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Tips on Signing Up Your Sharemilker

It's that time of year when many Farm Owners have started to look for new Sharemilkers for next season. Sharemilkers alike have begun the process of considering what their next step should be in the industry. Here are some of the things that we at AgriSpecialists see people do well and maybe not so well when recruiting a Sharemilker into their business. Some of these steps can be major in determining the likely success or failure of the sharemilking relationship.

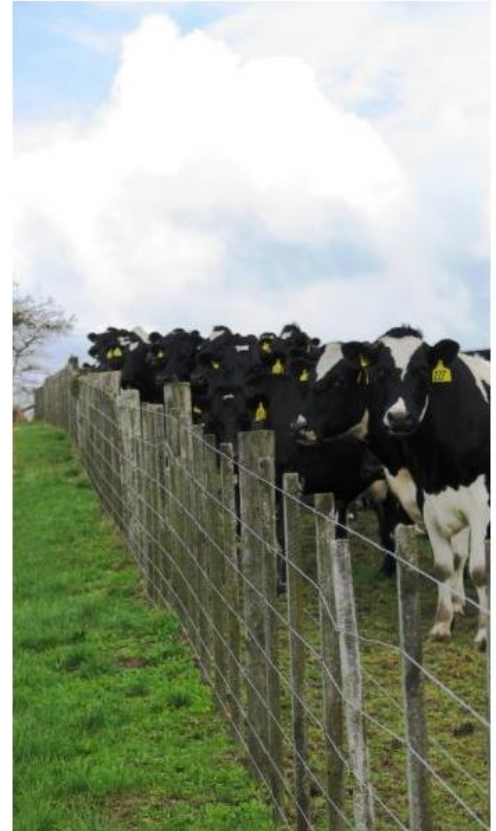
A Like-Minded Business Partner

Sharemilking is a business partnership; a professional relationship. You are seeking a partner with goals that align with your own in terms of business and lifestyle.

- What are your objectives, and what are the attributes your sharemilking partner will have in order to realise these outcomes? A good partner will be someone that you respect professionally, and commonly share similar values and beliefs.
- Importantly, check you are like-minded about those small things that can become the big issues. These issues can undermine the relationship, and overshadow any Sharemilker's actual management abilities. To verify this, many farm owners will meet candidates on their current property for a first interview. Here is where you determine if you really do share common standards.
- Often you will take on a sharemilker for what they know and what they can do. You will most often wish to end a sharemilking relationship for who they are. Attitude is a critical factor for success in any position. Think about what attitudes you want, and then employ only those people; you will have a better relationship and a more successful business.

Get the Key Skills Right

When it comes to choosing a new Sharemilker the more you know, the less you risk. For larger operations we find that the biggest risk lies with one single skill set, and that is the Sharemilker's ability to manage staff.



- Ability to manage staff is the No. 1 skill that will make or break a Sharemilker. We see this over and over again. Where a person's performance may have been exceptional on a 200-300 cow property this will not always translate to a larger farming business where success is fundamentally dependent on the performance of staff. So when recruiting for larger herds (500 cows plus) pitch your questions and referee checks closely around determining a candidate's experience and abilities around hiring, training and managing staff. If you do take on a person with little experience in this area then make sure you put in place systems to support them with people management.
- Another significant issue we come across for many businesses is managing somatic cell count levels. If your herd is in this situation, then make sure your new Sharemilker has a good history in this area in previous roles.

Upfront the "Not-Negotiables"

It is crucial to communicate your objectives and expectations to your prospective sharemilker. It's a time to be honest; up front.

- If you find this type of communication uncomfortable, look at using a third party to facilitate. Your expectations need to be clearly stated, and wherever possible included in the sharemilking agreement. With AgriSpecialists this is where we add significant value to the actual negotiations, and to the future of the on-going sharemilking relationship.
- What are your hot buttons? Now is the time to put them all on the table; for example tidiness, animal welfare, farm safety, record keeping, house maintenance, weed control, machinery care, water leaks etc.
- Agree on what level of input you each expect to have into the farm's strategy, management and day-to-day activities; another area where relationships can come unstuck. For example nitrogen use - does the Farm Owner expect all the N application to be the Sharemilker's responsibility? On larger properties this can be a big task. Cropping, development and general maintenance - each party's responsibilities need to be explicitly stated, especially on larger scale farms.

Check out the Financials

There should be no surprises for either yourself or your Sharemilker around the likely income and expenses associated with the sharemilking position.

- It's a lot easier with today's accounting systems to make actual figures available for budgeting, and in AgriSpecialists we always provide sharemilkers with draft budgets for the positions they are offered. With our templates for Lower Order and Contract positions the numbers are quickly calculated to show likely financial positions under a range of production, payout and percentage scenarios. In this way we can work with both parties to ensure both reality and risks are managed.
- Farm Owners may request a statement of financial position and a cash flow budget from candidates. This is particularly important for larger operations where funding expenditure can be significant over the first few months of the season.
- From a Sharemilker's perspective, it is important to get a complete understanding of what has driven milk production over the past few seasons. Likewise, Farm Owners need to think about how any proposed changes in feed input levels will impact on milk production.

Spend Time over the Agreement

Both parties should be familiar with the standard agreement before they sit down to consider their unique contractual arrangements.

- At AgriSpecialists we go through our agreements with the parties quite meticulously asking the many "What if....?" and "How do you see this working?" questions. All the standard agreements have a lack of detail around a number of areas that are significant to both parties. For example, whether or not calves are reared on wholemilk; and how much milk is taken from the vat to rear calves? Policies between farms will differ around the amount of wholemilk used for calf rearing so your agreement needs to be clear around your expected practices.
- Remember that both parties should take their own independent advice, and there are many people in our farming communities that can also offer their sharemilking knowledge and experiences in an informal capacity.

Formal Reporting and Communication

Regular, formal communication is definitely a part of the most successful sharemilking arrangements. This is the glue that will keep your business relationship on track. Whatever comes up, keeping to the discipline of a regular reporting and meeting schedule pays off.

- The biggest trap around communication is the dependence on only informal day-to-day chat. When things are going smoothly this works alright, and at the start of the relationship this is often all it takes. But what we find is, as soon as things start to go off track people stop the informal talking processes, thus avoiding the issues. This means no communication at all; a big void, with no available mechanism to get the farm concerns back on track. Re-starting the communication then becomes an uncomfortable experience for all.
- Formal, structured meetings need to happen. Make them part of your agreement and stick to it. Using a facilitator for these meetings, like AgriSpecialists, ensures the meetings actually take place once a month, any issues are addressed, and resolution plans put in place.
- Formal, written monthly reporting also serves a purpose more than just the information itself. Make sure this expectation is in your agreement, and it gets talked about when signing up. Be very specific about the information you will require and the frequency of reporting. For example; monthly, due two days before your monthly meeting. At AgriSpecialists we have developed very good Sharemilker reporting templates that we use with all our clients.
- Ensure you ask about a Sharemilker's compliance with formal meeting and reporting requests when undertaking your referee checking.

Where to from Here

Sharemilking agreements are unique farm business arrangements of New Zealand origin. Starting back in the 1880's they are still at the core of our dairy industry's career pathway. Contract, Lower Order and 50:50 arrangements however all have their complexities to work through. Time put in at the front end of the process appears to be one of the keys to a successful sharemilking outcome.

The AgriSpecialists' Team has a great dairying background. We are very much aware of the challenges Farm Owners face engaging new Sharemilkers and managing the sharemilking relationship. If you would like to talk further about any of the ideas we have discussed here, or if you would like assistance with any of your sharemilking processes, do give us a call.

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