



Using Agricultural Consultants in your Farming Enterprise

A Users Guide for Farm Business Managers

**A report for the Cooperative Venture
For Capacity Building**

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Foreword

“Using Agricultural Consultants in your Farming Enterprise – A User Guide for Farm Business Mangers” resulted from a recommendation made from a two-year study of extension and education across Australia (Coutts *et al*, 2004). The report from this study noted that...*there is much to learn in terms of ‘what works and why’ in the relationship between client and consultant/mentor. This may be critical in the way learnings are integrated and used on a farm.*

This “User Guide” is designed for use by agricultural enterprise managers who either currently use a consultant or are contemplating using one.

The “User Guide” makes suggestions on the use of consultants: why use a consultant, how to choose and engage a consultant, the roles of client and consultant and how to get the most from the relationship.

This project was funded through the Cooperative Venture for Capacity Building in Rural Industries which is made up of the research and development corporations: Australian Wool Innovation; Cotton Research and Development Corporation; Dairy Australia; Grains Research and Development Corporation; Grape and Wine Research and Development Corporation; Horticulture Australia Limited; Land & Water Australia; Meat & Livestock Australia; Murray-Darling Basin Commission; Rural Industries Research and Development Corporation; Sugar Research and Development Corporation; and the Australian Government Department of Agriculture, Fisheries and Forestry.

This report is an addition to RIRDC’s diverse range of over 1600 research publications which can be viewed and freely downloaded from our website www.rirdc.gov.au. Information on the CVCB is available online at <http://www.rirdc.gov.au/capacitybuilding/>.

Peter O’Brien

Managing Director

Rural Industries Research and Development Corporation

Executive Summary

What is this report about?

In 2005, Jeff Coutts and Kate Roberts undertook a comprehensive review of how agricultural consultants are used by farming businesses in Australia. This “Users Guide” has been written to help farm business managers maximise the benefits of the relationship they have with their consultants. It was developed from surveys with consultants, and case studies undertaken with a range of agricultural industries and states across Australia.

Who is the report targeted at?

The “Users Guide” is designed for use by producers who are either currently using a consultant or are contemplating using one.

Background

In 2004, a two year study of extension and education across Australia by Jeff Coutts, Kate Roberts, Fionnuala Frost and Amy Coutts found that...*there is much to learn in terms of ‘what works and why’ in the relationship between client and consultant/mentor. This may be critical in the way learnings are integrated and used on a farm”*.

Research subsequently undertaken to examine the relationship between consultants and their clients highlighted the need for a guide to assist producers to choose, engage and work with a consultant.

Aims

This “Users Guide” was written to inform farmers wanting to employ private agricultural consultants to work one-on-one with them to assist in enterprise decision-making. Producers will find that some of the suggestions made in the “User Guide” will also be relevant to working one-on-one with public sector extension officers, and advisors employed by seed and chemical companies.

Methods used

This guide was developed following a literature review, case studies and a web survey to explore the role of consultants and the consultant-client relationship. The research found that the questions (and answers) the producers had were:

- Where to look for a consultant (– ask friends and work colleagues, professional organisations, look at consultant websites).
- What qualities to look for in a consultant (– adaptability, knowledgeable, established reputation, independent from government or product, someone you can work with).
- What questions to ask on first meeting (– find out as much as possible about the consultants background and operating style).

- How consultants charge for their time (– either per hour or flat rate per year).
- What you can expect from a consultant (– ranges from a written list of services, objective and independent advice to getting to know the family).
- How consultants work with clients (– ranges from providing advice, being a sounding board to keeping records about chemical application and paddock data).
- What consultants expect from their clients (– being clear about what is wanted from the client, inquisitive, and involved in joint decision making).
- How to get the most from your consultant (– suggestions include being organised for meetings, review the relationship regularly and taking all technical data and advice and adding it to your farm knowledge).

This guide is organised according to these questions and answers.

Implications

There is a lot of evidence that agricultural consultants *are* becoming an increasing force in supporting managers of agricultural enterprises across Australia and that they play a critical role in assisting managers to integrate wider learnings into their specific farming system.

The profession, however, largely relies on the informal advisory approach that is the legacy of the public extension system - few consultants appear to have formal written agreements with their clients and there is a reliance on informal networks and recommendations in reaching potential clients.

This guide will provide a valuable resource to producers seeking to choose engage and work with a consultant.

Contents

Foreword	iii
Executive Summary.....	v
Introduction	1
Consultants supporting Farming Enterprises.....	2
Why use consultants?	3
Where to look for a consultant	3
What qualities to look for in a consultant.....	4
What questions to ask a consultant on first meeting.....	5
How consultants charge for their time.....	5
What you can expect from a consultant.....	7
How consultants work with clients.....	7
What consultants expect from their clients.....	9
How to get the most from your consultant	10
Key areas to cover in a client-consultant agreement	13

Introduction

A review of extension across Australia in 2002-2004 identified the importance of consultants in assisting producers to *integrate* new technologies and management processes into their *specific* farming enterprise. One-on-one consultants complemented the other very useful extension approaches provided through groups, workshops, demonstrations and information provision.

This booklet has emerged from a comprehensive review carried out in 2005 by Coutts and Roberts (2005) of the use of agricultural consultants in Australia, case studies of consultants and producers who use them across a range of agricultural industries and states and a survey of consultants across Australia. Forty two consultants and 10 producers were involved in the survey.

The research identified the roles being played by consultants and how the most effective use could be made of the time and expertise that they offered to farming enterprises. It draws from actual experience of both consultants and their clients to maximise the benefits of the relationship.

This booklet refers primarily to agricultural (natural resource management) based private consultants who work one-on-one with producers to assist in enterprise decision-making. It is recognised that public-based extension officers and advisors employed by seed and chemical companies also work one-on-one with producers at times as well – and some of the guidance in this booklet will also have some relevance to these groups.

Information and issues for clients and consultants covered in this booklet include:

- Where to look for a consultant
- What qualities to look for
- What questions to ask on first meeting
- How consultants charge for their time
- What you can expect from a consultant
- How consultants work with clients
- What consultants expect from their clients
- How to get the most from your consultant



Consultants supporting Farming Enterprises

Comments made by producers about using a consultant in their business:

... (Our) consultant is very good, would not do without one now, would not have made some of the decisions on my own. Not just financial benefit but peace of mind to know that the advice I am getting is good solid advice.

...Being private enterprise we feel that the consultant is a little more knowledgeable and up to date whereas with government they move on and we cannot build up a relationship with the people there.

...Peace of mind. Advice (we are) getting was solid, (the consultant is) widely travelled (and has) different ideas. 99% of the time we follow what he says, know that advice is right and at the forefront of technology, knowing that what he is telling me is good solid advice.

...Important to be able to discuss with someone and develop ideas.

...Farmers need to be professional now more than ever. One to two visits a year only cost \$500.

...From the early years Dad always said that outside, objective advice was better than subjective opinion. Dad always sought outside advice...have been using consultants since the 60s.

Why use consultants?

The chief value in engaging consultants is the individual, professional and independent assistance in an enterprise's decision-making process. Small decisions can make significant differences to the returns and having another professional and informed person providing input can make a big difference.

Producers are often prepared to pay a lot for the right equipment, more land or stock etc – but may balk at the professional costs of using a consultant. However, the potential pay-off can be quite significant.

Case study producers indicated that they used consultants because:

- The consultant had already provided a service in another capacity such as facilitator or government agent and that service was seen as useful and clients wanted to continue with it and were now prepared to pay for it.
- Producers value independent advice
- It has always been part of the way the family does business
- The producer was wanting to expand and diversify the business to what was feasible and needed advice
- Producers wanted “peace of mind” and knowing that there was someone knowledgeable helping them look after the enterprise brought that about
- Producers wanted someone to help them make the management decisions such as crop rotation and a cropping program. They mentioned that it was good to throw ideas around with consultants
- There was strong advice to do so from the bank manager or accountant
- The consultant was able to stand back and look at the business (and ask the hard questions).

Where to look for a consultant

According to the survey the top four ways for you to find a good consultant would be:

1. Asking your friends and work colleagues who they might recommend – word of mouth or personal reference was the way most (37%) consultants advertise themselves
2. Asking a professional organisation/agency who they may know
3. Searching the web for consultant websites (use a search engine such as Google and type in search criteria such as - agricultural consultant in North Queensland [or your area])
4. Subscribe to newsletters in your areas of interest

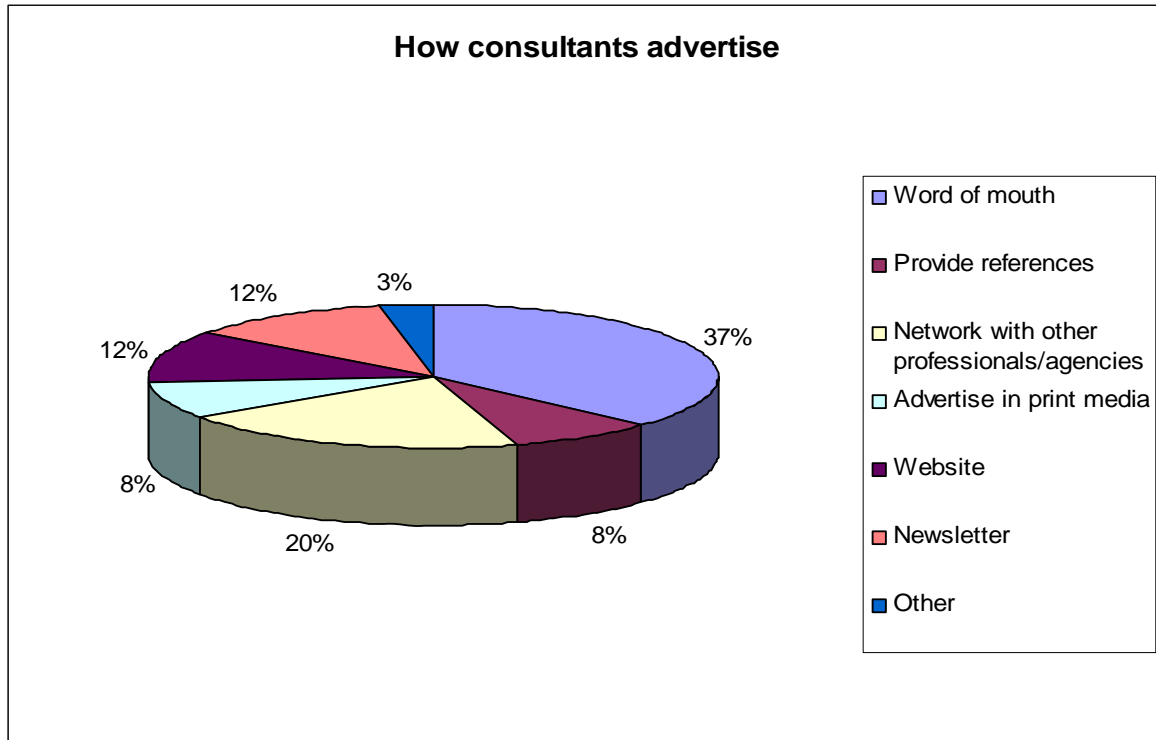
Websites where consultants may be found include:

www.aiast.com.au/consultant

This goes to the site for the Australian Association of Agricultural Consultants and consultants can be searched for by location and specialisation.

www.aacwa.com.au This is similar site but only for West Australian consultants.

The graph below shows how consultants advertise themselves. Word of mouth at 37% is the most common way used to link consultants with clients.



What qualities to look for in a consultant

Producers already working with consultants said that they looked for a consultant who:

- Was adaptable
- Was knowledgeable
- Had an established reputation
- Is independent of government or product
- The client gets on well with
- The client can build up relationship with
- Has good networks and keeps up to date

Being adaptable is a valuable consultant quality because your background and business aspirations will be different to other clients. It is ideal if a consultant has the ability to adapt to your unique circumstances. It is important to

take into account the dynamic nature of the market environment for primary industry products and how quickly a consultant is able to react to these changes.

Apart from being technically knowledgeable it is also important how they work with clients to transfer that knowledge into something that is useful for the farm. Having an established reputation in the region for being able to do this would help here.

Another observation is that survey respondents appreciated the independence of consultants and their advice which was free of influence from government or companies selling a product such as chemicals, fertiliser or seed.

Both consultants and clients also indicated that you need to be able to build an ongoing relationship with each other that is mutually satisfying. For example a survey comment was that the client liked their consultant because “he gives advice but doesn’t tell me what to do.”

What questions to ask a consultant on first meeting

The questions for you to think about asking when first meeting with a consultant should aim to cover the following areas:

- As much background information about the consultant as possible, and
- Their style of operating.

According to producers, relevant background information about consultants included such things as:

- Work they have done in the past
- Who they have worked for
- Their qualifications
- References

Also talk to the consultant about their style of operating whether it is direct (tell you what to do) or more mentoring /coaching (helping you figure it out for yourself).

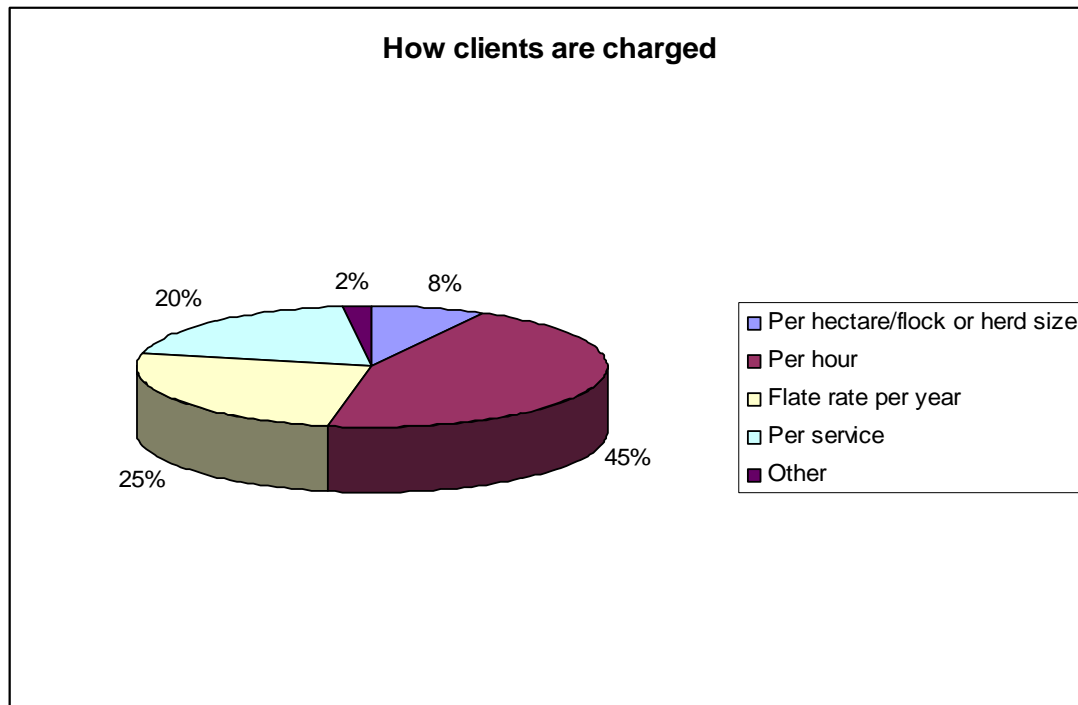
Most importantly you should look for someone who you can work with and build rapport.

How consultants charge for their time

A key reason why producers are reluctant to use a consultant has been a concern about the cost to the enterprise. Australia has a culture of free advisory services provided through government, industry or seed and chemical companies. As pointed out earlier, there is less reluctance in purchasing machinery or other farming inputs. The culture is changing, however, and the value that consultants can add to enterprise planning, monitoring and decision-making is being more widely recognised.

The most usual ways consultants charged clients were per hour (45%) or a flat rate per year (25%). Many also charged per visit or per job.

The graph below shows a breakdown of ways that consultants charge their clients.



Costs were quite variable and were determined by the type of service provided, the enterprises involved and individual negotiation between the client and consultant.

The consultant survey (2005) showed the following range of prices being charged:

Cost per hour – ranged from \$80-\$200. The average price per hour was \$140. The type of service was the biggest factor in determining rate.

Cost per service – results ranged from \$100 to \$200 per service (Note the types of services can vary considerably).

When asked to comment on charging, consultants made the following points:

- *The costs vary according to the type of service provided.*
- *Hourly rate can be as high as \$200 depending on the work involved and the quantity of work. Short jobs-higher fee. Fees are all inclusive-no extras time.*
- *We charge a flat rate (retainer) per year plus extra for extra services, based on time.*
- *Clients are charged annually in advance based on a desired level of service.*
- *The flat rate is based on expected time required for the year. An adjustment is made for the next year if there is a significant difference.*
- *We have a mix of retainer and hourly rate fees - long term clients tend to be on retainers. We also produce and market subscription services such as newsletters and benchmarking which are done at a flat rate per service.*
- *Operate with 2 main options being a contract arrangement for clients using greater than 10 hours per year. Second option is a casual subscription for clients wanting low level service.*

- *Don't charge annual fees - just fee for service at the time. We do not operate agronomic type consultancy.*
- *Hourly fees range from \$100-\$150/hr Agronomy rates range from \$6-\$9/ha Fixed fees based on estimates of above.*
- *Clients choose a level of service based on approximate hours required. They pay that amount then work it off.*

There is scope to negotiate with most consultants about time, costs and activities. It is best to have a written agreement about costs and expectations. These can be reviewed after an agreed period.

What you can expect from a consultant

Consultants have different ways of operating and dealing with clients. Your own expectations will influence which consultant will best suit your needs – and what you may include in your initial negotiations. Based on survey responses, you can expect some or all of the following from consultants:

- A written list of services
- To be up to date with the latest information and technology
- To let you know what is new
- Proactivity
- Objective and independent advice
- A written contract of what will be done and how much it will cost
- For them to initiate meetings
- For them to get to know the family

How consultants work with clients

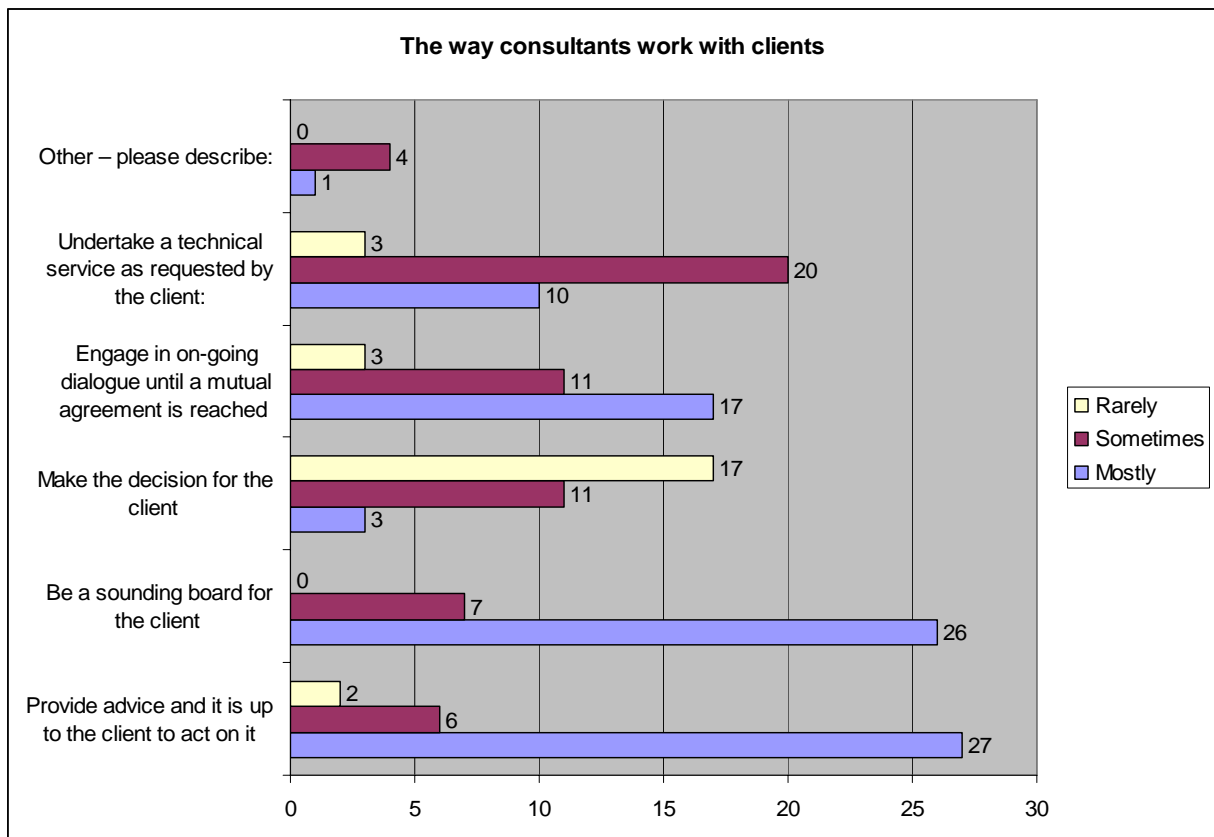
Consultants can add significant value to your decision-making process. Their role may vary from being a sounding board to being the actual decision-maker. It is up to you what role you would like your consultant to take.

Surveyed consultants worked with clients to:

- Provide advice and it is up to the client to act on it
- Be a sounding board for the client
- Make the decision for the client
- Engage in on-going dialogue until a mutual agreement is reached
- Undertake a technical service as requested by the client
- Keep records for clients of chemical application and paddock data for clients

- Act as mediator and honest broker
- Be the eyes and ears for clients and look for new information
- Facilitate family discussions
- Arrange sales
- Provide education opportunities
- Run farms for absentee owners

The table below shows that over half of the consultants mostly worked with their clients to be a sounding board and provide advice that their client then could act on. The numbers indicate the number of consultants who indicated that they worked in this way with their clients.



The “other” ways of working included:

- Mediation.
- Honest broker-with opinion valued.
- Perform a specific function i.e. facilitate family discussions, arrange for the sale of a parcel of grain.
- Provide education opportunities.
- Run farm for absentee owner.

The concerns about litigation can result in some consultants being conservative in their recommendations. Feedback from consultants and producers indicated that it is critical that you take the responsibility for decisions made – freeing the consultant to suggest a range of options and to challenge the client with forward thinking ideas about changes.

What consultants expect from their clients

A key issue is how to make the most use of your consultant's time. Consultants expect certain characteristics from you to make sure that their skills are effectively used.

- Be clear about what you want from a consultant
- Be clear about the strategic direction of your own property
- Be easily contactable
- Be challenging i.e. challenge the consultant about what s/he knows and to be willing to try something different
- Be inquisitive and willing to engage in dialogue
- Be interested enough in the business to get out in the paddock with the consultant
- Be engaged in joint decision making

Other traits that consultants hope to see in their clients are:

- The ability to work to time schedules
- Accepting that you own the business and that the consultant only gives advice
- Providing feedback to the consultant to gauge the progress of advice and the relationship
- Honesty, trusting and accepting that both you and the consultant are in for the long haul
- Interest in maintaining a consultant in your geographical area
- Open mindedness, making a decision and taking action
- Seeking information widely from other sources as well

The following table of consultant survey responses showed how often these different client characteristics were raised:

Advice	No. of mentions
Be clear about what you want, have expectations/set agendas from meetings, be prepared to challenge/question and be organised	15
Provide as much farm/business data as possible so that there is a direction/objective understood by both parties and is the focus for the day to day activities/ provide timely feedback	4
In a two way relationship/communication you get from it as much as you put into it. Time is required for long term results/ regular contact	4
Make sure you really have a strong interest/motivation in farming	2
Prepared to try it out/take action	2
Review relationship regularly/check progress and follow-up	2
Be honest, open and frank – understand information is strictly confidential	1

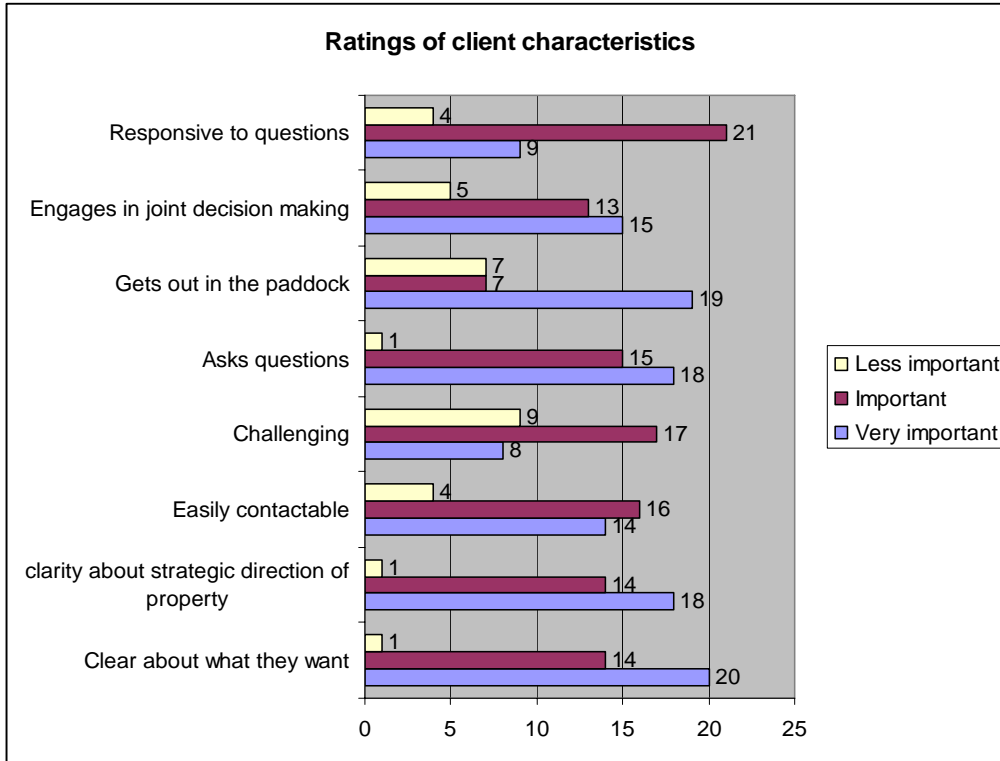
The key factor appears to be a high level of interest and discussion with the consultant to ensure that mutually beneficial outcomes are achieved in the relationship.

How to get the most from your consultant

For you to get the most benefit from your consultant there are a number of preparations and activities that consultants say will help. These include:

- Be organised and prepared for meetings
- Be prepared to challenge and question the advice given
- Provide as much farm/business data as possible
- Be prepared to try it out/take action
- Review the relationship regularly, check progress and follow up
- Be honest, open and frank and understand information is strictly confidential
- Take all technical data and advice and add it to your farm knowledge
- Engage in planning and record keeping to an extent that allows better measurement of farm performance
- Look at recommendations on a whole farm level (business planning work)
- Use consultants for technical input and use retailers for pricing product (agronomy)

The graph over the page shows how important consultants saw different client characteristics as leading to good outcomes. The numbers show the number of consultants who rated this characteristic at the different levels of importance.



The key points about getting the most out of the consultant-client relationship is summarised on the next page. You can use the rankings to review your current relationship with your consultant or to help in establishing a positive relationship with a new consultant.

Consultant Model

Value to Capacity Building

- Provides the one-on-one confidence and technical assistance to integrate learning into specific on-ground situations.
- Provides a sounding board and stimulates further thinking, development and on-going learning.

A guide to assessing the strength of a consultant-client relationship:

Element	Comments	Ranking (1-5 where 1 is fully covered and 5 is not covered)
Client is organised and is clear about what they want.	This is different to 'ad-hoc' visits. It is about having a purpose and goal in-mind.	
The client and consultant negotiate a written 'contract' in terms of time, costs outputs, timeframe.	Written contracts ensure a "business-like" relationship. It provides a basis of assessing how well the relationship has met expectations.	
The client has as much relevant farm business data as possible for review by – and discussion with - the consultant	Decisions are best based on the most up-to-date data available – it maximises the potential value of the time used.	
Both parties see it as a two-way relationship.	It is not just about a consultant 'telling' a client what to do – but a two way flow of information and ideas.	
The client 'walks' around with the 'consultant' and participates in information gathering, analysis and decision-making.	This is about using the time most effectively and maximising the two-way flow of information. Also landholders will be able to draw attention to things easily missed by an occasional visitor.	
The client makes the ultimate decisions themselves.	This is important in terms of litigation. Some consultants are reluctant to "take risks" – but this can be minimised if the client takes the responsibility for decisions made.	
Continues the relationship over time.	There is value in consultants/mentors knowing a situation over-time and hence can make suggestions in context.	

Key areas to cover in a client-consultant agreement

The following areas are suggestions for what could be included in a client-consultant agreement. This could, of course, take many forms and range from a formal contract to a letter of understanding.

The overall enterprise vision

For example:

- A profitable and sustainable farming enterprise providing quality produce in an environmentally sound manner.

Short-term objectives

For example:

- To increase profitability by 10% over three years.
- To incorporate the industry approved Farm Management System into the enterprise with the minimum disruption and maximum effect.

Role of consultant

For example:

- Provide advice on the mix of crops/activities in the property.
- To be involved in an annual planning and review exercise.
- To monitor crop growing and provide advice on fertiliser usage, irrigation and insect control measures.
- Challenge the enterprise manager with new ideas and opportunities.

It is agreed that the role of the consultant is to provide an expert opinion based on his/her experiences and the best technical knowledge available to him/her. The enterprise manager is responsible for making decisions based on this advice and will also draw from other information available to him/her.

Cost and time commitment

For example:

The annual cost of \$XXXX/year will cover:

- Annual one day planning and review meeting – October.
- 5 visits to the enterprise during growing season (approximately 4 hours each).
- Phone discussions as needed during the year.
- Bi-monthly newsletter.

Extra visits or services will be negotiated as needed at \$XXX/hour plus mileage @ XXX/km.

The costs and commitments will be revised on an annual basis.

Role of the enterprise manager

For example:

- Be available on the agreed days to interact with the consultant.
- Provide the consultant with the latest relevant farm figures and crop details.
- Share with the consultant his/her own knowledge and experiences about the farm and up-to-date observations and issues related to crops.
- Provide feedback on decisions made and their outcomes.
- Negotiate any changes in consultant roles and activities.