

Nuffield Farming Scholarships Trust *Report*
an Oxford Farming Conference Award

**The Motivating Factors in starting a
business and the creation of a
Rural Entrepreneurial Attitude
in the under 30s**

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September 2009

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Dedication

This report is dedicated "to those who are patient and try to understand".

Acknowledgments

I am eternally grateful to those who took the time to share their knowledge and personal experiences with me. I am greatly indebted to my sponsors The Oxford Farming Conference for the trust they placed in me.

Particular thanks must go to my parents for their continuing support in all my endeavours. I would also like to salute my staff team who developed whilst I was away and saw that new opportunities were possible for our business.

Disclaimer

The contents of this report are my own personal views and not necessarily the views of the Nuffield Farming Scholarships Trust or of my sponsor, the Oxford Farming Conference.

I. Background

After studying Rural Estate Management at Seale-Hayne, I undertook a Young Person's Development Programme at the Leadership Trust prior to working and travelling around Australia and New Zealand.

On my return for a family funeral it was clear that many changes had taken place within the local area. The village shop had closed. Foot and Mouth disease had divided the community. Whilst I had enjoyed a glorious 11 months away, events at home had had a devastating impact on our small family farm. My parents and many others had suffered irretrievable financial losses and, to this day, carry mental scars that sadly I and those outside our community will never understand.

The choices open to me were to seek a graduate job away from rural Herefordshire, take up one of the local jobs I had been offered, or re-open the village shop. A cost-benefit analysis led me to open a village store, "Hopes of Longtown", as a sole trader in December 2001.

In 2003 this was developed in partnership with my parents. We formed "Hopes of Longtown", an independent Village Store and Post Office. We moved to permanent premises in May 2004. Funding came from a business flexi loan, the ERDP Rural Enterprise Scheme and the DTi Post Office Capital Fund. I run the retail side of the business, my mother is a sub-office postmistress and my father is now a postman too. The business is nationally recognised under the BiTC Awards Scheme and the Investors in People programme.

Both from my own experiences and in my role as County Chairman of Herefordshire Federation of Young Farmers Clubs it is evident that there are many opportunities available to the next generation if they have the attitude and desire to succeed and/or are given the opportunity to try.



II. My Study Tour

I visited four different countries:

1. **California** - the most productive and agriculturally-varied State in America
2. **New Zealand** - to look at how the dairy industry system allows young entrants to trade up and become a land-owning dairy farmers
3. **Australia** - where access to land is higher but access to water is reducing
4. **Gambia** - to see how developing cultures are different in cultural terms and, consequently, methodology

During the tour I made a conscious decision to avoid contact with the Nuffield Scholar network because I felt this is not truly representative of the average run of rural society and so not appropriate for the subject of my study. The only exception was when I joined the South Australian Nuffield Tour to the Eyre Peninsula.

I will give below some details of my personal experiences in each country:

1. California : Visits and Contacts

(a) Farmers' Markets

Third and Fairfax, Los Angeles. This claims to be America's first and arguably most successful farmers' market. It was started by a businessman, Roger Dahlhjelm, and Fred Buck a young advertising copy writer. The original plans did not entirely work but marketing it via a radio station built a reputation for the freshest produce and it was soon the market of choice for Los Angeles' choosiest shoppers. The temporary market was soon replaced by permanent premises. The brand earned a reputation which made it ripe for expansion.

Organic colostrum is sold in many Californian farmers' markets as a unique product for the health conscious

Capay Organics, a 240-acre fruit and veg growing farm near San Francisco, marketing under the slogan "Farm Fresh to You"

The Knee Deep Cattle Company sells organic beef. Its name - and advertising blurb - leaves a perception that the cattle graze all year round in knee-high grass.

In 1997, [Sue Conley](#) and [Peggy Smith](#) opened [Cowgirl Creamery](#) in Pt. Reyes Station, a picturesque postage-stamp-of-a-town on the coast about an hour north of San Francisco. They started with an old barn, made it beautiful, put in a small plant for making hand-crafted cheese, bought organic milk from the neighbour, Straus Family Creamery and before long the world found them! In fact I'm selling their cheese in Hopes of Longtown!

(b) Announcement of 2007 Farm Bill Proposals

I was present when this was announced to a roomful of farmers and FFA members. All stood and saluted the national flag. The actual announcement was confusing and would need senate support to ratify. The following areas were relevant to entrants into agriculture but whether or not it would actually be useful to them I was not able to establish:

- Loans targeted to beginning and socially disadvantaged farmers
- Beginning farmer and rancher down payment loan program
- FSA Direct Loan Limits.

The Bill also covered provisions for rural development and increased funding for programs to enhance rural health care and other public services vital to rural communities - including such topics as "quality of life" for residents. The Bill included \$1.6 billion in guaranteed loans to complete the rehabilitation of more than 1,200 current rural Critical Access Hospitals. It also included \$500 million to reduce the backlog of rural infrastructure projects such as water and waste disposal loans and grants.

One quote from the bill which resonated with me stated: *"We also need a farm policy that addresses the challenges faced by rural communities. To remain competitive and productive, farmers and our rural neighbours need access to 21st century broadband (and) ..rural communities face challenges to hold on to the businesses and services for the next generation".*

But, I wondered, would the commitment to rural America upset world grain prices? The administration's Farm Bill proposals include more than \$1.6 billion in new renewable energy funding and targets programs towards cellulose/ethanol projects. These proposals advance renewable energy and build upon Farm Bill energy programs.

(c) California Nutrition Network - for Healthy, Active Families

It was amazing to see the Network - which does not include farmers - discuss four clear policies for fruit & vegetables, physical activity, food security and chronic disease prevention.

Their approach for attitude was, top down, as follows:

Primary targets:

Internal culture
Intermediaries
Consumers

Secondary targets:

Policy makers
Executive Branch
Advocates
Media
Government Partners

But for **change (i.e. action)** the approach was grass roots:

Community development
Consumer empowerment
Partnerships
Environmental change
Media advocacy

(d) Post Office

When queuing to send items home I met a music producer and realised how fast the industry and its profitability has changed. Technology has advanced so fast that no one needs to actually purchase records/CDs, the cash line of the music industry. Music tracks can be copied with exceptional quality and transferred quickly and easily. With increasing access to the internet and ever-improving connection speeds, tracks can go worldwide within seconds with no traceable profit. The producer's prediction as a shrinking industry and more live performances by artistes as a way of earning money.

(e) Sara Mora, Young Farmers & Ranchers

This organisation was similar to many organisations for land owning youth. Sitting in on a meeting I could see there was a clear divide between those who can and those who just do what their parents had done. The sad aspect of this particular meeting was that the Chairman had not learned how to carry out his role.

California : My Conclusions

- The vast expanse of land and variety of crops produced in California surprised me. The shock came when I found individual crop producing farmers who did not in any way share or cooperate with their neighbours. This business model usually had nowhere to expand and did not create opportunities for new entrants as day to day work and management changed very little.
- However at the other end of the spectrum I found colostrum being sold for health benefits in a Los Angeles Farmers' Market. The vendors were aware of current market forces and shared part of the business. Finance for change still came in the main from traditional sources from an older generation or via family donations.
- When schools have gardens children learn where food comes from and how it is grown. A movement for food to be grown and eaten on school premises arose as a result of individual people being highly proactive in changing educational agendas; it was not a government initiative.

2. New Zealand : Visits and Contacts

(a) Richard Spittle - Chief Manager Strategy & Operations Rural Banking, ASB Bank

Richard confirmed that the progression from share farming into freehold land ownership was increasingly difficult, principally because of the price of livestock in relation to the price of land and the profit achievable. He predicted that equity partnerships would become the agreed pinnacle of shared ownership for many.

(b) Logan Strathallan Holsteins

The family farm is a 300-acre dairy unit but they had recently purchased a further 640 acres as they felt it was the only way to expand. They didn't want so much land but it adjoined their farm and they felt buying it was the only sensible option. They had 20 days to put in a new parlour. It was very home made and potentially illegal and definitely involved bending the rules. But it confirmed that the entrepreneurial spirit in Logan was strong.

(c) Ian & Rosie Morten, Orari Estate

This was family farming without emotional attachment to the land but with lots of understanding of people. Ian and Rosie offered lifestyle and opportunity to everyone who wanted to work there. Their children were discouraged but not prevented from going into farming. Ian had worked away from the industry but had later returned to give direction to his family's farm. His mission was to get individuals to understand farming's most important resource, water. Irrigation is a defining factor in grass management and the profitability of a dairy herd. There was no capital gains tax for farmers in New Zealand but their dollar needs to weaken to create/keep external investment for a stable economy.

(d) Graham & Sarah Pennington

The Penningtons were an English couple who had emigrated after carrying out a cost/benefit analysis and realising they would have more opportunities of owning a smallholding and both working off farm than they would if they stayed in the UK.

(e) Nicola Holmes, Organiser of RLDP

The Rural Leadership Development Programme (RLDP) was initiated by the New Zealand Young Farmers Organisation and developed over a period of time in 2003-4. In early 2005 it was accredited by the New Zealand Qualifications Authority as a Level 3 Course. Taratahi Agricultural Training Centre based near Masterton, in the Wairarapa, manage the interface with the Ministry of Education and both bodies combine over funding and moderating the RLDP.

(f) Ben Todhunter

Ben specialises in one-person sheep handling systems and monitors his family business based on return on capital invested.

See next page for my Conclusions from my visit to New Zealand

New Zealand : My Conclusions

- This is a land of opportunity for young person who wishes to progress from being a farm worker to a contract milker, share farmer and ultimately farm owner.
- Land prices have soared but livestock prices have not kept pace. Consequently the route to owning your own farm via working in the dairy industry no longer seems viable. Equity partnership agreements which recognise the employee's hard work and show it on the balance sheet seem to be the next best option.
- It came as quite a shock to me to find that water was in some cases the deciding factor for profitability in a dairy enterprise.
- One consistent factor for successful family mixed farming partnerships is that one of the partners will work away from the farm. For example the younger generation will work off farm to acquire capital to put the business in a better position for expansion. Alternatively the senior generation might take up an external advisory role, using their years of experience to benefit others, which could at the same time top up their pension plan.

3. Australia : Visits and Contacts

(a) Jamie Snell, 2007 Australian Nuffield Scholar

Jamie said "At the end of the day, we are not limited by what we know, but rather by what we don't know".

(b) Sally Oatey & Jennifer Medway, Industry Partnerships Programme, Australian Department of Agriculture, Fisheries and Forestry.

(c) Andrew Watson - Australian Cotton Centre

(d) My visit to this superb resource was fantastic. It is an interactive centre to explain how cotton is produced and harvested, and passes on a fund of knowledge on the complexities of growing the crop.

(e) Future Farmers Network

I was impressed with their mission statement: *"To prepare young people for the challenges they face as they pursue a career in the rural sector. To do this we will work with others to encourage and provide opportunities for young people to participate in personal and professional skill development"*.

(f) Jane Bennett of Ashgrove Cheese

Jane is very much part of a "can-do attitude" family enterprise, and possesses a level of determination and energy I could only dream of! In 1997 she was awarded the ABC Radio Australian Rural Woman of the Year, which led to Jane being invited to sit on the Telecommunications Service Inquiry.

Australia : My Conclusions

- Agriculture is seen as an important sector of the GDP.
- Courses available to the industry reflected the importance of agriculture to the community. Courses were in line with those for other industries in terms of the career progression offered and the continuous professional skill development.
- As I had expected, water was high on the agenda. The solution will be for everyone to use less, whether growing a crop, brushing one's teeth, or ceasing to wash one's car.

4. Gambia : Visits and Contacts

(a) Njawara Agricultural Training Centre

This training centre ran a 9-month course which was taught in 3 x 3-month segments. The middle segment was spent by the students working on their own land. The prerequisite for attending the course

was that the student had his/her own land, often gifted from the community and not purchased.

(b) Gambia is Good (GIG)

This is a project to get Gambian produce into European hotel kitchens for a premium price as opposed to the latter using produce from EU countries. The 2 key factors for success were (a) that products be of comparable standard to EU material and (b) collection and delivery in refrigerated vehicles because the temperature in Gambia is so high.

(c) Advocacy Workshop - run by Katie Jefferson

I learned the definition of Advocacy: "*Advocacy is a deliberate process in support of a course or action, informed and endorsed by our partners, with the aim of influencing attitudes, practices and policies of others, in order to bring about positive change for the communities we work in*".

(d) IEC (Information Education Communication) and Community Mobilisation are organisations which influence people into action. Advocacy, on the other hand, involves the same actions, but is a means of persuading **influential** people to change.

Gambia : My Conclusions

- I admired their simple systems - although these were not necessarily suitable for other countries. For example you could only go to agricultural college when you had land. The nine-month agricultural course included three months "placement on your own land" and this was spent preparing the property for seeding when the student finally returned home.
- Perception of the purchaser is always paramount. What a customer "feels" to have taken place is more important than what has actually taken place.

III. Starting a Rural Business

In the previous chapter I outlined my study tour and attempted to give a flavour of the many and varied people, organisations and enterprises I encountered in my travels.

Drawing together all these observations, marrying them with reading and study I had undertaken within the UK, and then adding in my personal experiences, I now venture to offer my own suggestions as to the essential qualities for a young person wishing to start up a rural business. These are as follows:

1. Confidence

Confidence is displayed in many different guises. In the context of this report it is the first step to "creating the attitude", taking the chance, and deciding to research one's own ideas for starting a business.

Confidence can be the ability to stand in front of a large audience without shaking. It is also the ability to sit and dream of where you want to be and what you want to achieve in life and actually believe you can do it. This is self confidence.

I find it much easier to talk to audiences about things that *have* happened and what I *have* done as opposed to sharing what I *believe* I could do and achieve.

When I self-analyse I realise I am confident but not self-confident. This is probably why my business has not expanded in the last three years. I have lacked the self-confidence to grow it. This same lack of self confidence has also been the stumbling block to completing other projects in my life.

2. Attitude

Attitude is defined as : "*way of regarding; considered and permanent disposition or reaction (to person or thing); posture of body; position of aircraft etc. relative to given points*".

An attitude can be positive or negative. The mindset will make the difference in how individuals see the barriers listed in the chart on the next page.

Having a negative attitude is not a limiting factor to success. It can provide the necessary level of reality to a dream making it possible to bring it to fruition.

In a team every member has a role to play. However in a family business context the generation split of positive and negative attitudes is usually predictable and mostly a disadvantage. I frequently heard "My Mum/Grandfather/Auntie won't let me", or "My son/niece doesn't have any drive". I see this as a communication breakdown. The explanation of "You can't do that because I tried it ten years ago and the yield dropped 20%" or the failure to involve the younger generation in decision making precludes them from having the necessary drive for the business and its future. A solution to this is in the communication *pattern* within individual families. In my own case my mum is not my mum in the business context. She is my business partner with experience who just happens to be my mum.

But this attitude of being determined to succeed cannot be achieved unless confidence is present.

The best models I have seen consist of a shared vision within the generations, with confidence and both positive and negative attitudes present.

3. Barriers

There are inevitably many barriers to overcome when starting up a business. These barriers are not exclusively related to the commercial activity - factors affecting personal life can be no less important. But in each case the way these constraints are approached is affected by the attitude of the would-be entrepreneur. The chart below suggests how negative and positive thinking would respond to certain situations:

Common Business Barriers	Negative Attitude	Positive Attitude
Access to Information	Information is too hard to find and it is not written in a language I understand, I will give up.	I don't understand this, I will ask someone to explain it to me.
Finance	I don't have enough money, I won't do it. Only people who inherit money start new businesses.	I will need to review project costs and look into getting a business loan and it may fit a funding project criteria.
Business premises	The only spare building in the area is too cold to work in and I can't get planning permission for a new building.	I could use a portacabin and see how profitable the business is and budget for building premises and show a business need to planners.
Skilled Staff	I will have to pay for so much training to get my workforce properly skilled.	I will get the family to muck in, it will be fine.

Internet connection	I don't use the internet it is too slow.	Dial up connection is so slow, I will ask the neighbours if broadband is any better.
Common Personal Barriers/Problems	Negative Attitude	Positive Attitude
Housing	I don't want to live with Mum & Dad and I can't afford to buy a house. I will have to rent and lose money.	I will rent a flat and find an area I want to live in and it will be cheaper than paying a mortgage and travelling expenses.
Family & Friends	I always play pool on a Tuesday & football on a Wednesday I can't work days & evenings.	Luckily my friends know how important this is to me and understand that I can't play every week.
Advisors	My advisor says I can't make that much profit my sales & marketing figures are too high.	I believe I can make a profit after three months, my advisor says I can't. I will need to get a second opinion.
Time	I will never have any time to do what I want to do.	I love being busy. Sitting still is no fun.
Failure	I can't do it because I will fail and have lots of debt or not earn enough money.	My idea may not work, I will try for three years and if I am not earning £30k a year I am going to stop and try a new career

4. Dare to dream and write down what you want

Dreams and business can make a risky combination! But you must take time to sit down and think your plan through very carefully. Then, even better, take time to write it down in equal detail.

- First step (always the worst) is writing down your business idea - and it takes confidence to do that.
- Second step is the self confidence to change a business idea into a business proposal that could work on paper.
- Third step is to recognise that your attitude to the business proposal will affect its ultimate direction.
- Fourth step is recognising any barriers and deciding whether the business proposal could be restructured to surmount them. Alternatively accept that you cannot follow your dream unless the identified barriers change.

IV. Creating a Rural Entrepreneurial Attitude

1. Entrepreneurial characteristics

An entrepreneur is an individual who seeks to capitalise on new and profitable endeavours within an existing business or enterprise, usually with considerable initiative and personal risk, or a self belief they can do it better.

Without individuals taking the initiative and risk, no one is pushing the industry barriers, finding new markets, or changing customer perceptions. An entrepreneurial attitude to change and a desire to be the market leader is needed in every industry. However this does not necessarily lead to financial success for the individual concerned.

The desire to push boundaries and experiment can only come from self confidence and a belief in one's own abilities or understanding: or it arises from a set of circumstances which create an opportunity.

The risk in entrepreneurial activity is demonstrated in this quote: *"The early bird gets the worm but the second mouse always has the cheese"*.

One theory is that entrepreneurs are born and not made. However education creates the ability to understand a set of circumstances (e.g. solve a problem, create a solution). Equally, circumstances creating an opportunity are managed by someone or created by someone. If we want an industry to invigorate itself then a combination of opportunities needs to be available to any individuals in a position to take advantage of them, and these individuals need the necessary self confidence to proceed.

The defining factor enabling an entrepreneur to become active rather than just day dreaming is the self confidence to "have a go" and make a leap of faith. The actual decision can either be based on judgment or is the "last chance saloon" reaction to a crisis situation.

2. Informal support network/community

Communities advantaged by physical circumstances, good organisations and interest groups, will almost always have leaders who will steer would-

be young entrepreneurs to make or seek a change. Such changes would be protected by the community "umbrella".

Under-30s are often unaware of how their informal support networks and/or communities protect and encourage them. A community of support is essential in the three fields mentioned in the paragraph above: physical geography, membership organisations and interest groups. It is this support that provides the incubus for a rural entrepreneurial attitude to develop.

I will enlarge on these three fields:

Physical geography

An individual may benefit from being in the right place/location for the chosen area of activity. For example:

- If you wanted to be a meat processor, being situated next to a road network would be highly advantageous for delivery and distribution of goods.
- A community may be of an older age group and possessing large gardens, and therefore may be a perfect starting location for setting up a lawn mower enterprise.

External experiences which take the under-30 away from his/her normal comfort zone are essential for success. These could be as disparate as Tall Ships sailing, the Kellogg Foundation Course in New Zealand, or an autumn seminar with Rural Youth Europe. The requirement is a different location and course content to challenge what you know.

Membership organisations and interest groups

The definition of a membership organisation is where a fee is paid to join, and membership is based around an activity and there is social content as well.

- Being a member of the NFU permits access to technical support not available in one's local area
- NFYFC offers individuals the chance to run a club. This is in effect like running a mini-business, and offers a chance to learn the admin skills needed to start a business.
- Rugby clubs take members away from their working environment and provide an escape route for excess energy! Sporting activity provides informal learning for young people in the more academic professions.

3. Formal Education

The education system in England and Wales is divided into four sectors : Primary, Secondary, Further Education and Higher Education. Children must attend school for at least 11 years between the ages of 5 and 16, covering both Primary and Secondary Education. During this period they will receive full-time education suited to their age, ability, aptitude and special educational needs. Most pupils transfer to secondary school at the age of 11.

Under the National Curriculum there are four Key Stages to education :

Key Stage 1	5-7 year olds
Key Stage 2	7-11 year olds
Key Stage 3	11-14 year olds
Key Stage 4	14-16 year olds

Key Stage 4 is assessed by GCSE examinations after which pupils can decide whether to continue with further education at school or college, or to begin employment.

Anecdotal evidence suggests career advice has generally not encouraged pupils into straight agriculture, horticulture or forestry. Instead students are encouraged into agri-business which has been seen as offering more profitable long term career options.

While some specific schools offer animal sciences, the new more practical diplomas (for 14-19 year olds alongside GCSE education and with the option to upgrade to A level equivalent status), mandatory from 2013 at all secondary schools, will offer Land & Environment diplomas with land based partnerships (Schools and land based industry). *This is the only topic area that will potentially cover rural issues.*

Whilst industry has been consulted on the development of these diplomas, I do wonder whether these mandatory requirements will ever, in fact, come into effect in 2013. The necessary educational resources will be sited too far away from many secondary schools for them to be able to offer the subject.

Further and higher education seems to be developing with new courses emerging annually. For example Harper Adams' BSc in Rural Business Enterprise. This is a course that seeks to develop a student's entrepreneurial knowledge and skills so that graduates will feel confident to start their own business or to find employment in a small or medium sized business operating in the rural sector. It is designed to provide a practical overview of the processes that a new start-up business will need to negotiate. It will explore a range of business themes including finance, sales and marketing, managing people and business strategy. Within the rural economy a huge range of opportunities exist for entrepreneurs.

These include retailing, consultancy, leisure and tourism, marketing, processing/manufacturing etc. It is anticipated that many graduates will wish to launch their own business after completing their studies and/or after gaining further experience within their chosen sector.

V. The Motivation for Creating a Rural Entrepreneurial Attitude in the under 30s, together with Supporting Organisations

1. Motivation

The experience I gained in my Study Tour indicates strongly that there are two basic forces that drive an entrepreneurial attitude.

Where failure is not an option the realisation that one is in the last chance saloon will motivate a change of direction, or a diversification from the main business.

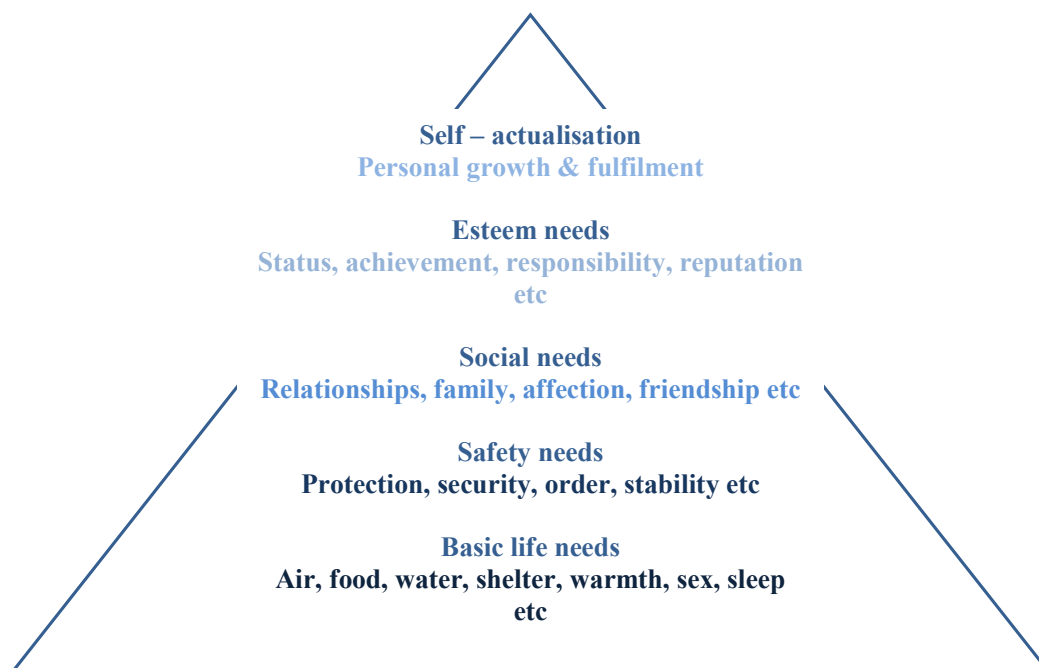
Individuals who desire to be the best and most successful, often regardless of the cost, are very much risk takers. But they learn from mistakes and such people after bankruptcy would rise again and become market leaders. An excellent example would be William Chase, founder of Tyrrells.

Maslow, an American psychologist (1908-1970), is generally considered the founder of humanistic psychology. He has summarised mankind's needs into the following hierarchy:

Basic needs	- food, shelter, sleep etc
Security	- protection, order, limits, stability etc
Social needs	- family, affection, relationships, work group etc
Status	- achievement, responsibility, reputation etc.
Self fulfilment	- personal growth and fulfilment

The entrepreneurial attitude is found in people to whom the higher end of this hierarchy is most important.

The above needs are charted in diagrammatic form on the next page:



2. Organisations

I now quote a list of organisations and schemes available in the UK to assist in the creation of a rural entrepreneurial attitude: and/or they will create a first experience for an urban based person to be inspired to find out more.

Organisation	Schemes	Role
Fresh Start	Fresh Start Academies	An industry led initiative to encourage new entrants into farming, highlight opportunities in agriculture and to facilitate the meeting with established farmers to think how they can develop their business in the future.
Slow Food Youth Movement	Membership organisation linked to Slow Food UK	Membership of the Youth Food Movement is open to every person who wants to take action to fix the broken food system we're inheriting. "Youth" is not an age requirement; it's a conscious response to the culture in which a generation of young people is coming of age.
Commission for Rural Communities	Rural Advocate	Established in April 2005 it became an independent body on 1 October 2006, following the enactment of the NERC Act. Its

(CRC)	Expert advisor Independent Watchdog	role is to provide well-informed, independent advice to government and ensure that policies reflect the real needs of people living and working in rural England, with a particular focus on tackling disadvantage. For example the CRC's 2007 State of the Countryside Report indicates nearly 400,000 fewer people in the 15 - 29 age range living in rural areas than 20 years ago.
Business Link	Business support	A support service for all stages of business, a good starting point to consider all topics for starting a business. They produce two very good basic guides: Starting you own new business and Running your own new business
WiRE	Opening Doors	Offers business support to women. Research by Izzy Warren-Smith showed a significant number of farm diversifications were established by women. This specific programme available in the West Midlands aims to help women gain the confidence, knowledge, support and skills needed to start up new businesses at convenient locations & times, through structured support. It seeks to overcome barriers such as rural isolation and not being taken seriously.
National Trust	The Skills & Training for Rural Business Project	This three-year project (2006 - 2009) is aimed at the Trust's 2,000 tenant farmers, new entrants to farming and the Trust's pioneering farm advisory network. It is designed to deliver integrated skills development and vocational training across the organisation. One important element of the project has focused on helping new entrants to farming.
National Federation of Young Farmers Clubs (NFYFC)		NFYFC is the head body of 659 Young Farmers' Clubs located throughout England and Wales, dedicated to providing a framework within which its clubs can provide young people aged 10-26 with a wealth of new experiences and opportunities. These include personal development and training opportunities that enable members to learn an array of new skills, take part in a varied competitions programme, get involved with the local community, have a voice on rural issues, travel abroad and enjoy a dynamic social life.
Year of Food & Farming & Think Food & Farming		Think Food and Farming is the follow on from the Year of Food and Farming and aims to get every school child to visit a farm. The legacy is for children to have memorable first hand experiences of farming to inspire the next generation not connected to the land.
Shell Live Wire	Support & Celebration of Enterprise	Annually Shell organises local, regional and national rounds celebrating achievements of business start ups by young people. It is supported by an online free mentoring service to those thinking of starting or having started a new business in the 16 - 30 year old age range.

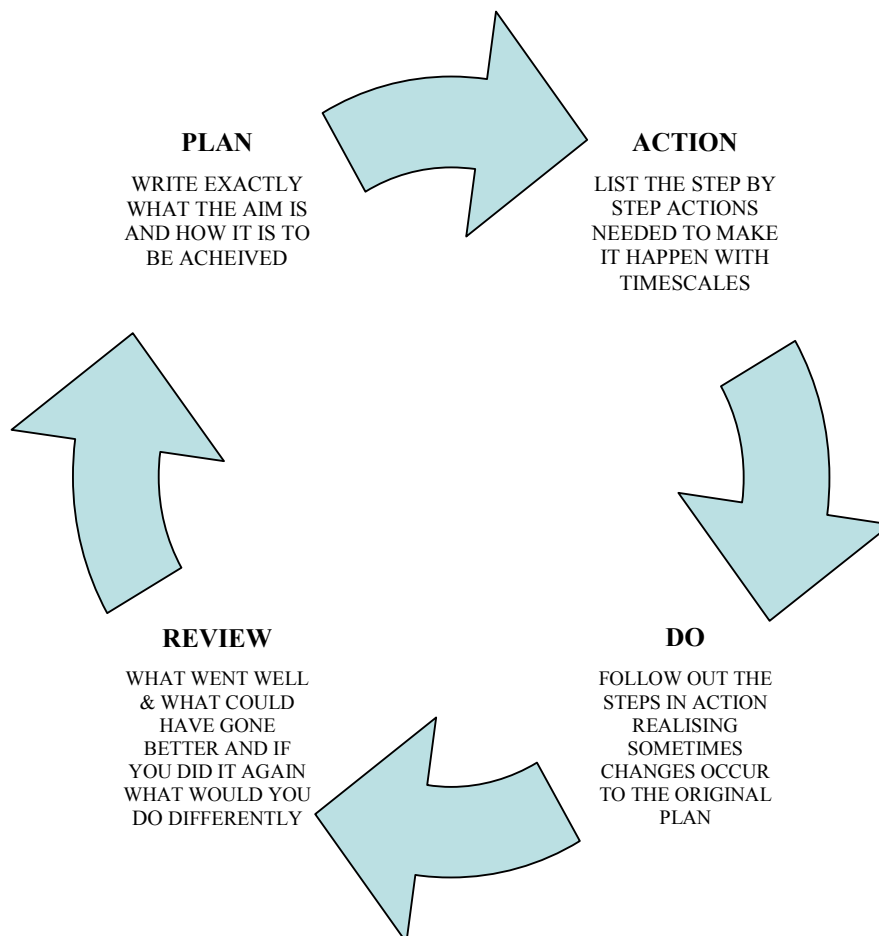
Young Enterprise	Annual competition / school training days	Offers a range of programmes, based on the principle of Learning by Doing, which brings volunteers from business into the classroom to work with teachers and students. Some programmes enable students to start and run their own company. Others use games, hands-on activities and role play to develop skills and capabilities for business and enterprise.
Herefordshire Council Smallholdings	Smallholding Review June 2008	Over the next decade the council aims to restructure its portfolio of small holdings into more profitable units and to split them into starter and progression farms recognising that tenants constantly need to improve and be given the chance to expand.
National Farmers Union	Student membership NFU YFC membership	The NFU champions British farming and provides professional representation and services to its farmer and grower members. Its membership is free to all full time and part time agricultural, horticultural, land-based or related course students at university or college. Free membership to YFC members aged between 16-21. On reaching 21, YFC members can continue membership for 2 years at the special price of just £10.
Community Supported Agriculture (CSA)		Is a social enterprise model that is based on an approach of mutual support through a producer-consumer partnership. CSA offers an innovative business approach where a food or farm enterprise has members who own 'shares' in the harvest and therefore also share in the risk. CSA enterprises range from allotments on farms to sponsoring apple trees (a community making an agreement in advance to purchase a particular crop from a producer, the community members making regular input of labour) to the purchase of land or related holdings, or renting land and employing the producer. These enterprises engage and empower community members in the supply and/or production of their own food in close relationship with a primary producer.
Rural Youth Europe		Rural Youth Europe (formerly known as ECYF4HC - European Committee for Young Farmers and 4H Clubs) is a European Non-Governmental Organisation for Rural Youth. It has just over 500,000 members and is an European umbrella organisation working on a voluntary basis to promote and activate young people in the countryside. This is effected via projects, and a structure of three seminars and a rally every year.
<i>continued overleaf</i>		<i>continued overleaf</i>

<p>CEJA European Council of Young Farmers</p>		<p>CEJA is the voice of Europe's next generation of farmers in the European institutions. CEJA's main objective is to promote a younger and innovative agricultural sector across the EU 27 and to create good working and living conditions for young people setting up in farming plus those who are already "Young Farmers". CEJA achieves this by acting as a forum for communication and dialogue between young farmers and European decision makers. Currently active in Scotland via the Scottish Federation of Young Farmers Clubs</p>
<p>Carnegie UK Trust</p>	<p>A Charter for Rural Communities</p>	<p>Investigates areas of public concern to influence policy and practice, in the interest of democracy, civil society and social justice. The Carnegie UK Trust established the Commission in 2004 in the light of significant political, environmental and economic challenges affecting rural areas. The Commission's work is now complete and the findings are contained in the report "A Charter for Rural Communities".</p>
<p>Royal Agricultural Benevolent Institute (RABI)</p>	<p>Gateway</p>	<p>Aims to help working farming families take control of their financial futures, by gaining access to formal qualifications or necessary training in farming skills to increase earning capacity.</p>
<p>Landshare</p>	<p>Small scale matchmaking.</p>	<p>Landshare is a live online database of opportunities for a landowner/grower/helper to post a listing in order to obtain responses or match to a landowner/grower/helper.</p>

VI. Processes for Development of an Entrepreneurial Attitude

1. Plan : Action : Do : Review

This is a very simple process that can keep any individual or team continually improving.



Step One : Plan
Write down what needs to be done

Step Two : Action

Allocate actions to persons and list who is responsible for what.

Step Three : Do

Physically doing what is described in Step Two

Step Four : Review

Take time to check that the plan was written correctly. Were all actions allocated the necessary amount of time, budget and manpower? Was everything achieved on time? If so, could it be done more cheaply or more quickly next time?

Now back to Step One.

1. Non-emotional decision making

It is essential that business decisions are non-emotional.

I was surprised to find that so many businesses were based on emotional decision making. Individuals were trapped in their business decisions. For example: "We have been ranching cattle here for three generations and my boy will be the fourth". However this particular farmer, when questioned, admitted that over the previous seven year period an unsustainable amount of money had been lost.

The example I would use to explain this attitude is taken from Matthew Swain's Nuffield report, "Change management in UK Farming", July 2004. He says: *"If you drop a frog in a pot of boiling water, it will of course frantically try to clamber out. But if you place it gently in a pot of tepid water and turn the heat on low, it will float there quite placidly. As the water gradually heats up, the frog will sink into a tranquil stupor, exactly like one of us in a hot bath, and before long, with a smile on its face, it will unresistingly allow itself to be boiled to death"*.

Emotional decision making is often as a result of personal needs. "I don't want to be the first generation not to dairy farm", whilst understandable, is a barrier to seeing opportunities for change and maybe for the ultimate financial survival of the enterprise.

2. Strategy - worst case scenarios

Any true entrepreneur will evaluate the risks inherent in a business plan and decide if he/she can cope with the outcome should - despite good planning - the enterprise fail. This is scenario planning : if the worst case happens, can you survive? Alternatively, can the risk be avoided? Or is the percentage potential of success simply not high enough to proceed in the first place?

I call this a "worst case scenario". The actual process is really a cost/benefit analysis - a simple way of making decisions based upon the predicted outcomes of various courses of action. You simply add up the value of the benefits of a course of action and subtract the costs associated with it. Other factors might have a bearing, e.g. the length of time for a project to become financially viable.

For example you may find oil in your back garden but, if the cost of mining the oil is greater than the value of the oil when extracted, you would not think of continuing. However further research might lead you to decide that, when the value of oil reaches X, then at that point you might start mining.

Worst cost scenario planning could/should also be based on what would happen if the entrepreneur had an accident; who would run the business, what skills would be needed, would anyone else be authorised to make transfer payments etc. One solution could be to take out personal risk and injury insurance, but this could be costly and reduce profit.

3. Planning for succession and more domestic issues

This is a "must" process for the next generation joining a family business.

The process has two stages. One is referred to as a "Front End meeting". This takes place when a young person has just entered the family business and the meeting would discuss communication, time, housing and money. If this meeting is effective it prevents many of the problems experienced in "Back End meetings". A Back End meeting takes place when the older generation wants to retire and covers communication, money, housing, self-esteem and family history.

The most important area of communication is between couples. Expectations involving time, money and housing should be discussed and negotiated early on. Few businesses can survive a divorce where assets have to be split 50:50. I would suggest that any responsible business should have a strategy for coping with divorce in the family.

A high level of open communication between the generations is important and regular family business meetings, with a formal agenda, should be held. Meetings can be quarterly, monthly or weekly. They can be held as often as the family want and provide a forum where business matters can be discussed properly. This means that family issues do not intrude on business meetings and family events are not spoiled by important business discussions.

Different generations and different individuals have different understandings and different expectations. Therefore it is essential to discuss the time commitment required of any of the business roles within an enterprise. Agriculture - as indeed do most businesses - has seasonal fluctuations and unforeseen events but, such situations apart, it is possible

to set up normal expected time commitments and responsibilities including time permitted away from the enterprise. It is recommended that these commitments and responsibilities should be revisited if the young person marries or has become involved in a long-term relationship.

If a young person returns home to work in the family business where is he/she going to live? If it is in the family home who does the laundry? Who pays the phone bill? All these issues need to be discussed to prevent future conflict and misunderstanding.

It is important that the young person's contribution to the family enterprise is properly valued. This especially applies when a young person has been in the business for a number of years and has managerial responsibilities. A market salary can be calculated for the young person and in this case we will assume £25k/annum. The farm/business can only afford to pay £15k so other benefits are evaluated and taken into account - for example diesel, phone and council tax. If there is still a shortfall it should be recorded as a debt that the business owes that person. This can be a rolling sum kept in the accounts. It is important that it be recorded so that, in the event of a future claim on the business, the young person's money is safely earmarked for them before any other claims can be considered. It also minimises resentment and feelings of exploitation.

VII. Conclusions

1. Entrepreneurs tend to have personal energy and drive. This derives from having the power to choose what they believe it is that makes life worth living: e.g. accepting change and challenges, solving problems, being stimulated by personal discovery, growth and change. Such aptitudes are often present naturally in individuals. However when individuals are placed under pressure this can stimulate an entrepreneurial flair to develop.
2. Young Farmers, 4H, Rotary Clubs, Young Farmers & Ranchers, Young Enterprise and Eisteddfods are very important training grounds for achieving confidence at a young age especially in public speaking and expressing a view with reasoned logic. Reasoned logic is the basis for all the processes that encourage a successful entrepreneurial spirit.
3. Farming and rural family businesses need to strategically plan the entry of the next generation. (Avoid "all this will be yours one day my son".) Handing over a business to a young successor can allow the senior generation to undertake other business avenues previously considered not possible. When a young person is invited into a business partnership with parents much discussion needs to take place, centred on what is expected of each business partner. Time spent in the initial stages will reduce frustration and misunderstanding later on.

VIII. Recommendations

For improved entrepreneurial activity in under 30s

1. If entering the family business discuss the issues of communication, time, housing and money
2. Talk with your grandparents or great grandparents - or some else's - and you will find that nothing is new in life.
3. Consider equity partnerships
4. Understand that not all entrepreneurial activity leads to financial wealth.

For Bodies or industries that could provide a greater support structure are:

5. **NFU** as the leading active political farmer representative organisation should consider expanding the concept of the young dairy board and set up a young, politically active group with CEJA membership to give young farmers a political voice.
6. **Fresh Start** should concentrate on standardising services and developing the business model described in the Curry Report, namely the mentoring and matching scheme.
7. **Councils** reviewing small holdings should consider restructuring whereby starter farms are created. In these it would be expected that off farm income would be built to gain enough capital to upgrade to progression farms, and finally on to the open market as tenants or in equity partnerships.
8. Improved **high speed internet connections** so all rural areas can be connected to broadband.
9. **Education:** ensure that facilities are in place for Land and Environment Diplomas to be offered throughout all secondary schools by 2013.

IX. So you think you can do it

I would endorse these top tips from Martha Lane Fox:

- Raise more money than you need
- Hire people better than you are
- Invest in the right technology
- Always get customer feedback
- Put things in place that will give you credibility to ensure you're taken seriously
- Know when it's time to leave
- Be relentless in focusing on the customer.

Above all else take time to sit and dream about being the master of your own destiny and Plan, Action, Do and Review.

X. Now the dust has settled and I reflect on my Study Tour

Having returned from my study tour and had time to digest the many things I learned I now take a much more realistic view of my business. It still has many problems - the initial growth has reached a plateau and to take it forward would require considerable finance. Even if I were able to raise the money I would have to service that capital and the budgets I have drawn up fall far short of what the shareholders require for their remuneration.

Of all the relevant agencies I have looked at in regard to helping the under-30s to start up a rural business I believe that Fresh Start offers the best chance, but it is constrained by lack of staff of the right calibre.

There *will* be an answer to my dilemma but, until then, my staff and I will continue to tweak efficiencies and improve turnover and profit as best we can.