

## **Summary - Case Study 4: Lambda Family**

### ***Business continuing***

***It was a modest start, but with share farming, off farm work and investments...***

In the early 1960's, Eleanor inherited three contiguous paddocks totalling 1,300 hectares (ha). They had no improvements, poor water and the place was infested with rabbits and wattle. In 2016 dollars it was worth about \$700,000. It was battling to run 1,000 DSE.

Matthew and Eleanor Lambda had seven children. Two of them, Allan and George, have purchased and manage the farm business including stock, plant and contracts. The seven children, now middle aged adults, are part of a happy extended family. Six have chosen to retain ownership of family land. One choose to sell their allocated share and this was managed amicably.

Today, Home Farm, situated close to a major rural town with an annual rainfall of 550mm, is the centre of a farming operation which covers 3,293ha of owned land, plus 2,162ha of leased land. Allan and George run in excess of 30,000 DSE and, in addition, trade up to 4,000 prime lambs annually. Concurrently the family has built significant off farm investments. The farming enterprise alone is worth \$20,000,000.

George and Allan own the business and all but the 1,200ha which is jointly owned by them and their siblings. This land is leased by them. Business expansion came in small steps, ensuring that they had livestock ready by leasing, vendor finance and family guarantees.

Matthew and Eleanor set in place four guiding principles and the current generation has added a fifth:

#### **Everyone is expected to work (and work hard):**

*'We were all expected to pitch in and help'*

If any of the children had time on their hands Matthew would ensure that they had something useful to do.

#### **Whatever we have will be divided (absolutely) equally:**

*'The starting point was that family assets would be divided absolutely equally'*

#### **Don't expect to be given money:**

But there is a difference between *'It's up to you'* and *'you're on your own'*. The reality was that there were no free lunches, but if any really needed assistance it was forthcoming.

#### **Invest off farm:**

The primary area of off farm investment, at least initially, was to buy residential land and develop it. That strategy allowed Matthew to get leverage on the investment and add value by doing much of the work.

#### **Be prepared to do a deal:**

This principal of doing business had a subset; which is, *'...and leave something in the deal for the next bloke'*. When Allan and George were working to provide certainty for each other

and their immediate families, they put a deal together which involved swapping land and keeping the houses they lived in. The attitude of give and take allowed them to reach agreement.

**The Future:**

There are mechanisms in place to ensure that if at some future time any do want to sell, that a valuation can be agreed. There are also restrictions on the number of siblings who can sell at any one time, the time between sales, and an agreement that the sales must remain within the family.