munro said this when he stood at the end of the salt lakes before his first attempt at the speed record on the "World's Fastest Indian".
 - It takes time and patience to create and capture the value of dreams.
 - Consistently good efforts over time produce excellent results.
- Facing the Downs and the Ups!
 - Failing forward- learn from our mistakes.
 - Never make the same mistake twice.
- Building trust and confidence!
 - It takes time to gain trust and confidence from your employer, employee, or business partner.
 - Take things one step at a time to gain confidence and build long lasting trust.
- Live by your values and principles!
 - Don't try and be something you're not!
 - Enjoy your business career and value your personal and family life.

- Leave something on the table for the other person!
 - Don't make the deals so hard that the other person cannot succeed.
- Build long lasting relationships.
 - It is now, after 33 years of farming that we can look back and find the real value in relationships that we have built over many years.

A lesson from history!

There are some fantastic stories throughout history of people who had great dreams (or vision) and how a commitment to that dream made them very wealthy, famous or powerful people.

One story that I think really captures this comes from way back in our Sunday school days. The story of Joseph and the Technicolor dream coat Joseph was one of the youngest brothers of about twelve. He dreamed that one day his brothers would bow down before him and be dependent on him. So his brothers plotted to kill him, but rather they threw him in a pit, took his coat and covered it with animal blood and then sold him into slavery in Egypt. They returned to his father and said Joseph had been killed by wild animals.

In Egypt, Joseph became a servant in the house of a military General. He was a tall and handsome servant and worked very hard for many years. The General's wife had him thrown into prison on false charges. While in prison he interpreted the dreams of two prisoners, saying that tomorrow the king would free one of them and the other would be killed. The next day, exactly that happened.

Some time later the King had dreams which none of his staff could explain. The guy that had been in prison with Joseph and had been freed by the King, said that perhaps Joseph could explain his dreams. So Joseph was bought to the King and he interpreted his dreams. The dream said that there was going to be seven years of plenty followed by seven years of extreme famine.

The King immediately set Joseph up as the ruler over his lands and Joseph build great barns and grain stores to store all the food during the next seven years. At the end of those seven years, the crops began to fail, and harvests produced no food. So Joseph then began to sell the stored food to all the people. The neighbouring country where his family was also had these severe droughts and his brothers travelled to Egypt to buy food.

By this time Joseph was the second highest position in the land (only the King was higher). His brothers were bought before him, although they didn't recognise him, and they bowed before him in order to be able to buy that scarce food. Joseph's dream of many years before (perhaps 30) was answered. Eventually Joseph identified himself and had his brothers bring his elderly father and family to Egypt where he set them up on some of the best sheep grazing land in the country.

If you want a fascinating bedtime read, try this story of Joseph. You'll find it in Genesis Chapter 37 onward. I think that there are some great principles in this story that still relate to us today.

- He worked hard.
- He stuck to his principles and values.
- He had to cope with the downs.
- Being removed from his father
- Being sold into slavery
- Thrown into prison.
 - He responded to responsibility.
 - Build barns and grain stores to hold the food in years of abundance.
- He believed in his vision.
- He had a great partnership with the King.
 - What a great example of a young person to enter into partnership with.
- What an inspiring story of a young man, from being sold into slavery, to becoming the second wealthiest man in the land.

Our lasting memories!

The memories that we cherish most from the past 35 years are many, they are those things which give us a sense of achievement, of humbleness and satisfaction.

Memories of people that helped and encouraged us through our farming career and our family life.

Young people that we have played some part in their lives, that have gone into their own businesses and raised their own families.

Family who have developed their own lives and careers in their chosen field.

The opportunity to be involved at different levels in a fantastic industry and community.

Our future dreams (those sunset decades)

Like a number of farming businesses, the next period of time will see us focus on consolidating our family business financial position. What may have been a suitable position may well have changed since the world financial crisis over the past two years, and we all need to respond accordingly.

We are privileged to be able to work with friends in forming a charitable trust (Archomai Charitable Trust). One of our dreams and passions would be to leave this trust with an asset that could help people and the community into the future, long after we have completely hung up the gumboots. To date our trust has built some capital through a share milking venture in Southland, now we need to secure further income generating ventures so that we can achieve the outcome we dream of.

And I guess that's where wealth creation has its part in our hearts. One of the products of successful business activities is wealth, how we use that wealth I believe is one of the most important aspects.

We have been extremely privileged to be part of an industry that has let us as a family generate more wealth than we ever dreamed of in 1980 when we bought our first farm. It also causes none of us any harm to see how the events of the past 18 months can remove wealth a lot quicker than it increased. You then truly realise what the important things are in life and in business.

The Dream is Free – the Journey has a Cost!!