A Nuffield Farming Scholarships Trust

Report

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The Trehane Trust

THE TREHANE TRUST

Collaboration and People

David Wynne Finch

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NUFFIELD UK

A Nuffield (UK) Farming Scholarships Trust Report

Date of report : October 2013

"Leading positive change in agriculture. Inspiring passion and potential in people".

Title	Collaboration and people
Scholar	David Wynne Finch
Sponsor	Trehane Trust/NFST
Objectives of Study Tour	To look at alternatives to landlord/tenant and employer/employee relationships that result in profitable outcomes and offer good career opportunities in agriculture

Countries Visited

- Israel
- China
- India
- Australia
- New Zealand
- USA

Findings

- A profit is great: a profitable relationship is even better.
- Fellow farmers are a great source of knowledge
- If we want a strong, free standing agricultural sector then the different stakeholders need to work together to achieve it.
- Entry points into primary agriculture, based on effective knowledge, are essential.
- Collaboration does not require the wheel to be reinvented. The ingredients are already there, they just need to evolve.

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Disclaimer

"**Collaboration:** The action of working with someone to produce or create something especially in a joint intellectual effort."

1. About Me

I have always dreamt of being involved in a thriving, dynamic and profitable agricultural industry that can offer as good or better career opportunities as any other.

I am half Welsh, half English and was brought up in Wales speaking both languages. I have a wife called Henrietta and we have four daughters, Isabella, Daisy, Florence and Alice - all five of them are brilliant.

As a family we have owned land in North West Wales for multiple generations and I am the second generation to be farming some of it. I am fortunate to have had full support from my parents in all endeavours: a great starting point.

After school I worked for 2 years in the cotton, wool, beef, grain and table grape industries, at farmworker level in Australia, before returning to study agriculture in the UK.

Whilst interested in the business of agriculture I did not wish to return to Wales to be a beef and sheep farmer straight after college so endeavoured to gain experiences beyond the farm gate in related industries. This led me to a period working for Rabobank (Co-operatively owned by Dutch farmers) in Chile, and then for an Israeli-owned operation part owned by Cargill, based out of London and trading grains and oilseeds from North and South America into Mediterranean and Near East Countries such as Israel, Egypt, Turkey and the Yemen. I am neither a banker nor a trader but they were invaluable eye-opening experiences.

When working in London I started to import boxed Wagyu beef as a side line to see if we could establish a premium niche meat market with a view to then producing it on the farm in Wales. If I could do this it would provide me with the opening I needed to come home. It was an exciting and new agricultural challenge. I found that I could sell it so I moved back to the farm in Wales and set up a Wagyu herd.

The object of the Wagyu beef project was twofold. Firstly to increase the value of our output but secondly, and equally as important, was to look at ways to cut the cost of production. Step one on the road to doing so was to start talking to the New Zealand grazing consultants who were operating in the UK and Ireland. I needed to find out what they were teaching the dairy farmers and to see if any of their knowledge could be transferred to beef and sheep farming.

What I began to realise was that Wagyu beef, although a successful 'value added' business for me, was not making best use of our resources. It was a startling realisation. There was an alternative to going up the value chain and it was right under my feet!

This was the beginning of a rapid and exciting journey about the value of well managed grass and just how fantastic an agricultural resource we were sitting on. It culminated in us converting the farms to seasonal milk production from grazed grass.

2. Background to my study subject

My first exposure to the merits of collaboration was as part of the process of converting the land to milk production when I was encouraged to join a discussion group. It was a revelation in how close at hand the knowledge I required actually was plus how giving of it fellow farmers were.

Initially, I had planned to manage a dairy business with an employer/employee structure but was aware of the notion of people 'having skin in the game' and thought that it may be an option further down the road. However a chance meeting with Rhys Williams led me to review that decision. He was already part way up the share-farming ladder in New Zealand and I, having researched the possibility, was excited by its potential. So within a year of commencing milk production we moved to share farming.

Putting the structure in place was relatively straightforward. But over the next few years it became obvious that the structure was not the final piece of the jigsaw. We needed to continually bring in new people and keep them moving within the business in order for it to remain an exciting and stimulating environment for all concerned. This was crucial for the growth of the business and the people in it.

It was the relationship between structure, growth and people that motivated me to research this area.

For the purposes of this study I have deliberately focused on the on-farm area. Collaboration beyond the farm gate in the form of processing and marketing co-operatives is already a much studied subject.

Me, David Wynne Finch

3. Where I went ……

Israel: October 2012

Whilst I had worked for an Israeli owned company I had never been there and was keen to see how the Kibbutz and Moshav farms, famous for collaboration, were evolving.

China: November 2012

Having read so much about China and being aware of the demand for food that they were creating with the resulting high prices for farm products globally, I really wanted to visit them. We also had the opportunity to represent UK Dairy farmers on the First Milk Co-op stand selling Cheddar cheese at a Food Trade show in Shanghai (we got mobbed handing out free samples!). Whilst China was not directly relevant to my subject, it was a phenomenal experience. Words cannot begin to describe the speed and magnitude of the development.

Australia: Nov/Dec 2012

Aware as I was of the fact that Australian farmers were operating in an entirely unsupported market place and faced dramatic climatic shifts, coupled with the energy that we had experienced from the Australian contingent on the NFST Contemporary Scholars' Conference, made me want to see them in action.

India: December 2012

Visiting China and India was more of a macro look at the countries that have increasingly wealthy and growing populations, but India has the added interest of being the world's largest milk producing country.

New Zealand: May 2013

The home of share farming and all things pasture based.

USA: June 2013

The USA is an agricultural power house of which I previously knew very little.

……… and what I found

A. Structured collaboration, and

B. Entrepreneurial collaboration

4. Structured Collaboration

4a. Combinable Crop Farming

Of all the farming sectors combinable cropping was the only one where there were similar examples of effective collaboration on most continents. The general pattern was that two or more farmers came together and pooled hectares, machinery, labour, management time and risk which all get rationalised into optimal sized 'cells' or units of production. The size of a cell will vary depending what continent you are operating in. An efficient unit in the UK might be 1,000ha and in Australia it might be 4,000ha.

Landownership and operations are kept as two separate businesses with the joint venture business paying a rent to the individual shareholders for their particular hectares. The rent may vary if there is a marked difference in land quality and rainfall but will be competitive to current market rents in the area. Often some third party land may be farmed on a contract or rental basis. Some of these businesses have grown to farm hundreds of thousands of hectares.

As little capital as possible is tied up in machinery with effective use being made of leasing, contract hire or hire purchase. Similarly with crop inputs (biological assets): good use can be made of innovative sources of financing, particularly with the operations that have grown to be very large. For example the input manufacturers, or end buyers such as the commodity trading houses, will sometimes finance the growing of crops in return for a percentage of the physical crop - a very expensive method but better than no crop at all. The return on equity for these farming businesses can be very high.

4a.i. Fieldfare Farmers

An example in the UK would be Fieldfare Farmers in Shropshire with 5 original shareholders. Together they have 600ha, slightly less than optimal, but are able to make their operation efficient by contract farming other people's hectares and sharing some machinery with another similar sized operator.

4a.ii. Bulla Burra

In South Australia John Gladigau and Robin Schaeffer have brought their 2000 ha each of low rainfall ground together, plus rented and share farmed a further 4000ha to create what is the ideal size for them of 8000ha. As they had started out as friends they viewed it as very important that they had a level of independence at strategic level so have a third person totally unrelated to farming as a board member/chairman.

4a.iii. El Tejar

El Tejar in Argentina started out as a group of families coming together to gain efficiencies in livestock farming but the focus then moved to combinable crops. They grew through renting more land around the country and taking on new shareholders with land. This gave them geographical spread to mitigate against climatic risk and then they took on more land in other Latin American countries to mitigate against political risk. Argentina has a very well developed farm machinery contracting industry, leaving the likes of El Tejar the ability to focus on growth, logistics, agronomy, marketing and financing. They have also collaborated with an investment management business to bring in outside capital which has allowed them to grow and buy land – 1,000,000 million hectares is now farmed by them in Argentina, Brazil, Uruguay and Bolivia, as either owned or rented land.

4b. Israel

The principle of the Kibbutz is a farm, often with diverse agricultural enterprises, where no one gets paid for their work but they get fed, housed and the use of vehicles – '*give what you can, get what you need*'. They are more akin to collective farms than what we are used to, and stem from the times when Jewish people came to Israel at the beginning of the 20th century often with not much more than the shirts on their backs. Some have diversified their income streams away from agriculture into areas such as technology and plastics and are thriving to the point of being listed on the Tel Aviv stock exchange. Some are struggling and others are grappling with how to incentivise people to retain or attract the best talent

Moshav farms are groupings of family farms, often dairy, that are independent but would come together to help each other at busy times such as harvests; although now that work is more mechanised there is much less interdependence.

In dairying, Kibbutzes are generally known for large herds and Moshavs for smaller herds. The two areas of on farm collaboration that were of interest in Israel, that stem from being able to work closely with each other, were in veterinary services and cow feeding. In Israel all dairy cows are housed year round and fed a total mixed ration diet, with the highest producers achieving 14,000 kg per cow and the average being over 11,000kg.

4b.i. Hachaklait Veterinary Services

This is a farmer owned co-operative that 86% of Israeli dairy herds belong to. Each herd pays a small monthly fee, that varies depending on the size, in return for routine herd health monitoring and emergency visits. All drugs and vaccinations are at cost. The veterinary team has consultants and experts in virtually every field of veterinary science and knowledge of all dairy systems. Israeli dairy cows have the highest production per cow in the world and the lowest drug use. Hachaklait veterinary services play a very important part in this outstanding technical performance.

4b.ii. Feed Stations

Dairy farmers in Israel focused entirely on cows and young stock. All matters to do with feeding were dealt with by the local feeding station that you belonged to and which was co-operatively owned by you and your neighbours. Some of the very large herds had their own feeding station, but they were the exception. The feed station is responsible for organising the growing, harvesting and storage of all crops, the sourcing and purchasing of all other feed ingredients either nationally or internationally, the formulation and mixing of rations for all animal classes to pre-agreed specifications and, if required, will deliver the feed to under the animal's nose. All land is owned by the state and farmed on lease.

4c. New Zealand

If, for the Israelis, co-operation is part of their culture, in New Zealand collaboration is part of theirs. Perhaps it is because they are both relatively young countries. In the case of Israel they had to work out a way of doing things differently and in the case of New Zealand the pioneers went to a new country in order to find different ways of doing things from those of the old world they were leaving behind.

NZ farming is predominantly pasture based, with dairy farms calving seasonally and producing milk from grazed grass, and a focus on production per hectare rather than per cow. Both countries focus on very specific production systems, albeit very different ones. This almost certainly makes cohesion easier.

The shining example of collaboration in NZ and the 'Gold Standard' globally is the sharemilking system. There are clear steps up a knowledge chain:-

4c.i. Farm Worker/Trainee 1-3 years

You give your labour in return for a salary and being taught the technical basics of dairy farming such as milking, cow care, calf care, breeding, grassland management and feeding. You can begin this way having never set foot on a farm before.

4c.ii. Farm Manager 3-5 years

Nearly always you will have to move farm to take this next step. The focus will be on responsibility for day to day decision making, honing technical skills and learning to manage people, both the employees and the business owner(s). The salary will be higher and there may be opportunities for performance related bonuses. Saving as much money as possible is important, as is buying or receiving surplus heifer calves as part of a bonus package, which you can then rear on as part of the process of building your asset base.

4c.iii. Contract Milker or Variable Order Sharemilker 1-4 yrs

This is step one of starting your own business. You provide day to day management, all the staff for milk harvesting, motorbikes/quads and dairy parlour operating costs such as energy and chemicals. In return for a fixed amount of income per litre (kg of milk solids in NZ) on a contract milking agreement - or a percentage of the milk cheque in a variable order agreement – (between 20 and 25% usually, depending on whether you supply forage feed-out equipment such as tractor and wagon, or how much of the young stock rearing you are involved in). Herd ownership remains with the farm owner. On a contract agreement there is less risk than in a variable order but the upside potential is also less. They may do a couple of years on contract before moving to variable order. The farm owner is usually on farm on a daily basis.

(There is a developed market for leasing out milking cows for a return of 10% of appraised value as an interim step in building a herd – usually to someone who is also growing a business and finding capital limiting)

4c.iv. 50/50 Sharemilker 3-5 years

The sharemilker supplies all the cows, rolling equipment, and the management needed to farm the property and the farm owner provides the land and infrastructure. The milk income is split 50/50 as are all other costs. This may vary slightly from contract to contract. For instance income may be split 55/45 to the land owner to allow for Milk Co-op dividends membership, which usually lies with the farm owner. All surplus calves over and above a pre agreed replacement rate belong to the sharemilker with the heifers being an important source of equity growth potential. The farm owner is usually on the farm on a weekly basis.

4c.v. Farm Ownership

Historically the final step would then have been to sell your herd and use that money as a down payment on a farm, on which you might then put another 50/50 sharemilker or lease some cows to milk yourself until you have enough equity to buy your own. The huge increase in land values compared to cow values has made farm ownership harder, but not impossible. One solution is equity partnerships.

4c.vi. Equity Partnerships

Two or more parties pool their resources to buy land and stock. Some partners may be farmers and some not. Ideally they have complementary skills such as opportunity finding, finance, accountancy, governance and compliance, stock, grass or people management skills. They may put a sharemilker on to operate the farm or employ a manager, either of whom could be one of the equity partners.

The sharemilking process generally only involves two parties and the agreements are short to medium term in length (1-5years), whereas equity partnerships often involve three or more parties and the agreement lengths are medium to long term (5-? years) due to there being land ownership involved. The dynamics and skill sets required are very different. People's circumstances do change and it would seem prudent to have break clauses at around the 7-8 year mark. The NZ share milking system also recognises that everyone is on their own career 'ladder' so contracts are generally in the 3-5 year time frame; whilst it might seem short term this is a crucial aspect of share farming. It is vital that any system allows for the progression of each individual.

The share milking system also recognises that everyone is on their own career 'ladder' so contracts are generally in the 3-5 year time frame; whilst it might seem short term it keeps relationships fresh and interesting.

The system is well supported by:-

- A banking system that will lend 40% of the value of livestock to proven performers (at the outset of a career the ability to save money is important in establishing track record).
- An extension service that supports the endeavours of young people.
- An established culture. Multiple generations of farmers have come up the sharemilking ladder and wish others to be able to follow.
- A regional competition leading through to national finals to find the Farm Manager of the Year, Farm Trainee of the Year and Sharemilker of the Year. The financial rewards of these are considerable but, equally as important, it is a key way to build your reputation and market yourself.
- An industry focus on profit.

The examples of sharemilking are numerous.

Ciaran Tully left the UK for NZ 19 years ago, followed the steps as mentioned above and is now an equity partner in a dairy farm in the Northern Waikato as well as being the lower order sharemilker on the same property. In his spare time he is chairperson of Federated Farmers (sharemilkers section) (equivalent to our NFU)

Down on the Canterbury Plains of the South Island of New Zealand is a corporate farming operation called Dairy Holdings which consists of 58 farms of which 4 are run by farm managers, 13 by variable order sharemilkers, 27 by contract milkers and 14 by 50:50 sharemilkers. Through this combination they achieve a good balance between shareholder returns and offering well incentivised opportunities for excellent people.

4c.vii. Skills required to make it as a Sharemilker

- The ability to manage relationships – with farm staff, employees, farm owners, personal ones and your own time and reputation.
- The ability to develop a great team around you of mentors, bankers, accountants, consultants, agents and friends.
- The ability to be a good networker to help you find and evaluate opportunities. You

would also be prepared to move to the opportunities. The Old Chinese Proverb says "Man wait very long time with mouth open for duck to fly in"

- To be a knowledge seeker and strive for continuous improvement
- Honesty and integrity.
- Understand the Win-Win principle.

4c.viii. New Zealand beef and sheep sector

Historically this sector has not had such a clearly defined ladder of entry and family farms predominate. The fact that dairy farming done well is more profitable so there is more to share, is a key reason for this. A small but growing trend, though, is the consolidation of smaller farms of around 5,000 stock units into bigger ones of around 20,000 plus. The management skill set increases, necessitating the requirement for the best person for the job rather than a family member, and these positions can come with an opportunity for the manager to have some equity or options in stock, land or both.

Whatever the size of farm I visited, attending a discussion group was common practice and profitability was the driving motive.

Within family businesses, after proving your worth, it was fairly common to have to buy your way into the business even if it was with borrowing guaranteed by family to begin with. But it still needs to be put down. This seemed a good way for the next generation to get a feeling of self-worth and meant that only those that really wanted to came back to the family business.

In dairying also, the share-farming-through-to farm-ownership system is often used within family businesses as part of a managed succession plan. This allows the next generation to buy into the business.

High debt loading was normal in most NZ farming businesses. They are also much less emotionally attached to their land.

5. Entrepreneurial Collaboration

5a. Canada

When travelling in China our guide in the Beijing area was a Canadian gentleman named Ron Lane who represented Genesis Inc, a Canadian pig genetics company. Formerly Ron had been a pig farmer in Canada but had concluded that he was too small to have a viable future. Fortunately seven other local pig farmers had come to the same conclusion so together they sold their individual farms and constructed a state of the art 2,000 sow-to-finish unit. Only two of them got employment in the new entity; the rest of them all got new jobs and are purely shareholders in a corporate business, including Ron. He has learnt Chinese, spent five years living in China, and now, whilst based back in Canada, he travels a lot to Asia, but is still a pig farmer at heart.

Question: Are you big enough to be viable? How about a career change?

5b. USA

In the Mid-West of America I met with the former operations manager and a partner of an outfit that had started out as a Joint Venture of grain farmers, much along the same lines as the UK and Australian outfits outlined earlier. They had diversified firstly into hog fattening, then aggregate quarrying, and thirdly into a 10,000 cow feedlot dairy. It all began to unravel in 2008 as their hog fattening forward contracts had been based on corn at $3.5 a bushel - a price over which corn had not gone for 30 years, except for once briefly. In 2008 it went to over $7 a bushel just as they were in mid construction of the dairy which was experiencing some cost overruns. Financial collapse ensued with all partners losing money but only one of them losing the farm, the main losers being the banks (or the tax payer). It was the CEO and architect of the operation who lost his farm, but in the true spirit of there being no stigma in business failure in the USA, he is more than happy to talk about it and is already a successful head hunter in the agribusiness sector.

Question: What governance systems should be in place?

5c. New Zealand

Derek Daniell of Wairere Romney sheep stud is an excellent example of how you can grow your business through collaboration. They have grown their flock of performance recorded Romneys by Joint Venturing with other sheep farmers, firstly in their locality, then all over NZ, and now internationally to Australia and Europe. For a reasonable capital outlay this has greatly increased the pool of stock to performance record, and the participating farmers get to share in the proceeds of the premium breeding stock sales off their farms - which are performing well anyway due to having an improved efficiency flock. This positively compounds the results for all.

Question: Could you grow by working with others?

6. Collaboration and the UK

Whilst there are many thriving agricultural businesses in the UK, on both a large and small scale, there are also many underutilised resources and farms – that perhaps are not aware of there being profitable ways and systems of making money out of land. These are methods that do not rely on subsidy, going up the value chain or diversifying. I myself would have been one of those people a few years back.

There is a small but growing number of individuals and businesses that have the knowledge and energy to implement these systems. Why not work with them to bring about Win-Win scenarios?

6a. Knowledge, risk and returns

Share farming requires taking production and market risk, and in New Zealand the majority of people who are involved in landownership are also involved in farming. This implies that they have the knowledge to understand the risk they are taking and are thus comfortable to do so, and receive commensurate rewards.

In the UK there are people and institutions who own land for all sorts of different reasons and they have varying appetites for risk and varying levels of agricultural production knowledge. Other than for a few, pure share farming will probably not be attractive **yet -** as it is still relatively new in the country. But for a greater return with managed risk, everyone has the potential to be a collaborator.

6b. Contract farming

What is relatively familiar to the UK agricultural sector is the contract farming agreement, the origins of which were in tax planning. It is fairly adaptable and has become a workable tool for 2 or more parties to come to the table with differing resources, knowledge and risk appetite and share the proceeds accordingly. It is by no means perfect and they can seem complicated initially, but they are a good starting point:

'The Farmer'

The farm owner (otherwise known as the 'farmer') puts in the land in return for which he gets a 'first charge' (rent). There may be existing infrastructure on the farm or he may put in new infrastructure for which he will get paid a fixed return on capital (approx. 10%) and depreciation. The farmer may also put in livestock for which he will get paid a return on capital. All milk and stock receipts come to the 'farmer' and he pays all breeding, dairy shed, feed and fertilizer bills.

'The Contractor'

The 'contractor' supplies all the knowledge, management, labour and machinery, in return for which he gets a 'contractor's fee' – normally set at somewhere close to actual cost. The 'contractor' may put in livestock for which the 'farmer' will pay a fee and or some of the infrastructure for which he will get a return on capital and depreciation.

The Split

Once all the above dues have been paid the profit is then split on a pre-agreed ratio, commonly 20% to the 'farmer' and 80% to the 'contractor'. Making the contractor's income very performance related, the farmer should get an elevated return but only takes a modest amount of risk, but it is right and necessary for him to take some risk.

Contract lengths are usually 10-15 years.

A personal note on contract farming agreements: whilst contract farming is the most commonly used collaborative agreement currently used in the UK, I think it is worth noting that they are a more rigid and more limiting structure.

Whilst a clearly understood written agreement is crucial it is my opinion that the underlying relationship between the parties is even more so – "what is the spirit of the agreement"?

I would also argue that if the agreement ever has to come out of the drawer then the relationship is probably over. There should always be a clause that in the event of catastrophic breakdown either side should be able to get out with a maximum of 12 months' notice.

Track record is important, but so is intuition – does it feel right?

7. Collaboration in action in the UK

Perhaps one of the most interesting findings of my study is how much of the subject matter I was able to find in the UK.

I will describe in outline the scenarios, leaving out any identity detail. But feel free to contact me for contacts for of the parties.

7a. Succession scenario

A family business had adopted a 50/50 scenario, whereby the cow ownership and farm ownership had been separated into two entities. The son had been backed to buy the cows and run the farm with the profits split between him and parents. Once he had paid for the cows, the option was there for him to buy all or some of the farm.

7b. Get out of the milking parlour scenario

Dairy-plus-cropping farmer approaching 50 takes on young guy, whom he used to employ, in a contract farming agreement. They stop growing crops and double the herd size with the young contractor supplying half the cows. Farmer gets paid first charge and return on capital on infrastructure; all other cost and income are split 50/50. Farmer becomes the relief milker/back up man and has time to pursue other interests. Contractor brings energy and new skills to the business. Good profit for both parties.

7c. Low investment high return business growth/happy farm owner scenario

Diversified enterprise which includes ownership of a large dairy farm struggling to move the farm business onto the 'next level' joins forces with proven performer met through discussion group. They adopt contract farming agreement as described at the beginning of the section. Farm owner makes much better returns than formerly and is able to devote more time to other enterprises, and the contractor is able to leverage his knowledge and grow his business for reasonable investment and high return. Win-Win.

7d. Herdsmen to contract milkers

I came across several cases of herdsmen who have taken on responsibility for all the labour and machinery. Again the principal business owner, who could be a tenant or the farm owner, gets his first charge plus return on investment and depreciation before there is an agreed split of the profit. In all these examples the principals had other businesses or farms and the well-incentivised contract milkers more than paid for themselves in increased business performance. For the contract milkers it was step one to their own businesses, and in each case the ambition was to get into herd ownership, either with or without the current principal. This is similar to variable order share milking in New Zealand.

7e. Pure share farming

I visited one farm that had been bought by a high-input dairy farmer who was not keen to make the investment to replicate his own system yet, so had invested a lower sum of capital to make it a grazing dairy. He recognised that managing this was not within his own skill set and so was happy to take on someone who owned all the cows and did all the operational work – income and expenses were split 50/50.

8. The skills required for collaborative farming

There were a number of skills that seemed to be common to all the successful collaborative businesses that I investigated.

On the one hand are the acquirable, knowledge based skills; skills that would be applicable to all successful agricultural businesses. In the New Zealand share farming system this essential knowledge is built into the early stages of the 'ladder'. It would be great to see a similar structure developing in the UK. These skills are:

- Technical farming excellence: for the purposes of dairy this is knowledge of grass/feeding and cows
- Business and financial management literacy.

On the other hand there were the less definable people skills. If you were only good at the knowledge based skills, and not the people based ones as well, then it seemed more often than not to be a blockage to progress.

Here are some traits I observed in those who were successful at the people part:

- Awareness of other people's journeys and goals and how they could help each other.
- Unquestionable honesty and integrity.
- Achieved trust and mutual respect.
- Invested considerable time in their relationships.
- Took responsibility for their own decisions.
- Have the courage to confront or say no when required.
- A mentality of abundance - 'there is enough for everyone'. 50% of a lot is better than 100% of nothing. This applies to power, control and profit.
- A degree of flexibility.
- An acceptance of change.
- Good communicators.
- Strategic thinkers.
- Enjoyed people and their relation-ships.
- Loved what they did.

If the people skills and qualities listed are developed and sought out by all parties, the opportunities for growth are greatly improved.

SYNERGY

My findings concluded that the heart of a successful collaborative partnership is synergy.

'Synergy is the interaction of multiple elements in a system to produce an effect different from or greater than the sum of their individual effects'

A synergy between structure and people: a balancing act that requires equal attention to both aspects. One will not evolve without the other.

It is out of this synergy that stimulating, creative business growth and opportunity arises.

In our own business I concluded that it was unwise to settle on a formula or team of people and rigidly stick with it. True synergy is constantly in flux.

9. Conclusions

If you want to:-

1. Make money from farming
2. Grow a business
3. Move away from operational or managerial tasks to focus on: strategic issues, other business, family time, leisure activities, retire, other?
4. Manage family succession
5. Bring new skills and disciplines to your business
6. Spread risk
7. Attract good people
8. Have fun

Then Collaboration could be for you.

10. Recommendations

1. Understand that it is good, well-motivated people that make the difference.

2. Seek out farmers already doing it and learn from them.

3. Join a discussion group.

4. Contract farming is the closest we have to a blue print for collaboration, but it is by no means the only way of doing it. Develop your own way.

Quote to think on:

"The conventional definition of management is getting work done through people, but real management is developing people through work."

11. Since completing my study tour

Whilst at home we had set off down the path of collaborative farming before commencing my study, the past two years have made me even more sure that there is a strong place for it in our system and, judging by the examples of it found in the UK and the number of enquiries that we receive about it, other people think the same.

From the 1st January 2014 we will be operating one farm on a variation of the Variable Order sharemilking system and two farms on a 50/50 basis. These changes were definitely motivated by my study.

As a committee member of the CLA I will be participating in a ‘Share farming way forward’ discussion forum. We are also part of the ‘Fresh Start - Dairy Academy’ at Gelli Aur College and will be involved in workshops on Collaboration put on by the Farmers Guardian publication.

12. Executive Summary

Farming in the UK has historically been carried out by either owner occupiers or on rented land, under various types of agreements ranging in length from 6 months to 100 years. People have been predominantly employed to work on those farms under guidelines stipulated by The Agricultural Wages Board. It is possible to reach the position of farm manager relatively quickly – but where to go after that if there is no family farm or business to go to? Succession tenancies have closed not all, but many of the doors to the traditional entry of owning your own business.

Having worked outside farming for a period of my life I had been exposed to various schemes that used incentivisation other than fixed salary to motivate people. Either in the form of bonuses or share options – so called 'skin in the game' scenarios – was there something similar for farmers? Where in the world were farmers using alternatives to what we are doing in the UK and what did it involve?

On my travels I was exposed to many inspiring leaders who had built or were building impressive farming businesses that offered career ladders and increasing salary scales, but in the main they were of a corporate nature, albeit often 'Family Corporates'. The further you went up the ladder the further you were removed from farming and proximity to the land to the point where you could have been in any industry.

New Zealand without doubt demonstrated a farming career model that could easily be adapted to UK circumstances: a business structure where people could remain on-farm or close to the land whilst owning their own growing, stimulating and profitable business.

Knowledge, people and performance are the guiding principles.

David Wynne Finch

Foelas,
Pentrefoelas
Conwy LL24 0SU
Wales

Tel: +(44) (0)7769697566
e-mail:- dwf@virgin.net

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