

Business Analytics **Forum**

See The Future Of Decision Making

3 • 5th 2010

Gold Coast Convention and Exhibition Centre Queensland, Australia



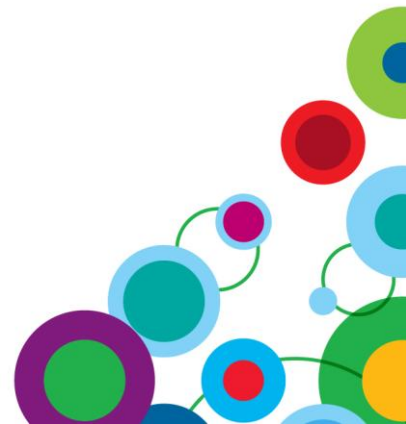
Managing Inventory on 105 paddocks from North Cape to Bluff

Peter Mills
Landcorp Farming Limited



Topics covered

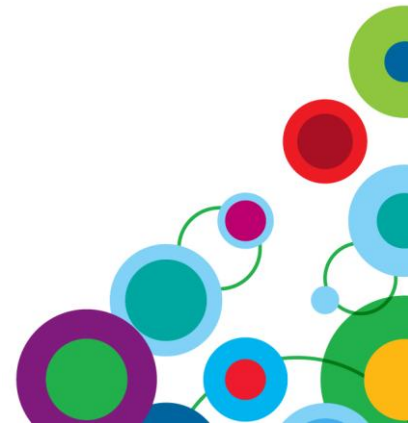
- Introduce Landcorp
- Landcorp's TM1 application
- Business Driver
- Landcorp's inventory
- Internal Market
- Questions





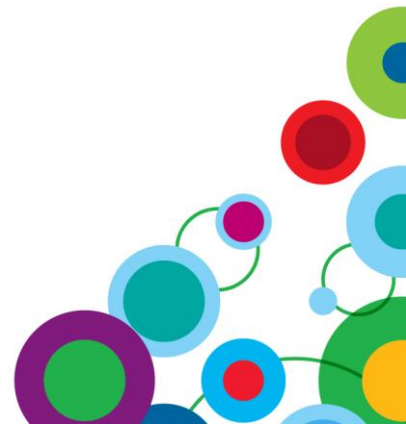
Who are we?

- State Owned Enterprise (group of 4 companies)
- Operate farms from North Cape to Southland
- NZ's largest corporate farmer
- Corporate Office located in Wellington
- Formed in 1987 from Lands and Survey
- Marginal land farmers



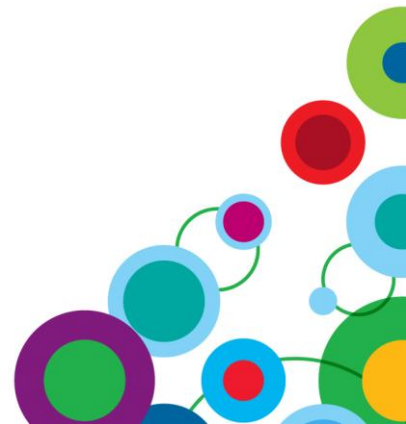
Scale

- Own 167,000 hectares
- Lease 208,000 hectares
- Around 105 farms
- 626,000 Sheep
- 93,000 Beef Cattle
- 40,000 Dairy Cattle (of age)
- 105,000 Deer



Production *(tonnes)*

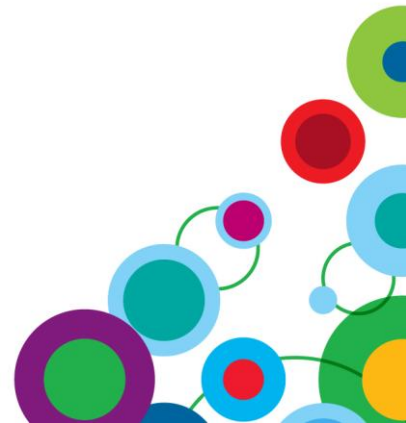
- 11,504 Milk solids
- 2,884 Venison
- 9,639 Sheep meat
- 10,268 Beef
- 2,723 Shorn wool
- 11.5 Velvet





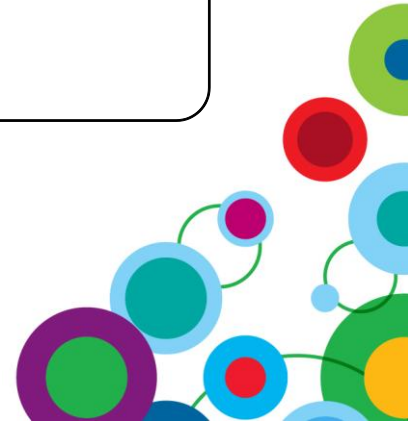
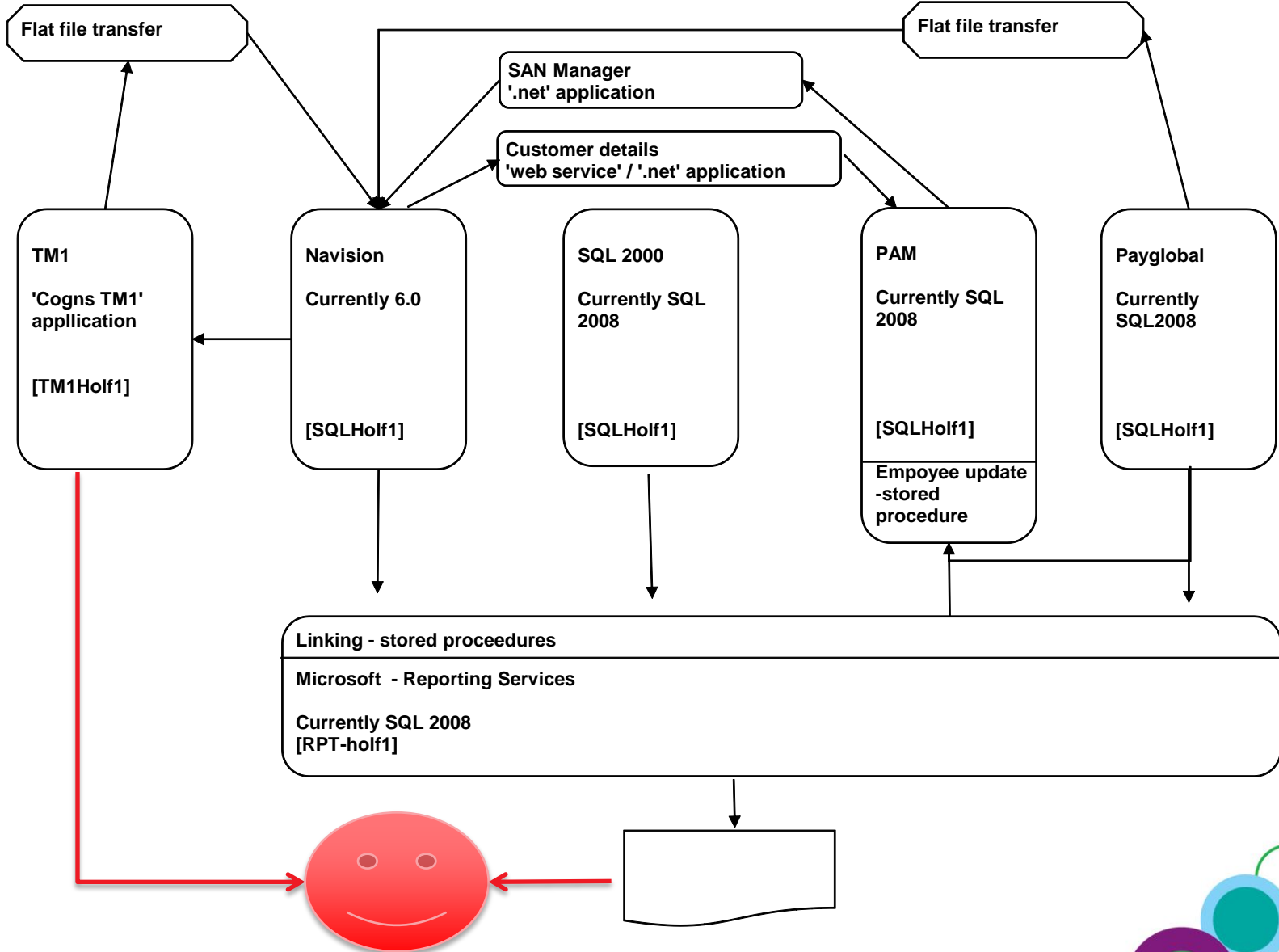
Where does TM1 fit in ?

- 5 years ago Landcorp had 3 offices running three different systems (including payroll financials etc.
- Planning and budgeting was a mix of a Unix systems, MS Access and a whole bunch of spreadsheets.
- Not best practice for a billion \$ business.





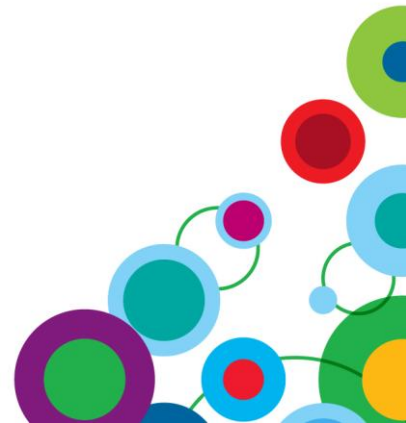
System Overview – user perspective





TM1 fit - continued

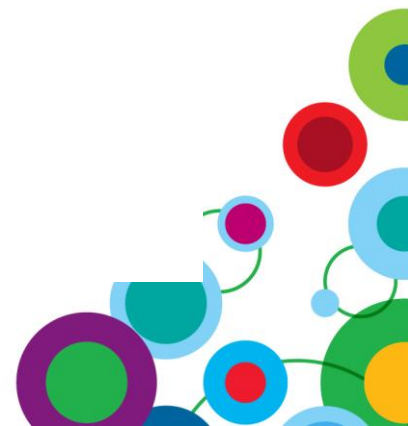
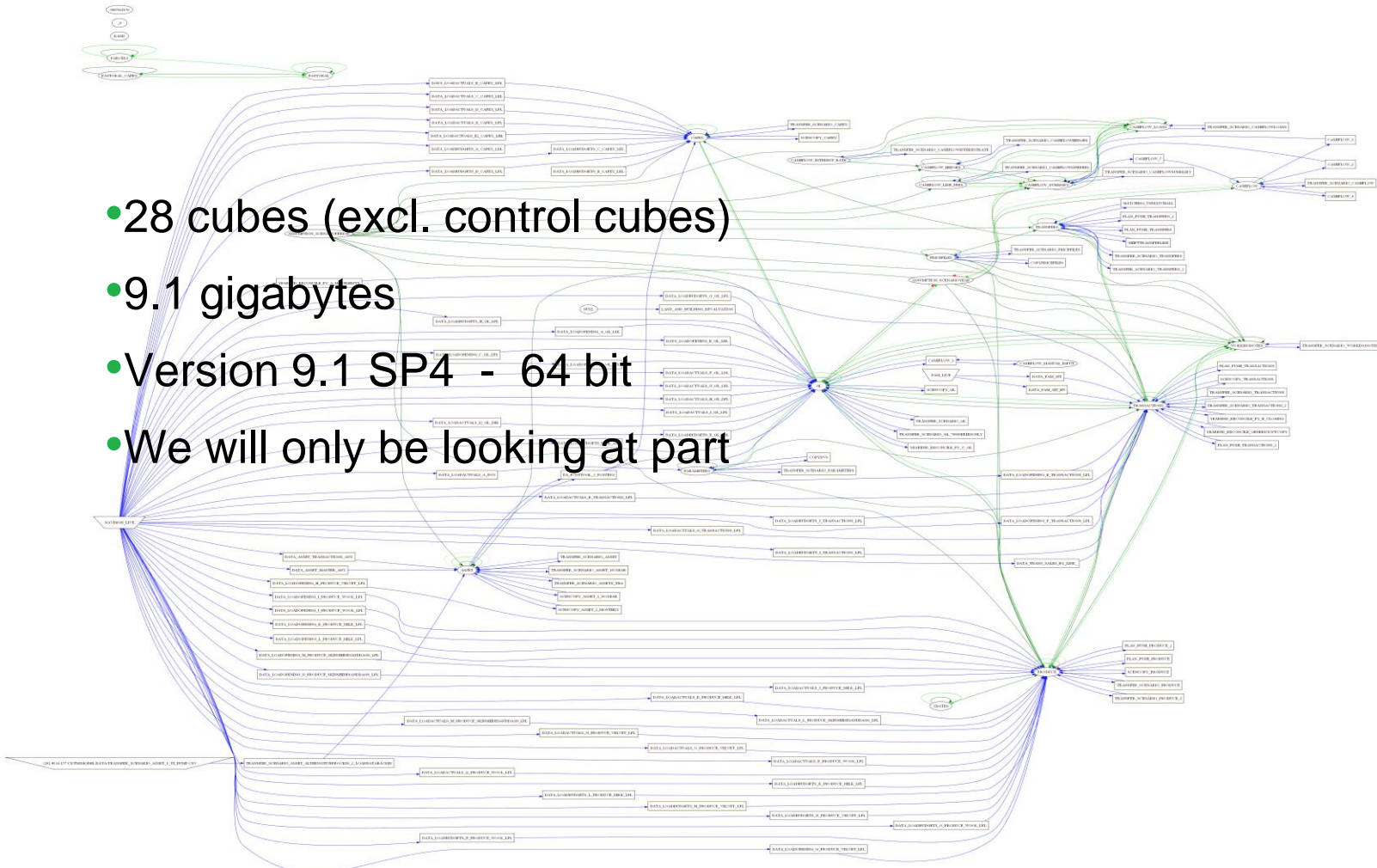
- **Current day**
- Farm information system – perpetual inventory
- Navision – Financials
- Reporting Services – Information dissemination
- TM1 - Business Planning and forecasting





Landcorp's TM1 model

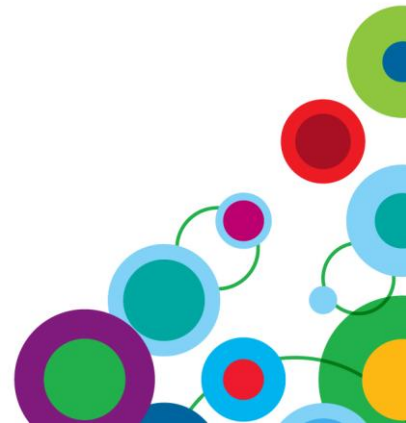
- 28 cubes (excl. control cubes)
- 9.1 gigabytes
- Version 9.1 SP4 - 64 bit
- We will only be looking at part



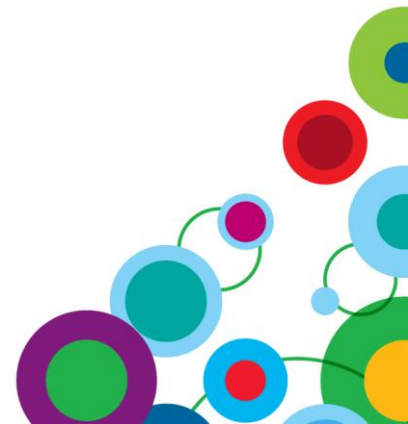


Management Philosophy

- One Farm - 112 paddocks
- Aim – to make best use of scale including geographic and climatic diversity.



From the subtropical to the deep South



Meat the Inventory



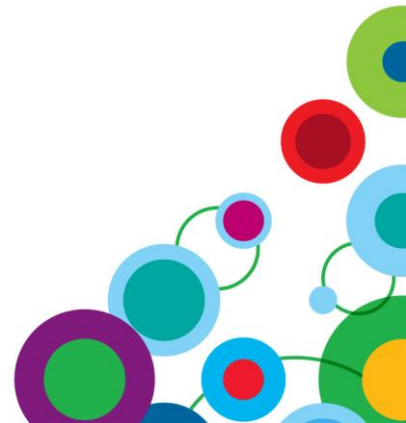






What do farmers grow ?

- Answer – Grass
- Livestock are a means to convert grass into protein.
- However most grass grows in either the spring (3-4 months) or autumn (2-3 months)
- Problem - livestock like to eat year round.
- Solution not all farms experience the same seasons

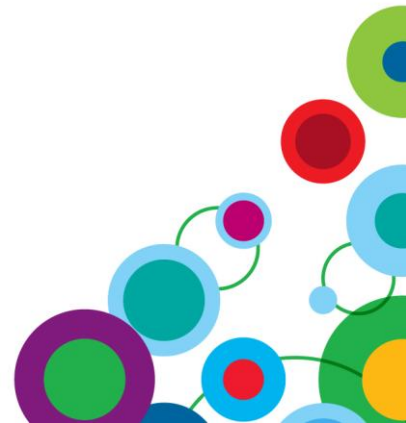




How does Landcorp deal with this?

- Like most farmers we sell surplus stock or
- Time lambing and calving to match seasons
- This does not always work as other farmers are doing the same thing

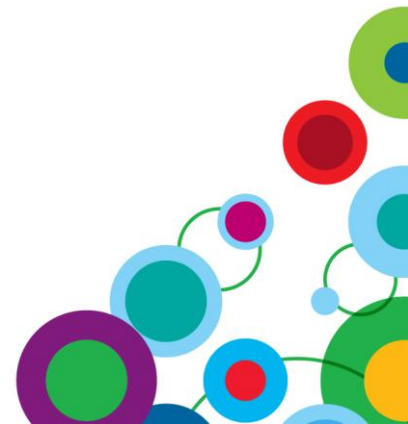
- Solution – arrange internal sales (transfers) in advance (I.e. forecast transactions)





Benefits

- Value added stays within Landcorp
- Take advantage of surplus grass
(if not utilised it actually reduces future production)





Livestock

Landcorp
LANDCORP FARMING LIMITED

Sheep Reconciliation

[Home](#)
[Revenue Menu](#)
[Copy to next Plan Year](#)
[Recalculate](#)

Company: Landcorp Farming Limited
 Business Unit: Rangitaiki Station
 Scenario: Budget Entry
 Year: 2011
 Financial Management Year: Year 1

[Next Year](#)
[Prev Year](#)

Breeding Rates

	Number	Breeding %	Total
Ma Ewes	15,588	140.4	21,886
2th Ewes	6,189	136.5	8,448
Ewe Lambs	1,833	60.0	1,100
Total	23,610	133.1	31,434
Ram Lamb %	0		

Actual	Nat. Incr
Ewe Lambs	0
Wether Lambs	0
Ram Lambs	0

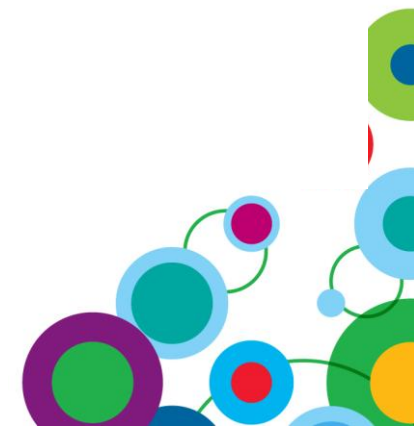
Use Actual

Select Subtype: Sheep
 Select Category: Sheep

Class	Opening LVT	Opening Nos.	Nos. Change	Manual Nos		Purch.	Trans In	Deaths %	Deaths No	KFU	Correcti ons	Sales	Trans Out	Closing Nos	Closing LWT	Stk Unit Weight
				Nat. Incr.	Change											
Ma Ewes	0	16,038	22,444	0		0	0	6.00%	1,347	350	0	3,117	800	16,830	68	1.0
2th Ewes	0	6,406	6,814	0		0	0	2.70%	184	160	0	100	0	6,370	66	1.0
Ewe Lamb/Hoggets	0	6,814	0	0	15,717	0	0	4.50%	707	250	0	2,351	5,409	7,000	50	0.7
Ma Wethers	0	0	0	0		0	0	0.00%	0	0	0	0	0	0	60	0.8
2th Wethers	0	0	3,618	0		0	0	1.00%	36	70	0	3,512	0	0	55	0.8
Wether Lambs/Hoggets	0	3,618	0	0	15,717	0	0	2.50%	393	250	0	8,829	6,245	0	34	0.7
Ma Rams	0	213	263	0		0	0	9.89%	26	80	0	0	0	157	92	0.8
2th Rams	0	50	0	0		0	30	0.00%	0	0	0	0	0	30	75	0.8
Ram Lamb/Hoggets	0	0	0	0	0	0	0	0.00%	0	0	0	0	0	0	34	0.7
Total Sheep		33,139	33,139	0	31,434	0	30	4.17%	2,693	1,160	0	17,909	12,454	30,387		

Stock Unit Summary

Opening SU's	29,957	Opening Kg Lwt	0
Closing SU's	28,250	Closing Kg Lwt	1,931,554
SU Variance	-1,707	kg Lwt Variance	1,931,554





Livestock



Sheep Reconciliation

Home
Revenue Menu
Copy to next Plan Year
Recalculate

Company: Landcorp Farming Limited
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Year: 2011
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Next Year
Prev Year

Breeding Rates

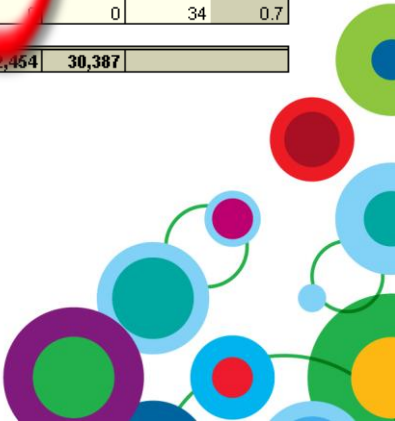
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Total	23,610	133.1	31,434
Ram Lamb %	0		

	Actual	Nat. Incr
Ewe Lambs	0	0
Wether Lambs	0	0
Ram Lambs	0	0

Use Actuals

Select Subtype: Sheep
Select Category: Sheep

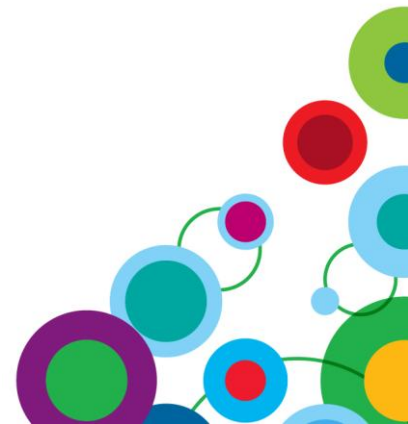
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2th Ewes	0	6,406	6,814	0		0	0	2.70%	184	160	0	100	0	6,370	66	1.0
Ewe Lamb/Hoggets	0	6,814	0	0	15,717	0	0	4.50%	707	250	0	2,350	5,409	7,000	50	0.7
Ma Wethers	0	0	0	0		0	0	0.00%	0	0	0	0	0	0	60	0.8
2th Wethers	0	0	3,618	0		0	0	1.00%	36	70	0	3,510	0	0	55	0.8
Wether Lambs/Hoggets	0	3,618	0	0	15,717	0	0	2.50%	393	250	0	8,820	6,245	0	34	0.7
Ma Rams	0	213	263	0		0	0	9.89%	26	80	0	0	0	157	92	0.8
2th Rams	0	50	0	0		0	30	0.00%	0	0	0	0	0	30	75	0.8
Ram Lamb/Hoggets	0	0	0	0	0	0	0	0.00%	0	0	0	0	0	0	34	0.7
Total Sheep		33,139	33,139	0	31,434	0	30	4.17%	2,693	1,160	0	17,909	12,454	30,387		





Internal Market Place

- What we are doing?
 - Running an internal market place
 - Collective decisions
 - Matching volume, price, quality and quantity



The Market



Landcorp
LANDCORP FARMING LIMITED

Matching Summary

Matching Home

Matching Transactions

Matching Report

Matching Report - By Period

Recalculate

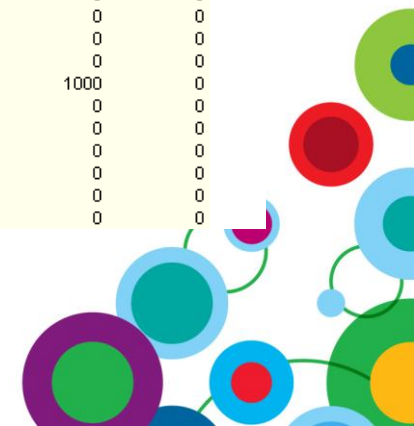
Company: Landcorp Farming Limited
Scenario: Current Year Test
Year: 2012
Stock Class: 1102 - Ewe Lamb/Hoggets
Breed: Unassigned Sheep

Select an island filter and click on recalculate to refresh check list

Island National

		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Kapiro Farm	Out	0	0	0	0	0	500	0	0	0	0	0	0
Oramari Farm	Out	0	0	0	0	0	600	0	0	0	0	0	0
Puketotara Farm	In	0	0	0	0	0	0	0	1300	0	0	0	0
Puketotara Farm	Out	0	0	0	0	0	0	0	0	0	2500	0	0
Rangiputa	In	0	0	0	0	0	0	0	0	0	2000	0	0
Rangiputa	Out	0	0	0	1500	1500	850	0	0	0	0	0	0
Sweetwater Farm	In	60	0	0	0	0	0	0	0	0	0	0	0
Takakuri Farm	Out	0	0	0	0	0	0	1300	0	0	0	0	0
Te Karae Farm	Out	0	0	0	0	0	0	0	1300	0	0	0	0
Te Raite Farm	Out	0	0	0	0	311	814	0	0	0	0	0	0
Titoki Farm	Out	0	0	0	0	0	0	450	0	0	0	0	0
Mangatoa	In	0	0	0	0	0	0	0	825	0	0	0	0
Mangatoa	Out	0	0	0	0	0	0	600	0	1000	1300	0	0
Rangedale Farm	In	0	0	0	0	0	0	0	400	0	0	0	0
Rangedale Farm	Out	0	0	0	0	0	0	1525	0	0	0	0	0
Aratiatia Farm	Out	0	0	0	0	500	1500	750	682	0	0	0	0
Goudies Farm	Out	0	0	0	0	0	0	0	0	600	0	0	0
Huirimu Farm	In	0	0	0	0	0	0	0	0	0	1000	0	0
Rangitaiki Station	Out	0	0	0	0	0	0	0	7200	4057	0	0	0
Mangamawhitiwhiti	Out	0	0	0	0	0	0	0	1000	1000	300	0	0
Mangamingi Farm	Out	0	0	0	0	0	1200	800	0	0	1344	0	0
Ngapouri Farm	In	0	0	0	0	0	400	0	0	0	400	0	0
Ngapouri Farm	Out	0	0	0	0	0	0	130	0	0	0	0	0
Tangimoana Farm	In	0	0	0	0	0	0	2000	0	2000	0	1000	0
Meringa Station	In	0	0	0	1750	2000	2000	1500	0	0	1404	0	0
Te Wharua	In	0	0	0	1500	1500	2000	0	0	0	0	0	0
Rotomahana Farm	In	0	0	0	0	0	0	0	0	450	0	0	0
National Park	Out	0	0	0	0	0	0	0	0	0	1550	0	0
Paeroa Farm	In	0	0	0	0	0	0	0	600	950	0	0	0
Paeroa Farm	Out	0	0	0	0	3225	0	0	0	0	0	0	0

For any given month we need to match supply v's demand



We do this by



Matching Transactions
X

Selections

Company: Landcorp Farming Limited **Year:** 2012 **Breed:** Unassigned Sheep
Scenario: Current Year Test **Livestock:** 1102 - Ewe Lamb/Hoggets

Transfers Out:

Business Unit	Month	#	Farm Other	Number	Avg Live...	Price per...	Price per...	\$Total	Ma...
Kapiro Farm	Dec	1	UnAssigned NI	500	28.00	\$1.95	\$50.00	\$25,000.00	No
Omamari Farm	Dec	1	UnAssigned NI	600	28.00	\$1.95	\$50.00	\$30,000.00	No
Puketotara Farm	Apr	1	UnAssigned NI	2,500	40.00	\$1.88	\$75.00	\$187,500.00	No
Rangiputa	Oct	1	UnAssigned NI	1,500	27.00	\$2.25	\$60.80	\$91,200.00	No
Rangiputa	Nov	1	UnAssigned NI	1,500	27.00	\$2.15	\$58.10	\$87,150.00	No
Rangiputa	Dec	1	UnAssigned NI	850	27.00	\$1.95	\$52.70	\$44,795.00	No
Takakuri Farm	Jan	1	UnAssigned NI	1,300	28.00	\$1.95	\$55.00	\$71,500.00	No
Te Karae Farm	Feb	1	UnAssigned NI	1,300	28.00	\$1.85	\$51.80	\$67,340.00	No
Te Raite Farm	Nov	1	UnAssigned NI	311	25.00	\$2.15	\$53.80	\$16,731.80	No

Transfers In:

Business Unit	Month	#	Farm Other	Nu...	Avg Live...	Price per...	Price per...	\$Total	Ma...
Puketotara Farm	Feb	1	UnAssigned NI	1,300	32.00	\$1.85	\$60.00	\$78,000.00	No
Rangiputa	Apr	1	UnAssigned NI	2,000	35.00	\$1.85	\$70.00	\$140,000.00	No
Sweetwater Farm	Jul	1	UnAssigned NI	60	40.00	\$1.85	\$74.00	\$4,440.00	No
Te Raite Farm	Apr	1	UnAssigned NI		35.00	\$1.85	\$70.00	\$0.00	No
Mangatoa	Feb	1	UnAssigned NI	825	27.00	\$1.85	\$50.00	\$41,250.00	No
Huirimu Farm	Apr	1	UnAssigned NI	1,000	36.00	\$1.85	\$70.00	\$70,000.00	No
Ngapouri Farm	Dec	1	UnAssigned NI	400	27.00	\$1.95	\$50.00	\$20,000.00	No
Tangimoana Farm	Jan	2	UnAssigned NI	2,000	28.00	\$1.95	\$54.60	\$109,200.00	No

Month Filter

Selected Month Only

All Months

Match Status Filter

Show All

Show Matched

Show Unmatched

Island Filter

National

North Island

South Island

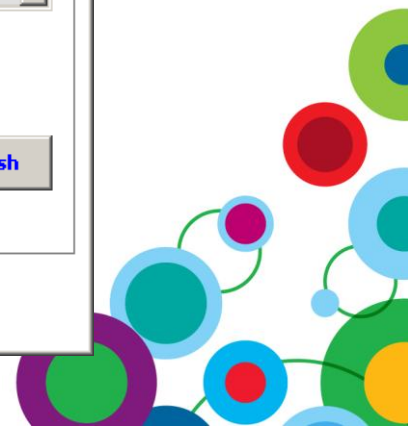
Landcorp Pastoral

Other Filters

All Sires/Replacements

Sires

Replacements



The Market



Match Individual Transaction X

Selections

Year: 2012 **Company:** Landcorp Farming Limited **Breed:** Unassigned Sheep
Scenario: Current Year Test **Livestock:** 1102 - Ewe Lamb/Hoggets

Transfer Out for Puketotara Farm

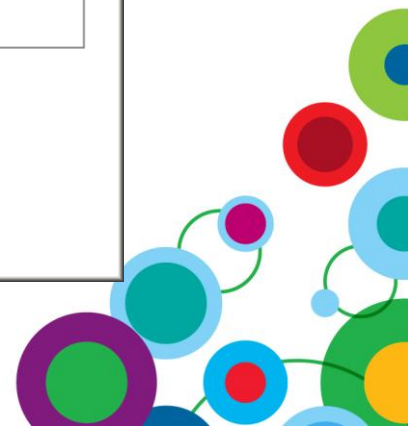
Month	Number	Farm Other	Avg LW	Price per Kg	Price per Head	\$ Total	Rpl	Manual price
Apr	2,500	UnAssigned NI	40.00	\$1.88	\$75.00	\$187,500.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

The resulting transaction will have the following values:

Month	Number	Avg LW	Price per kg	Price per head	Rpl	Man Price?
Apr	2000	35	\$1.85	\$70.00	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Transfer In for Rangiputa

Month	Number	Farm Other	Avg LW	Price per Kg	Price per Head	\$ Total	Rpl	Manual price
Apr	2,000	UnAssigned NI	35.00	\$1.85	\$70.00	\$140,000.0	<input checked="" type="checkbox"/>	<input type="checkbox"/>



What to do with the difference?

Balance Transaction ✕

Transfer Out

There are 500 stock units left to allocate.
Please select from the two options below:

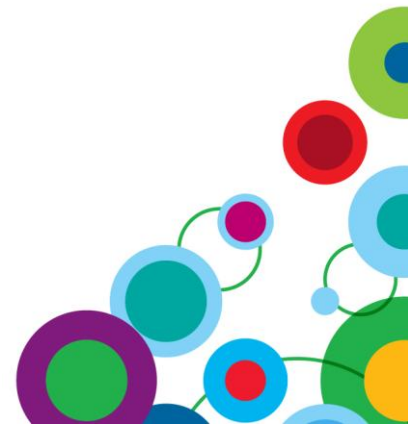
Create New Transfer Out Write off remainder

Transfer In

The are no Transfer In Stock to distribute

Create New Transfer In Write off remainder

Confirm Match **Cancel**





The left over's

Matching Transactions

Selections

Company: Landcorp Farming Limited **Year:** 2012 **Breed:** Unassigned Sheep
Scenario: Current Year Test **Livestock:** 1102 - Ewe Lamb/Hoggets

Transfers Out:

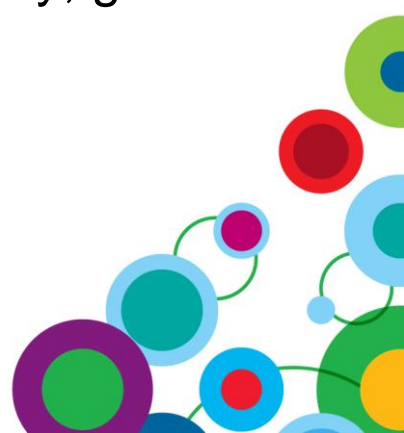
Business Unit	Month	#	Farm Other	Number	Avg Live...	Price per...	Price per...	\$Total	Ma...	
Kapiro Farm	Dec	1	UnAssigned NI	500	28.00	\$1.95	\$50.00	\$25,000.00	No	
Omamari Farm	Dec	1	UnAssigned NI	600	28.00	\$1.95	\$50.00	\$30,000.00	No	
Puketotara Farm	Apr	2	UnAssigned NI	500	40.00	\$1.85	\$70.00	\$35,000.00	No	
Rangiputa	Oct	1	UnAssigned NI	1,500	27.00	\$2.25	\$60.80	\$91,200.00	No	
Rangiputa	Nov	1	UnAssigned NI	1,500	27.00	\$2.15	\$58.10	\$87,150.00	No	
Rangiputa	Dec	1	UnAssigned NI	850	27.00	\$1.95	\$52.70	\$44,795.00	No	
Takakuri Farm	Jan	1	UnAssigned NI	1,300	28.00	\$1.95	\$55.00	\$71,500.00	No	
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Te Raite Farm	Nov	1	UnAssigned NI	311	25.00	\$2.15	\$53.80	\$16,731.80	No	



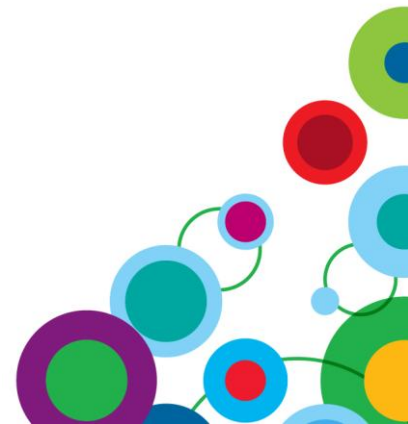


Benefits

- 
- Retention of value within Landcorp

- Year ended June 2010 180,000 dry stock units (non-Dairy) were internally sold/purchased.
 - Extremely conservative financial benefit of say \$10 SU – circa \$2NZD million to income.
 - Which given the need to buy and sell livestock anyway, goes straight to the bottom line
- 

Questions ?



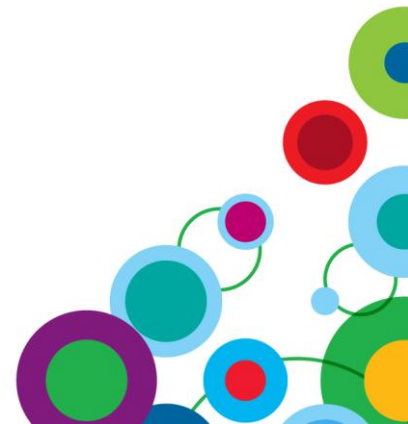
Marginal Land - Before



Marginal Land - After



The End



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www.spss/goldcoast



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