

Decision-making made simple

The business of farming is a constant process of making decisions. While decisions are often made on instinct, taking time to thoroughly consider the decisions you face is a highly valuable (and profitable) skill to develop.

Faith Rogers, a Rural Adversity Mental Health Program (RAMHP) Coordinator with Murrumbidgee Local Health District has seen many farmers grapple with making decisions.

"Farming has a lot of moving parts. There's a lot of complexity in terms of scheduling, maintaining equipment, managing resources and looking after stock. As caretakers of the land, they want to treat their property well. They also want to run a profitable enterprise and take care of their families. But in farming, there are so many things people can't control, so it's about following the right processes for their business to make the best decisions possible to get the outcomes they're seeking."

We asked Faith to help us unpack the process of decision making and explore what it takes to master good decision making.

How we make decisions

Choosing a path that provides acceptable reward for acceptable effort at an acceptable amount of risk is at the core of decision-making and sound farm management.

The word acceptable is important here because each individual farmer has to define what acceptable means to them. People make decisions based on their values, goals, biases and personalities, so what is acceptable to one farming business in terms of risks and rewards may not be acceptable to the next.

There are many ways people tackle decision-making but generally it comes down to three approaches (or a combination of these things):



The head

This is the logical approach to decision-making, where information is gathered, analysed and processed rationally.



The heart

This is the emotional aspect of decision-making. It includes a farmer's beliefs, values, fears and preferences. Sometimes these feelings (like a strong connection to the family farm) are deeply entrenched, making it hard to apply other approaches.



The gut

This is intuition, which is shaped by knowledge and prior experience. It usually bypasses rational processes by linking past experiences (good and bad) with the present. Intuitive decisions often "just feel right".

Not all decisions are created equal

Farmers make decisions every day, but not all decisions are the same. Some decisions are easy, with simple information inputs and clear right or wrong answers. More complicated decisions will have an increased number of variables, and while it may not be immediately apparent, there is still generally a right answer.

Complex decisions usually involve the interaction between a number of complicated decisions that require outcomes to be weighed against each other. Generally, when facing complex decisions, we tend to move out of the 'head' and rely increasingly on the 'heart' and 'gut' to arrive at an answer. However, this is really the time when a logical, analytical decision-making process is of greatest benefit.

The personality factor

Of course, the way we tend to make decisions is, in part, determined by our personality and understanding your personality type can help you to identify your behaviour patterns and those of the people around you. And by creating awareness of your preferences and how you automatically react, it is possible to train yourself to do things differently and improve your decision-making skills. Find out what kind of decision-maker you are, try this brief quiz.

The role of stress in decision-making

Some types of stress can be good and lead to favourable outcomes because they sharpen alertness and performance. But persistent stress over time – or chronic stress – can impair the decision-making process and potentially lead to inaction, or poor (and subsequently expensive) decisions being made.

While the ability to manage stress is an individual thing, in a highly complex business such as farming, it can make it difficult to stay top of your game in terms of making productive and profitable decisions.

Stress affects the brain and this has an impact on judgement, planning and behaviour. Memory is affected, as is the ability to regulate emotion.

When stress is a factor, people tend to think in 'all or nothing' terms. They can't see the differences in their circumstances and start catastrophizing, personalising and internalising what's happening around them – thinking 'Everything is ruined', 'Everyone else can get this right' or 'I'm the reason things are this bad'.

How to make better decisions

Along with alleviating the impacts of stress, there are a few things you can do to become a better decision maker on your farm.

- Be prepared. Give yourself time to adequately evaluate the decision you're facing.
- Identify the critical variables in the decision. Don't be distracted by non-critical factors.
- Use the tools you have available. Writing a pros and cons list or using a decision-making matrix can be a useful to 'see' the variables more clearly.
- Listen to 'experts' to inform your thinking, but don't follow them blindly.
- Act as quickly and decisively as possible. It's better to make a near-ideal decision than to analyse a situation to death.
- Remember, sometimes doing nothing is the right decision.
- Have a purpose statement and clearly defined business goals and weigh every decision against these.

Often a purpose statement, outlining why you do what you do and want to achieve can help you stay on track. It's easy to get bogged down in everyday problems and forget the bigger picture. A purpose statement is a reminder of where you're going and provides a focus for our decision making: 'Are my decisions in alignment with my purpose?'

Of course, as life happens and our goals change, remember to review your purpose statement to ensure it's meaningful to where you are now and is still useful in decision making.

Accessing help

While decision making is constant in farming, it pays to remember that you don't always have to face decisions alone. There are a number of people and organisations you can turn to when facing complex decisions, including:

- **Farm Advisory Boards** Farm boards provide a regular, formal meeting process to assist in strategic business management and can be a good platform for discussion and decision-making.
- **Advisors** Increasingly, farmers are turning to advisors with specialist knowledge to help inform their decision. Advisors are a good place to start if you're looking for someone to bring their technical expertise or years of industry experience to the table. Advisors will include accountants, agribusiness specialists, agronomists and those with precision agriculture expertise.
- **Rural Financial Counsellors** Our counsellors provide an excellent sounding board for your ideas and can discuss with you a range of topics including cashflow management, budgeting, goal setting, and analysis business options, all while taking into account your individual situation and circumstances.

If you are experiencing stress, Faith also encourages you to reach out for help.

"If people are chronically stressed or they're developing mental illness, there are avenues of support to lessen those impacts. I would encourage people to start by seeing their GP. Not only are they confidential and can diagnose what's going on, they can also talk through a mental health care plan to ensure people can be subsidised to see psychologist if needed.

"Obviously if things get more serious and people aren't coping, a higher level of intervention is needed present to the emergency department at their local hospital or via telehealth. If the risk is acute, it's best to call 000 for immediate assistance."

To talk through goal setting, purpose statements or improving your decision making, contact RFCS.