

services & information for new landholders



Do you own a small property in rural Victoria?

farm diversification decision making - step 2 observing

This Information Note discusses why observing an activity or industry before you act will help improve your decision.

Observing an idea increases your knowledge, understanding and ability to make a good decision.

By observing an activity you can see if you like the idea and want to learn more and also assess its complexity.

Being able to see and talk to someone else who has already successfully undertaken an idea improves confidence.

Product cycles

Agricultural products, like many other products have life cycles. Some life cycles occur over many years and others may collapse in a relatively short period.

Decisions to invest are improved if people consider the life cycle stage of the product and market. A mature industry that has been developing for many years is highly observable and much information is available.

Investment is easiest the further into the product and market life cycles one starts the new activity.

Ease of observing and what it means

The more people involved in doing an activity, the more observable it becomes. For example, the more product that is produced, the more information is known

about costs, prices, profits and the associated technical, financial and market risks.

The easier a product is to observe, the more knowledge and understanding you can obtain and this will increase your ability to make good decisions.

A new industry will be less observable and there will be more risks.

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Learning from others mistakes

One of the biggest advantages of observing an industry before taking an active part is that you can see what works and ask why. You might even have ideas about how to do things better.

Research your interest area from a wide range of sources. Contact industry organisations, local government agencies, community groups and local landholders for valuable advice.

Questions that arise with observing

The ability to observe a potential investment raises further questions that should be considered in the decision-making process. These decisions need to be balanced with issues of compatibility, complexity and relative advantage discussed in other Information Notes as part of this series.

What to observe to gain advantages for yourself

Look to see if the activities are compatible with your lifestyle, values and interests. Will you be happy carrying out the activities you see? Will you have the time?

Look for practical demonstrations and trials of the industry. The more trials you can visit the more you will learn. Attending field days, open days and exhibitions are strongly recommended. Do not hurry your decision.

Understand how complex the activities involved with a particular industry will be during a typical year and during a difficult year. What happens during dry conditions? How do current participants overcome difficulties and complexities?

During your observations try to identify any resource advantages that you might have.

Further Information

More information on each aspect of this framework is provided in other information notes.

This information note is part of a series that explores five important aspects of decision making: compatibility, observing, trialing, complexity and resource advantage.

This series has been developed and written by Bruce McGregor, Attwood.

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Customer Service Centre on 136 186**

Visit: www.dpi.vic.gov.au/new-landholders

Email: new.landholders@dpi.vic.gov.au