



**A Nuffield Farming Scholarships Trust  
Report**

*Award sponsored by*

**Alan and Anne Beckett**



**Opportunities for the small family farm**

**Jamie McCoy**

**July 2014**

**NUFFIELD UK**

## **NUFFIELD FARMING SCHOLARSHIPS TRUST (UK)**

### **TRAVEL AWARDS**

“Nuffield” travel awards give a unique opportunity to stand back from your day to day occupation and to study a subject of interest to you. Academic qualifications are not essential but you will need to persuade the Selection Committee that you have the qualities to make the best use of an opportunity that is given to only a few – approximately 20 each year.

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The Nuffield Arden Award is unique in that there is no age restriction and the subject is set by the Selection Committee. An Arden Award is offered every 2 years.

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Closing date for completed applications is the 31<sup>st</sup> July each year.

# A Nuffield (UK) Farming Scholarships Trust Report



Date of report: **July 2014**

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

Title	Opportunities for the small family farm
Scholar	Jamie McCoy
Sponsor	Alan and Anne Beckett
Objectives of Study Tour	<ul style="list-style-type: none"><li>• Investigate opportunities and threats to family farms</li><li>• Find applicable solutions to threats</li><li>• Learn about family farming systems overseas</li></ul>
Countries Visited	Ireland (January and May 2013) Canada (March and August 2013) France (October 2013 and June 2014) New Zealand (December 2013/January 2014) UK
Findings	<ul style="list-style-type: none"><li>• The future is bright for those who embrace change and innovate, but not for those who don't</li><li>• Profitability is not the only meaningful Key Performance Indicator in family run businesses</li><li>• Small businesses need to think in the same way as big ones – business is business</li><li>• Bigger is not necessarily more profitable</li><li>• Failure to plan is planning to fail</li><li>• Strategy, capability, capital, communication and evaluation are key</li><li>• Your business must meet your cash needs – whatever they may be</li><li>• Succession must be addressed early on family farms</li></ul>

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## **DISCLAIMER**

The opinions expressed in this report are my own and not necessarily those of the Nuffield Farming Scholarships Trust, or of my sponsor, or of any other sponsoring body.

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## 1. Personal introduction

I'm 27 years old, from England originally, and after studying for a BSc Hons in Agriculture at Aberystwyth University and spending time working and travelling in New Zealand, Australia and USA, my ambition to farm was cemented, and I moved to wild-wet-West-Wales to follow that dream!

Starting out by working on local farms, then in livestock procurement for Livestock Marketing, and for Wales's red meat levy body, Hybu Cig Cymru, I now find myself working part time off farm, as a Farming Connect Knowledge Transfer facilitator. My work is really rewarding, running farm open days, agricultural discussion groups, helping farmers to adopt new practices, embrace technology and share ideas. I learn something every day – and there is always more to learn!



Me, Jamie McCoy

At Gorwel, I farm with my partner Deian Evans, running a herd of 140 dairy cows and 100 ewes. As any farmer will tell you, there are highs and lows to farming life, but I consider myself lucky to be a rural girl. I wanted to use my Nuffield Farming Scholarship to look at the future for small family farms, to help influence the direction that our own business goes in, and so that I can better help farmers in my discussion groups.

I'm sure I used to have hundreds of hobbies; however since moving to the farm 3 years ago all these seem to have fallen by the wayside due to time (and energy) constraints – but given any opportunity I love travel, meeting new people and getting out and about in the great outdoors. I always get involved in local community events, sit on the committee for our local show, and am proud to say I have learnt to speak Welsh since moving to Wales. I guess this proves I'm up for a challenge!



## 2. Background to my study

With the average holding size in Wales standing at 38ha, and around 43% of Welsh holdings being less than 100ha, we are a nation of small family farms. But these family farms are also growing in size and declining in number. Between June 2004 and June 2012 the number of dairy cow holdings in Wales decreased by a quarter, while the average herd size increased from 66 to 84. In the sheep sector average flock size is decreasing (likely due to agri-environmental schemes and changing subsidies), so farming in Wales is changing. This is a pattern that is being seen globally, and as these trends continue the skill sets required to run the farms of the future will be different from those required in the past.

At Gorwel Farm, we are surrounded on three sides by the same farmer. It seems high land prices are making new land acquisitions out of reach to us as new entrants, and we are increasingly renting ground further and further away from home to feed our stock. We need to look carefully at our options to ensure that the farming business we run can meet our cash needs for the future.

Many family farms need to support more than one generation, and if we are honest without Single Farm Payment in the UK many would not be profitable. Actually some are not profitable even WITH the Single Farm Payment.

Will the small farmer eventually lose out to their larger counterparts who use economies of scale for their competitive edge? Or will the smaller farmers all just grow – is it a question of: either take over your neighbour, or be taken over?

*If you are not moving forward, then you must be going backward, because standing still is the same as going backwards.*

Sometimes expansion is not the right option, but people take risks driven by the desire for a greater number of hectares, or head of livestock. When farmers meet the conversation always begins with all the ‘how many’ questions – how many cows do you milk, how many acres of potatoes do you grow, or how many pheasants do you rear. Why do we ask these questions when every person and every business will have different goals, and bigger certainly doesn’t mean better or more profitable.

I will be looking at evaluating risks, and managing business growth – growth is actively managed in larger enterprises, and I believe a strategy should also be in place on the family farm if appropriate. If you are not moving forward, then you must be going backwards, because standing still is the same as going backwards. Progression does not have to come from expansion, but once a farm is running as efficiently as possible, and once produce is realising its maximum price point potential, many progressive farmers do look to expand.

Will small farms survive? Will large organisations take over the world’s food production? Will the family farm and rural lifestyle be available for our children, and our children’s children?

### 2a. What does it mean to be a small family farmer?

Before I get to the body of my study, I want to address a couple of questions that have been posed to me many times throughout my travels – and to which I am not going to offer a definitive answer:

*Opportunities for the small family farm ... by Jamie McCoy*

A Nuffield Farming Scholarships Trust report ... generously sponsored by Alan and Anne Beckett





- **How do you define a small farm?**

In different countries 'small' would be defined in different ways. When you look at European holdings, of the 13.7 million agricultural holdings in 2007, 7.3 million of these were commercial, and 6.4 million were considered smallholdings. To be considered a smallholding in this category means being less than one economic size unit which is determined by the standard gross margin (*see Appendix 1 at end of this report*) – so there are technical definitions of a small farm, but I have not got bogged down by these, and have not used these to shape my visits.

My primary interest for this study has been with meeting those making their primary income from the land, rather than what would be referred to in the UK as 'smallholders,' or perhaps in New Zealand as 'lifestylers.' I have been meeting with people who are either running profitable agricultural enterprises off a small area of land, or had started out small and expanded their businesses from there. In my own case at Gorwel Farm we own 80 acres, but this would be a much smaller area than those farming in the immediate vicinity, so we consider ourselves quite small farmers.

- **What is a family farm?**

I don't have a definitive answer to this either. Some would say that a family business is when all the people involved in the business are from the same family, some would simply say if you trade under your family name then it is a family business.

Once you start employing non-family members, does this automatically mean it's no-longer a family business? Some would say that even if you are a sole trader, beginning a legacy for future generations, then it is a family business; and others might argue that in order to be a family business you must have more than one family member or generation working alongside each other. Perhaps a family business is one where the family members work for the love of it rather than simply the cash. I am not going to get bogged down with these definitions – the meaning of 'family' is different for everyone, and I don't see it as my place to set a definition. It's more about the spirit of the phrase.

Looking again at European holdings, 89% of the 16.4 million people working regularly on commercial holdings in 2007 were the farm holder, or their family members ... so, the majority of agricultural holdings are family businesses.

- **But, what does it mean to be a family farmer...**

I think there are a few factors that should be considered, beyond business structure and purely physical and financial key performance indicators of a business. These factors include lifestyle, diet, flexibility, time spent with the family, pride, community, conservation and environment. Many of these are emotional considerations rather than financial. When I start to think about what farming means to me, I feel proud to be a farmer. I recommend watching the following video clips, which brought a tear to my eye when I saw them for the first time during our CSC in Canada, and many times since! They show that family farming is a passion, a challenge, provides fulfilment, peace, hope and honour – and one of my favourite quotes from these clips is that *'it's (farming) not really a job, it's just doing.'*



<http://www.youtube.com/watch?v=tp8X-aZj-RA&feature=share>

[http://www.youtube.com/watch?v=H7yZdOI\\_e\\_c&feature=share](http://www.youtube.com/watch?v=H7yZdOI_e_c&feature=share)

## **2b. 2014 - The UN International year of family farming (IYFF)**

The UN believes that family farming has an important socio-economic, environmental and cultural role. 2014 has been branded the 'International year of family farming.' The UN aims to raise the profile of family and smallholder farming by focusing world attention on its significant role in eradicating hunger and poverty, providing food security and nutrition, improving livelihoods, managing natural resources, protecting the environment, and achieving sustainable development, in particular in rural areas.

The goal of the 2014 IYFF is to reposition family farming at the centre of agricultural, environmental and social policies in the national agendas by identifying gaps and opportunities to promote a shift towards a more equal and balanced development.

The UN claim the IYFF will promote broad discussion and cooperation at the national, regional and global levels to increase awareness and understanding of the challenges faced by smallholders and help identify efficient ways to support family farmers. I am proud to have been part of the discussion on family farming on farms around the world, and am pleased to see the topic being given such weight at a UN level.



Home in Wales - 'Gorwel Farm'



### 3. Overview

A key meeting for me was with Peter Baker in Ireland, where I heard about his experiences and findings during his Nuffield Farming Scholarship study tour in 1997. He had studied 'Key factors in growing a business' and he really introduced me to the idea of a formula for success that he first saw in the Kerry Group in Ireland.

#### **Strategy x Capability x Capital = Sustained profitable growth**

For me the brief discussion with Peter was a highlight of my Nuffield journey. The concept of these simple factors being the recipe for success has really grabbed me – but I have added to this formula as I have travelled since. I think there are a couple of missing elements to his formula, which are communication and evaluation.

Farming is changing, and we must become not only producers and growers, but businessmen, marketeers, salesmen and customer services. To move with the times, in this age of instant communication, and to cater to the needs of the financier, the agri-service sector, the supply chain, and, critically, the customer we must also be good communicators. As farmers we need to know how to develop relationships with not only family members and farm staff but also financiers and customers.

It is also vital that all the elements are consistently evaluated; as farming changes, new challenges arise and new opportunities are explored. What was previously a strong strategy may quickly become outdated.





## 4. PART 1 : STRATEGIC PLANNING

The key to any business is having the right strategy. Lots of family farms don't necessarily have a plan at all. When you have grown up on the farm, and worked alongside your parents until your own children work alongside you, it can be hard to think of where a business strategy fits into the picture – it's just LIFE. However, without goals and performance analysis your business could be just drifting. You can call it a business or whole farm plan, your dreams or aspirations, but putting together a properly structured business strategy is an important step in securing the future of the family farm. This plan needs to be SMART, and should also include a succession plan. In a recent UK Young Farmers survey only 9% of respondents aged 16-25 agreed there was a succession plan in place on their family business.

*.. putting together a properly structured business strategy is an important step in securing the future of the family farm.*

The SMART objectives are as follows

**S – Specific**  
**M – Measurable**  
**A – Achievable**  
**R – Realistic**  
**T – Time specific**

### 4a. Business plan

Every business should have a business plan. In our few years of farming Deian and I started out with a Plan A, and have since moved to Plan B - but at least we are working to a plan! It's probable that we will move into plans C and D before long, but the business plan should be re-evaluated regularly anyway!

The right business plan, properly communicated can secure you finance - or grant support in some cases. Talking to Sophie Stanley in New Zealand, a former agricultural banker, she was able to explain to me that it really does come down to the business plan when people are approaching the bank for funding. The way a plan is prepared and presented starts to communicate the applicant's attention to detail, their attitude to risk and their big picture thinking versus management planning.

*.. it really does come down to the business plan when people are approaching the bank for funding.*

Trust is of course vital when looking for funding, and building a good relationship with professionals around you, and putting together a realistic plan is important. What is also important is that, if you put together a plan, you must aim to stick to it – this helps build the trust between a financier and farmer. Once the trust is concrete, it is the relationship and communication that begins to carry as much weight as the plan!

I saw the opportunity .... to build trust.  
Walk the walk – don't just talk the talk.



#### 4b. Planning for particular profit

In Ireland I heard that wealth creation courses begin with farmers being asked to work out their cash needs, and a number of groups of farmers have gone through the process of doing this. There is no right or wrong answer to this, but you should do this for business and personal expenses. If you are one of the few who pays yourself a wage then your wage needs to be enough to cover your cash requirements. So, the idea is that you start with calculating what your cost of living is, ie food, house maintenance, power, plus mortgage, vehicle and any other things such as spending money, holiday fund, school fees and luxuries.

If a new Landrover is on the shopping list, that's fine if you can generate enough to pay for it. If you live cheaply, that is also fine as long as you ARE living within your means, but you may find you are sacrificing unnecessarily. Once you know what you need, and what you can afford, it may affect some of your choices – such as how often you holiday. In one case, I heard that the farmer realised by doing these calculations that he could cut out an enterprise, save some labour and still live within his means, plus get more time with the family.

#### 4c. Succession plans

In every country I visited, when I mentioned the future of the family farm people assumed I wanted to talk about succession. Whilst this was not my primary objective it is one of the biggest challenges to family business, and certainly a subject area not often discussed openly enough. In Wales and Ireland Sian Bushell talks through succession planning with farmers, and suggests that if they do not have a succession plan in place they are not well enough equipped for the future. I think a succession plan should be part of every farm's strategic plan.

*.. if (farmers) do not have a succession plan in place they are not well enough equipped for the future.*

All farms face different challenges with succession. For some, it is that there is no future generation interested in the farm, or maybe the next generation lacks the skills to take the business forward; or for others it is the opposite and multiple sons and/or daughters would like to be involved in the farm and the business is just not large enough to support them all. The critical question to ask is: can the farm support more people and how will it look in the future?

- Each person should consider their aims and needs
- Family members outside the business must also be considered
- These aims should be discussed openly
- An independent facilitator may help this process
- Put a plan in place and inform all those affected
- Record the plan, ideally in a legal document

Sian talks about how what is **fair does not have to be equitable**, and this is a quote I also heard from Mark Modzelski from New York State, USA. People must feel valued, and within families inheritance should reward those who have invested - or will invest - most time and energy into continuing the family legacy. Sian says that the farm should be considered in two ways when succession planning - the business and the asset - and at the Positive Farmers Conference in Ireland, she broke these considerations into the following questions:



### The business concerns

- Do you wish the business to continue after your days?
- Have you a plan for how the business continues if you are incapacitated?
- If the younger generation are to be encouraged to take on the family business, are they prepared and trained properly?
- Are the older generation prepared for retirement? And the change of status in the business?
- Have you written and dated a plan of how to hand things over?
- Is the business capable of supporting the retiring generation's pensions?
- What if the older generation needs nursing care? Who would fund this?

### The asset considerations

- Is it possible to protect them from a divorce?
- Are they protected against unnecessary tax?
- Are the assets protected from stupid decisions?
- How and when are they to be transferred to the next generation?

Sian also reminds people to plan for the unexpected – nobody expects a divorce (else they surely wouldn't get married?) but divorces do happen regularly. You should consider what happens in these circumstances, and Sian encourages people to think about pre-nuptial agreements where appropriate to protect the future of the family farm. I think this is an option farmers should really consider. Where multiple offspring plan to farm together, taking multiple spouses into consideration can be difficult as everybody may have different objectives, and these may change with time. If a prenuptial is a topic you don't feel able to broach in the first instance, then I would tentatively suggest that perhaps the communication is not strong enough, and this is unlikely to improve with time!

*Showing each other respect  
in the workplace is vital  
when you work in a non-  
family environment, but at  
home it may not come  
naturally*

There are a number of concepts that Sian also discusses with farmers to help separate the business of farming from the business of family which include setting boundaries around privacy, respect and listening. I think with family businesses these are key considerations and can help family businesses function smoothly. Showing each other respect in the workplace is vital when you work in a non-family environment, but at home it may not come naturally – working towards making the farm a professional place should help it remain a comfortable place for the people working there.

**Succession is not an event, but a journey the whole family should be part of.**

### 4d. All farms should be first generation businesses

I believe that no farm should be a second generation farm. Succession doesn't have to happen overnight so it could be in transition between generations, but I really believe in this situation you should be working towards an end goal of one generation owning the business.





This may seem like a bold statement to some, but if the next generation is to take on a viable business then they should be able to raise the finances to make it possible to purchase the business as an ongoing concern. If the business cannot service debt then it is unlikely to be profitable, and the business strategy must be evaluated.

The process of borrowing money means you need to draw up the business plan including cash flows and, usually, 5 year projections, and is a catalyst to drive you to get to know your business well, understand what affects it, and also what profit needs to be made to keep things going. In Taupo, New Zealand, Paul Olsen told me that debt is the best alarm clock – it's what makes you get out of bed in the morning, and those with debt are the ones who are up earliest.

*.. debt is the best alarm clock – it's what makes you get out of bed in the morning, and those with debt are the ones who are up earliest*

Even if the purchase between generations is not made at market price, the process of a transaction also hands on the responsibility, facilitates the handover officially, and prepares each generation for the future. This transaction is not only for the benefit of getting the paperwork in order, but also facilitates the handover of decision making.

The next generation purchasing the business also provides a pension fund for the retiring generation. This may not be an invoice which is settled in full on day one, but a play-day fund for the retiring generation is likely to help manage any concerns about finances, and allow the retiring generation the opportunity to spend their time doing things away from the farm.

My idea that there should be no such a thing as a second generation farm aims to buck the trends discussed with Rebecca Hill when we travelled together in France. With her Nuffield Farming Scholarship she is exploring why the mantra that it takes 'one generation to make it, one to keep it and one to lose it' so often applies to a farm business. I can think of so many farming families where this has in fact been the case. Of course it would be naïve to suggest that by never making it to the third generation a farm would never fail, but I really do believe that it is the expectation and a sense of entitlement that can cause problems.

*Cost control comes naturally to those who have faced financial hardship.*

How many of us hear our grandparents talking about how they worked harder in their day? I have seen in all the countries I have visited that the first generation of a business does tend to have to work hard to achieve something from nothing, establish a business and is likely driven by debt, or is self-funding a business opportunity. Their children will grow up with first-hand experience of the effort and sacrifice that goes

into building that successful farming business, and by the time the third generation is growing up they lead a relatively privileged lifestyle compared to the previous generations. They are also likely to grow up around the phrase 'one day this will all be yours.' I think this means they expect that things will always be secure, an expectation that they will get the business as per the promise, even if they don't earn it, and they may not be as aware of the need to control costs. Cost control comes naturally to those who have faced financial hardship.



In New Zealand I met with Mavis Mullins who sits on the board of the largest Maori farming corporation, and also Gregg Pardoe, the only Maori Nuffield Farming Scholar to date. I was able to discuss how the sense of attachment to the land within Maori communities affects business success. Maori's believe they are custodians of the land for future generations, and have an attachment to where they call home. They have a beautiful culture, and a spirituality which should be celebrated. In the UK and Ireland we also have this attachment to land as part of family heritage. Simon Coveney, the Irish Agricultural Minister, has been quoted saying that the average field in Ireland is sold outside of the family once every 400 years, whereas in France it is every 70 years.

Where whole communities own land, such as the Maori corporations that Mavis works with, it can be a challenge that you cannot borrow money against an asset which is held in trust, as the bank would be unable to secure debt against land that they cannot repossess in the event of non-payment. This land in theory will never be sold. If a business is not running in a viable way the asset cannot be realised or subdivided. This could get in the way of business progression.

It is well known historically some Maori people were treated inappropriately by some of their 'pakeha' or European counterparts and, since the treaty of Waitangi, government and communities have been working closely together towards an effort to return what was owed.... However, should modern day communities expect to receive farmland or an income from something they do not currently work for? Should people be favoured into jobs on these farms because of their cultural background? Or should it always be a case of the most capable person getting the job regardless of background, to ensure the strategy, capability, communication and evaluation can be effective? I think an even playing field is required, and a land of equal opportunity for all those willing to work hard to achieve prosperity. A sense of entitlement breeds an expectation that people deserve, or have a right to something, as you see on family farms. The current generation must be empowered to be high achievers and go out and grab opportunities for themselves.

*A sense of entitlement breeds an expectation that people deserve, or have a right to something, as you see on family farms. The current generation must be empowered to be high achievers and go out and grab opportunities for themselves*

In fact Mavis Mullins inspired me with her long term thinking, and acceptance that a strategy needs to be developed for longer term thinking. She is a visionary who is able to think about what the corporation farms should look like not only in 10-15 years or even her lifetime, but was talking about 100-500years time.

I saw the opportunity ....  
for creating heritage and community





Mavis Mullins at the marae (meeting place) donated and crafted by her recent ancestors

Following the idea that every farmer should be a first generation farmer, if each person has to buy into the family farm, then they are faced with a choice – do you WANT to be involved or not?

I regularly meet people in the UK who farm now because they can't imagine doing anything else, but they have never worked off the farm or ventured out to see what else the world has to offer. They never really felt they had any options outside the family farm, and certainly did not want to disappoint their family by moving on. However if your heart is not in agriculture how will you ever be a skilled agriculturalist?

I suggest that buying into the farm, and actively making the choice to invest in the farm will create an agricultural community who have a desire to farm, are passionate about the industry and willing to embrace change, new techniques and technology. The main difference will be that they are driven to create a financially stable business. The industry as a whole would jump forward if all operators were adopting new innovations and making decisions based on real data, both performance and financial. This addresses the capability which is also part of the recipe for success. We regularly hear of the difference in profitability between top 25% and bottom 25% farmers – imagine if the average was brought up, and how much impact that would have on agriculture's contribution to GDP.

Mark Modzelski in New York State, USA, helps put together succession plans for American farmers, and one of his suggestions is to sell the operational business, without the land, and then the operating department rents the land from the outgoing generation. This allows the next generation an opportunity to farm without all the capital outlay for the land asset (which they will inherit later by agreement) and also reduces some of the interest payments. However it also gives the retiring generation an income from their asset without the workload in their final years, and the opportunity to maintain the heritage of the family farm for future generations by gifting the asset that they have worked so hard for during their own careers.



If a purchase is made between generations this also allows a retirement fund for the outgoing generation to utilise in their later years. I tentatively suggest that this will go some way to helping those who claim to have nothing else to do other than farm... with a play-day fund perhaps they will head off farm and see what the world has to offer.

### **To fail to plan is to plan to fail**

#### **4d.i Tafadzwa Manjala**

One person who made a big impression with a small enterprise was Tafi, whom I visited in Whangarei, Northland, New Zealand. He has a full time job working for Dairy NZ and has spent his 'spare' time developing a successful heifer rearing enterprise on a small block of land.

To get this started Tafi worked with a friend who had a rented block of land, but was understocked and short on labour. Tafi started out by buying 3 calves and running them with his friend's stock (for free) in return for moving the friend's stock each day. This resulted in better grassland utilisation, and Tafi gradually built up to 10 calves the following year. As the grass quality improved, so did the confidence of his friend that the land could support more stock. A change in circumstance stopped Tafi's friend continuing but the land owner had been so impressed by what Tafi had achieved in the few years that he had been working the land that the lease was offered to him at a low rate with the agreement that the land improvement would continue.



**Tafi showing me his calf rearing enterprise**

Tafi reared 230 calves in 2013 on this block, utilising old sheds already in place, and developed them using free materials he collected. Waste milk is collected from local farmers, and the agreement for sourcing calves is that he takes Jerseys at a small premium over bobby calf price, but at a week old rather than the 4 days they would go as bobbies. This means they are already suckling and have received sufficient colostrum.



Calves are either sold as replacement heifers or to lifestyle blockers, advertised on 'Trade me' website at a premium. To run this enterprise takes around an hour a day on average (a little more when the calves are on milk, but much less as they grow to pasture), fits in with Tafi's off farm job, has low land requirement, has built and been self-funding since the initial purchase of 3 calves, and now generates around \$40,000 per year. The strategy of keeping a lid on costs has paid off.



The shelter developed at low (or no) cost for the enterprise

I saw the opportunity ....  
to build something from nothing

In business everybody's key objective is to turn a profit. The strategy needs to be fit for purpose to allow this to happen. I visited businesses around the world which all had different aims and objectives, and strategies. One key message that I learnt is that you need to consider your cash needs, and how your business can best deliver these for you. For many family farms in the UK their business plan is currently not delivering this, and it is subsidy which is actually supporting the farm, or an off-farm income. I found there are a few options available to help farmers make more from farming

- Intensification
- Diversification
- Innovation
- Increased efficiency
- Collaboration



#### 4e. Intensification

One method that we are adopting on the farm at home is intensification - 3 years ago when we first came to the farm we started with 60 cows and a low stocking rate. Our route to expansion has partly come from intensifying what we are doing within the farm gate. We are now much more highly stocked (which has its challenges) and have concentrated on generating more production from the same inputs. This means that fixed costs, which are often those most difficult to reduce, are spread over a greater level of production, and therefore become less per unit output and a smaller percentage of the total cost of production.

##### 4e.i Alo Mohan

In Ireland, Alo Mohan rears broilers. Previously the farm has been a beef and sheep unit, but this was not profitable enough so they diversified into poultry, keeping a few other livestock as land management tools. Alo prides himself on his attention to detail and in turn has 7.9 flocks through his sheds per year, as against the 5.5 per year of the average Irish poultry farmer. This in itself is impressive but he has also changed his heating system which has reduced his energy consumption by 53%. Spreading your fixed costs over the extra flocks that pass through the sheds annually has the overall impact of reducing cost of production and improving profitability of the enterprise.

Alo showed me that poultry provides a very real solution to area-based challenges in farming, as such a small land base is required. Even where free range systems are being run symbiotic enterprises can be beneficial, such as orchards in the chickens' ranging space. He also demonstrated that with excellent attention to detail costs can also be controlled. Alo's technology and monitoring equipment means that his birds really do thrive in the optimum environmental conditions – this helps reduce the use of veterinary and medicine inputs, and ensures efficient feed conversion ratios. It also means that he is ahead of the business plan in terms of return on capital invested in the infrastructure required for the poultry.



Alo detailing the precision atmosphere control he has in his poultry units

I saw the opportunity ....  
to reduce cost of production





#### 4f. Diversification

When I think of diversification I usually think of niche products, agro-tourism and setting up new enterprises. However when Matt Dempsey, the editor of the Irish Farmers Journal, talked to me about the future of family farming in Ireland, he explained that diversification of family time is the most common diversification. This sparks some debate; is this also a form of farm subsidy? Is the money generated from this alternative employment (which is commonly in the building trade, teaching or nursing for farming families) another direct subsidy to the farm for covering general running costs and reinvestment, or to contribute towards family living costs and a higher quality of life?

Matt Dempsey told me that the number of full time Irish farmers has decreased significantly during the period he has been involved in Irish agriculture, but where a farmer's focus is directed towards progression, he feels that major growth is possible in Ireland. He explained that the limiting factors to business growth are different everywhere - in Ireland one of the limiting factors to growth has been milk quotas.

With abolition of milk quotas coming soon, and high unemployment levels nationally in Ireland, agricultural colleges are at full capacity creating a generation of skilled operators for the workforce. Matt Dempsey explained that small scale, mainstream enterprises are difficult to run, as it takes a greater proportion of output to maintain the same levels of income, but major growth is possible where sufficient focus is driven towards this goal. I think the next generation of skilled labour could make giant leaps in efficiency, by utilising new technology and intensifying, and will subsequently increase production levels in Ireland. Diversification remains a big opportunity – particularly when on the outskirts of a large population.

##### 4f.i Ed O'Donnell

Visiting the Bloom festival in Dublin, Ireland, I watched Ed O'Donnell selling his branded crisps to customers: customers who were climbing over each other to chat to Ed, taste the product, hear about the farm and share his story. His people skills, and communication are part of the success of O'Donnells' crisps.

The following week I was able to visit Seskin farm, their home farm in Clonmel, Ireland, where the potatoes are grown to supply these value added crisps. The potato chips that they produce are a luxury crisp product that is adding value to their original core business of potato production. They outsource the manufacture and distribution, although the business remains a family affair, with family members leading on product development, marketing, customer relations, packaging etc.

This is an example of how a successful diversification has really added value to the original enterprise, creating a market for their potatoes and a whole new vertically integrated business creating employment opportunities in the community. The success of Ed O'Donnell and his family is likely to be down to their planning and excellent communication skills. Whilst visiting I was able to sit in on planning meetings for a potential new dairy enterprise they were considering, and I was impressed by how carefully the strategy was being considered in advance of committing to the project.

I saw the opportunity .... to diversify



#### 4f.ii The Leonard family

Joe Leonard and his family in Ireland have diversified into a golf course. They run a dairy enterprise which is rapidly expanding, but Joe's brother was previously running the drystock enterprise that was part of the family business. They decided to utilise their location and topography to diversify from drystock into tourism and develop a golf course, run by Joe's brother. Visiting the golf course made me think about forms of land use other than agricultural. Recreation is a huge industry, and farmers are lucky to have the chance to spend time outside - this is not an opportunity available to everybody. A professional grassland manager diversifying into managing grass for greens and marketing a golfing experience has been a successful plan for the Leonard family, and is an inspiring story.



The Leonard family golf course

#### 4g. Innovation

With technology advancing quickly farmers will need to innovate to stay ahead. Twitter has become a source of information and communication for me in the last twelve months. Thirteen months ago I had never sent a tweet, yet now if I have a question I might google it, or I might tweet somebody. With an international network there will always be somebody awake, somewhere in the world ready to answer. Technology is changing quickly and having seen precision farming and drone technology in France with the mapping company Geosys, I realised how farmers need to keep abreast of new technology. Self-steer tractors are targeting inputs, and increasing both the efficiency and the sustainability of agriculture worldwide. But is this innovation available to the small family farmer?

John Murphy, a garlic and wine producer from Marlborough, New Zealand put forward the argument that it is better to be an early adopter than an innovator. Innovation comes at a cost,



whereas once technology is developed and begins to become mainstream the cost of the 'innovation' comes down quite quickly. He argued that being an early adopter still allows you to stay ahead of the 'followers' and utilise opportunities early and lead the industry, plus take opportunities to reduce cost of production and run an efficient system; and as you are using methods of production already tried and tested it takes out some of the risk.

#### 4g.i The Jungle Farm

The Jungle Farm just outside Innisfail, Canada, was not only selling produce but also selling an on-farm shopping experience through a pick-your-own, a farm shop and a farmers' market stall. They noted that when people pick their own, they buy the misshapen produce and spend more because they get carried away enjoying the harvesting experience. Customers also make purchases in the shop that they may not otherwise have bought. Convincing customers to enjoy the on-farm experience was a priority, and Jungle Farm plays a big role in the education of children about where food comes from, and had created a family fun experience including an adventure playground and fun open farm days. They also run a CSA scheme (Community Supported Agriculture) where customers sign up to receive a produce box throughout the year. They will receive whatever produce is in season, and although the aim is to provide plenty of variety to the customer, the latter is investing at the beginning of the year and making a commitment that they will purchase whatever Jungle farm has in supply at the time. This gives the farmer the opportunity to manage what produce they sell and when, but they have to work within the price that the customer has already paid for produce, so the farmer needs to make up the box based on value.

The family had also devised an innovative way to deal with waste .... turn it into fun! They had built a huge canon, which fired overripe pumpkins to oblivion after the power-tool pumpkin carving session at Halloween. Who wouldn't want to have a go with that?! Not your conventional way of spreading nutrients on the land in Wales, but I'm sure it would draw a paying crowd!



The pumpkin cannon on the Jungle Farm

I saw the opportunity .... to innovate





#### 4h. Increasing efficiency

All businesses need to prioritise cost control, and utilise best practice. When you look at Welsh hill cattle and sheep farms, whole farm data collected by Farm Business Survey in 2012/13 shows the difference between the *average* profit (before rent and finance) at £237 per effective hectare, and the *top third* which average a profit of £447/eff.ha. What are the top third doing that the bottom third are not? It is difficult to say – and if I had the answer to that then I would surely be a millionaire by now. However, there are lessons we can learn here about attention to detail and efficiency. Of course not everyone can be a top 25% farmer, because somebody always has to be at the bottom of the league table, but if we can all improve and we move the average up then it is a win-win situation.

##### 4h.i William Morrison

William Morrison, at the Manga Ra station in New Zealand, explained their family business is run in a corporate manner. They have monthly meetings of the ‘board’ which is made up of four Morrison family members, who each have a 25% share in the business. They also have a weekly meet to go through the week’s events, and plans for the following month. These meetings focus on data from financial and production software that they use on farm. This means each person can have printouts in the meeting tracking performance against historical data, allowing informed business decisions. They utilise internet technology, called Wikispaces, to share this data with their farm workers. This is an interactive web-based service allowing all team members access to information anywhere on the farm through the use of smart phones. William echoes my own thoughts when he says: *‘Farming is a complex business these days, and one person can’t cover off everything.... Even if you could, it’s very hard to be good at everything when you’re trying to be jack of all.’*



William showing me round the station in the branded ute!

I saw an opportunity ....  
for utilising information to improve efficiency





#### 4i. Collaboration

There are a number of ways that farmers can collaborate including machinery sharing, share farming, labour sharing, and group buying and marketing. Farming is unique in the way that although our neighbours may be producing the same saleable product as us, we do not see them as our competition. I think this community spirit is unique to agriculture and is something we should prize, and use to our advantage.

In France I saw a machinery sharing operation called CUMA where farmers could book machines with or without drivers. It meant that the small farms could grow a range of crops without investing in the infrastructure required for each enterprise, but could have the machinery available to them at a low cost, and no capital tied up. A membership fee is paid to the organisation annually then the equipment can be hired. A similar example works successfully in Pembrokeshire in the form of the Pembrokeshire Machinery Ring.

Another key message learnt in France was around the importance of provenance. If you keep cattle in the Charolais region, you will keep Charolais, and if it is in the Limousin area, then you will farm Lims. Farming tradition is very strong in France, but the French play to their strengths well, utilising their branding carefully. The PGI, or protected geographical indicator that we use in Wales on our Welsh lamb and beef is particularly important in Europe. The French utilise labelling to add value to their product and it is well recognised by consumers there. This regional labelling is a form of collaboration, and it relies on all the farms supplying a good product to help build the profile of the region.

##### 4i.i Roquefort

Roquefort cheese carries the AOP (Appellation of Protected Origin) which dictates that all the sheep's milk used to make Roquefort cheese comes from within the 'Rayon de Roquefort' (the region around the Roquefort caves) and all the sheep must be of the Lacaune breed. The success of the family farms supplying the seven cheese producers of Roquefort relies on each of them to create a stable enough, high quality supply chain for the brand to continue. The brand could not continue if they could not get the supply of sheep's milk from within the region, as the rules around their AOP prevent them from buying outside the region. This protects the market for the suppliers, but on the flip side the suppliers are limited in their options as to other markets.

I saw the opportunity ....  
to build a brand.



Roquefort cheese being sold with AOP labelling in the Roquefort caves

#### 4i.ii Rod and Shelly Bradshaw (Innisfail growers )

In Canada I met with a group called Innisfail Growers. They sell their produce as a co-operative. They run market stalls in different towns nearly every day of the week, but I visited the Calgary Farmers' Market site, their distribution centre and a number of the growers. Calgary Farmers' Market was a fantastic shopping experience attracting a range of customers, including mothers taking kids to the play barn, suits using the free wifi, and even those calling by for takeaway lunch from the gun range next door.

The Innisfail Growers group have an agreement that they will each grow a range of fruit and veg to supply the stalls, and they map out at the beginning of the year who will grow what and how to manage supply and demand. As individual farmers they would have increased marketing costs if they were to each have stalls, and they would also be incredibly limited to what they could supply, or end up growing on a very small scale in order to increase the number of crops they grow. All of this is agreed on handshake, reduces competition, creates a route to market, overcomes challenges of stocking a stall year round and allows them to offer a range to customers, even when each farmer may only produce a limited amount or type of produce. Some of the producers also supply jarred and canned products to increase their selling season. They are also creating employment in the area – small farms, big impact.

I saw the opportunity ....  
for group marketing



Calgary Farmers' Market



Garlic scapes being sold on the Innisfail Growers stall



Potatoes being produced for the Innisfail Growers' stalls





## 5. PART 2 - CAPABILITY

The capability of the person leading the business is also critical to the success of any enterprise. In agriculture farmers are expected to be multi-talented - to include being soil scientists, livestock nutritionists, machinery operators, agronomists, accountants, human resource managers and, in the case of family farms, they also need to be mother/father/son/daughter/husband/wife all at the same time.

Whilst the multitasking involved in farming, and the role variety, is one of agriculture's attractions, nobody can excel at everything, and you are likely to be held back in the areas that you are weakest. One-man-band farms can potentially suffer limitations due to the farmer's weakest weakness. A SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis of your business can help you identify where you should be spending your time, and where you should be delegating.

### 5a. Delegation

Lots of family farms don't employ labour outside the family, either because they can't afford it, or in some cases think that they can't get good enough people to work, but you can delegate without committing to paying a regular wage.

You don't need to employ somebody new to delegate tasks - it might be that different family members already have the skills you need, but they need to be allowed to utilise these. Time is often the critical factor, and people need to be able to make time to do the jobs that will make biggest impact on the business. If your strategic planner is too busy milking cows to evaluate the accounts how can you know the business is performing as it should?

It may be that where skills are lacking you can delegate outside the business. For instance, instead of maintaining your own machinery you could choose to take it to the local mechanic to fix the problem. This is likely to be more cost effective if you are not machinery minded yourself and waste hours fixing something which could be done in a fraction of the time by a specialist. Perhaps spending a little on getting a farm secretary in to help with paperwork will remove your least favourite job, would ensure the records are up to date, and save stress.

It is important to be honest about where the key business leader's strengths and weaknesses are. A farm will be limited by the farmer's weakest weakness, unless he acknowledges where that weakness lies, and addresses it. I heard from many people that you should employ people better than yourself. I think this is critical – the people you employ should have different skills to you. If your weakness is book-keeping then you should employ somebody to help in that area, or if it is in agronomy, get advice. Recognising where outside expertise can benefit a business is key, and asking for help should be seen as a strength, and not a weakness, in a farmer.

When I met with Jim Van Der Poel in Ohaupo, New Zealand, he talked to me about when his business started growing and he realised that the saying 'if you want something doing right, you'd best do it yourself' was a motto that was limiting him. It continues to be a limiting factor for many family businesses now. Once Jim had left this attitude behind him his business grew rapidly, and the Van Der Poel family are well known as successful large scale dairy farmers the world over.



In order to grow a business from a small beginning, there will come a point when one person can no longer carry out all the tasks. Trusting somebody else to carry out tasks, and allowing them to do so in a way that might be different from how YOU would do it can be challenging. At the end of the day as long as the original outcome is achieved in an efficient, time effective manner it probably doesn't matter how you get there.

### **5b. Upskilling and training**

Continual professional development (CPD) is key, because as technology advances and innovations are introduced, or new challenges arise, last year's best farmer can soon be left behind. CPD is a term well used in other industries, but is lacking in agriculture globally.

Simply keeping up to date via the agricultural press is one way to keep abreast of new industry issues, but taking extra effort to get out there and see things first-hand is better, in my opinion. People learn in different ways. Some can absorb information from the page simply by reading, some learn visually - if they can see something happen they will understand and remember - but others are action learners. I think upskilling should include practical training opportunities from off farm. Doing everything in the way it has been done for generations on the family farm, or referring to out of date college notes can mean you are unaware of changes to best practice. Change can happen quickly. A practical example of this is drenching sheep - best practice used to say that you dose and then move sheep to a clean pasture. Now we better understand anthelmintic resistance we realise this practice was selecting for resistant worms and the recommended principles are now the total opposite – don't drench everything, and leave the stock in their 'dirty' field for a while post drenching.

Farming is a highly skilled job, and feeding the population is a huge responsibility. Consumers need to have faith that we as farmers are competent, and we as farmers need to know we are utilising all the resources available to us to farm in an efficient, sustainable and most profitable manner.

Being properly trained is also the minimum that a farmer can do to protect against having accidents on farm, particularly where machinery is concerned. On a family farm an accident can be devastating to the future of the farm, on top of the trauma of the accident itself. Suddenly spouses become carers, and are expected to complete all their usual roles plus ensure that the work of the incapacitated person is also covered.

### **5c. Discussion groups**

In my day-to-day work with discussion groups in Wales, I see the benefit all the time of knowledge exchange, and my Nuffield Farming study for me has been the ultimate networking and knowledge transfer programme. There is no bigger high for me, than when a farmer implements something seen at a group event and then reports that the changes have made a positive impact on the business. I have also been made acutely aware that in Wales we should place a higher value on the discussion groups that we do have.

From first-hand experience the Grasshoppers Group, the discussion group that we are part of as a farm at home, has been influential in helping us see where adaptations can be made in our farming system for improved production, lifestyle and profitability. Many minds make light work of a problem. We can tap into the experience and expertise of the group at any time, should we need a bit of support or guidance. We are very lucky. Not every farmer has access to this fantastic resource,



but I would recommend all farmers find a way to exchange information and ideas with like-minded people.

The Farming Connect programme is leading the way in knowledge transfer, training and mentoring in Wales, but as a free or subsidised service perhaps it is undervalued by farmers simply because there is little or no monetary investment required by them. In Canada I was able to join a discussion group of organic farmers, who were meeting to look at oat trials. Many had travelled in excess of 4 hours, in the rain, to be there on the day, and had not had an opportunity to join a farm walk for a number of months. The event itself was successful, but the farmers were amazed to hear that in Wales there is usually an agricultural knowledge transfer event every fortnight that would be within an hour of the farm gate. The Canadian use of the discussion group was to hear about new varieties, see demonstrations, and importantly remove some of the isolation from farming.



An organic discussion group meeting looking at oat trials in Canada

In Ireland Teagasc have a world renowned reputation for research, development, demonstration and extension. On a visit to the Moorepark facility it was clear how valuable this resource is to pastoral dairying worldwide. There are financial incentives for farmers to attend minimum numbers of discussion group meetings per year, and with great discussion group engagement at a time when the industry really is booming there is a competent workforce available to drive forward.

In New Zealand at a Dairy NZ regional discussion group in Northland it was clearly demonstrated how the farm staff were using the group sessions for upskilling, for socialising and also for networking. Because farm staff and sharemilkers regularly move up the farming ladder, upskilling is an absolute priority in New Zealand. This particular meet focussed on advertising for farm staff – what should the advert say, where should it be displayed, what would attract staff to apply and what would each party (employer/employee) expect. Interestingly it was not always wage that would be





the most attractive part of a job advert - for many it was the ability to take family to work, flexibility, proximity to good schools and lifestyle. In one case, a promise to be able to attend the children's sporting events was the deal clincher when a sharemilker had accepted his last job. This is evidence that family considerations are also a must for staff.

The meeting was a mixture of technical discussion and the focus was on a learning experience with relevance for all attendees. What was also encouraging was the number of farms that had sent multiple people to the meeting – a farm owner and his wife, plus their sharemilker and farm labourer. The emphasis on making upskilling a priority was great to see (especially for me as a group facilitator), and that all members of the team from that particular farm had the opportunity to join in the debate was fantastic, rather than hearing a second hand update later, which so often happens.



A Northland Dairy NZ discussion group in Waipu

I saw the opportunity ....  
to problem solve communally.



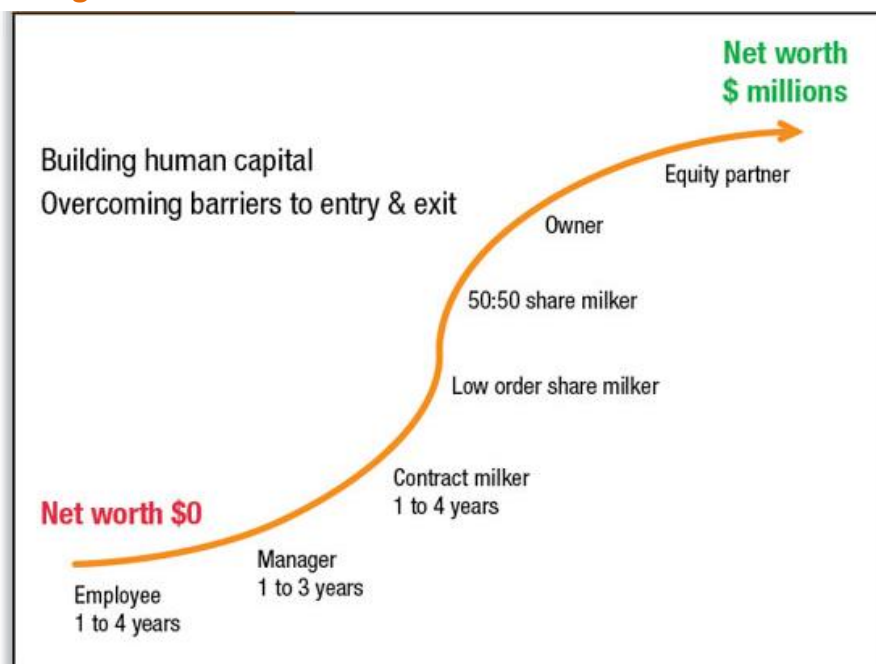
## 6. PART 3 - CAPITAL

Finance can be one of the biggest challenges to a business, and a business that cannot service debt is not a healthy business, and certainly not a growing business. I would point out that if you have a good strategic plan, the skill set to carry it out, and are a strong communicator, I think the capital element is the least important factor. My argument for this is that you will be able to sell your strategic plan, yourself and your vision to finance the project – an investor invests in people with plans.

However, starting out in farming is virtually impossible without any capital, and although there are models for equity partnerships you still need to have something to bring to the table in the first instance.

In New Zealand (and to some extent Ireland) I looked at options for entry to the agricultural industry and for rapid business growth. Looking at the New Zealand dairy industry there is a definite ladder, where an individual can start out as a farm worker, and scale the ladder to farm manager, contract milker, sharemilker and then make the move into farm ownership. This model is a great farming ladder creating opportunity for growth, wealth creation and skills development, but it is not one commonly used in the UK. One of the key benefits of this model is that you don't have to be born into farming to farm. With the right attitude, skills and enthusiasm anyone can make it in the NZ dairy industry. But it also means that just because you WANT to farm, doesn't mean you can. There are no subsidies to prop up an underperforming business, and if you don't have the skills to climb the farming ladder you won't be able to progress. This is what sets NZ apart from the rest of the world – you have to walk the walk to get on in Ag in NZ. This breeds every new generation of farmer to be innovative, embrace change and new technology, and monitor performance at every turn. These are the exact things that many UK family farmers forget to do in the rush of everyday tasks.

### 6a. Sharemilking



The New Zealand farming ladder





In a share milking agreement, a farmer runs a dairy farm on behalf of the farm owner for an agreed share of income and expenses.

For the dairy farm owner sharemilking agreements allow:

- Reduced workload while still receiving an income and enjoying any capital gain in land
- Exit from day-to-day management, livestock ownership and depreciating machinery
- Funding to be available for retirement
- Ensure that his asset is being farmed by an individual with a vested interest
- A succession plan

The share milker can:

- Have a viable business model that provides equity growth and wealth creation
- Climb the farming career ladder which ultimately can result in farm ownership
- Utilise farm owner as mentor, and build business experience

There are a few different sharemilking agreements, but the most common is the 50:50 arrangement where the land and infrastructure are provided by the land owner and the sharemilker provides machinery and livestock. Each person then shares the milk cheque and costs on a 50:50 basis, although the percentages in reality can range from 40-60%. The sharemilker grows and builds equity through the livestock, (particularly the progeny of the herd) which in turn can be borrowed against at about 60% of value, or cashed in.

The return for both equity partners can be attractive, and in New Zealand Paul Olsen told me he would aim for 8-12% return on capital for a 50:50 sharemilking opportunity.

According to Dairy NZ statistics owner occupiers in New Zealand averaged a return on asset in 2012-13 year (which was drought stricken) of 9.2%, with a return on capital of 12.2%, with 13% growth in equity at a debt-to-asset ratio of 43.7%.

#### **6b.i Ian Douglas**

Ian Douglas and his partner Rowena were particularly inspiring when I visited them in Titoki, Northland, New Zealand. They are sharemilking on a number of properties, at least one of which is owned by Ian's father. I admired the fact that the arrangement under which they farm the family farm is a professional one, with mutual financial benefit. Ian showed no indication that there had ever been a level of expectation that his own family would create an opportunity for him to farm – he had to earn it, and now that he is their sharemilker he treats the farm the same as the other holdings he has partnerships with. In addition to the property owned by his parents Murray and Marcelle Douglas, Ian also has a portfolio of other dairy agreements which includes leasing farms. Quoted in the Dairy Exporter magazine as 'growing more in 3 years than most dairy farmers do in a lifetime', I could easily see the attitude that is carrying Ian and Rowena towards realising their dream of further expansion. In just 3 years they have built up to 900 cows, and won a whole host of dairy industry awards including sharemilker of the year.

Interestingly the initial drive for them to enter the dairy industry came from the need for fast wealth creation. Ian previously worked outside of agriculture in hospitality, and had a



high profile restaurant management position in Melbourne. With aspirations to own their own hotel, dairying was the quickest way that they could see to raise the capital to realise their dream. Now Ian and Rowena say that they very much enjoy farming, and as time goes on they are finding they are getting less and less hands on. With the ambition and enthusiasm that they have I can easily see them running multiple businesses, in multiple sectors in the future – but with such obvious agri skills I hope they stay in the agri industry!

Ian explained to me that whilst winning Dairy Industry awards is a real buzz, it also helps build their profile and reputation as good people to work with. They are utilising their strong reputation to leverage more attractive partnership opportunities, attract better staff and trial different profit sharing arrangements: such as taking a greater proportion of the milk cheque in return for greater management responsibility, eg managing run-off blocks and young stock. To me this is a great example of how strategy, capability and communication are building the capital element, and creating a formula for success!

I saw the opportunity to be profitable –  
turnover is vanity, profit is sanity



## 7. PART 4 - COMMUNICATION

Over the past year I have spent a huge amount of time looking at relationships and communication. You can have the best strategy in the world, but if you can't communicate this effectively within the family, to your employees or the professionals that you work with, it will be challenging to achieve your goals. If involved in marketing your produce it is usually YOU that customers are investing in, not the product or the farm. The same would be true of financiers, and in the case of somebody who has a good business plan, capability and communication, it is likely that they will be able to source the capital. Effective communication is vital to build trust and manage expectations.

### 7a. Relationships

I have heard numerous times in hushed voices that another family member is holding the business back. It is either the son who lacks experience in the view of the father, or the father who lacks the ability to change in the view of the son... in reality it is the relationship, and the communication that is holding the business back.

In Stratford, Taranaki, New Zealand, Lee Buchanan taught me about the Myers Briggs personality profiling, and how understanding personalities can ensure better business relationships. When we understand better how people think we are better able to appreciate their strengths, and understand their weaknesses. I think it is important to know your own personality profile, and those of your family and business partners. It may even be a good team building exercise.

As part of my Nuffield Farming experience I undertook the DISC profiling process. What was revealed was pretty accurate, and my profile classified me as a results orientated person. I guess most of it wasn't new information to me – I *am* results orientated, I *do* have a dominant personality and I *am* very conscientious. My strengths are also my weaknesses – the same as everybody else, in any other DISC category. BUT, what was very quickly

*... in reality it is the  
relationship, and the  
communication that is  
holding the business  
back*

apparent from doing the DISC profile was that by giving my personality profile some thought there are situations where I can moderate my behaviour, or better understand how I will be interpreted by other personality profiles; to help me play to my strengths, and read other people slightly better than I may have before. It also taught me a few things about how to communicate with people who are different from me, and to deliver a message more effectively.

I would recommend the process to anyone, and would certainly say where a team, whether that be family or staff, need to work together it could be a very beneficial process to go through personality profiling. Of course you know yourself and your family well, but when you set aside time to consider each other's drivers it can lead to easier relationships in the future.

I am a firm believer that any business success is directly related to the individuals involved in the business. One of my mottoes in life is that you make your own luck. A can-do attitude takes you halfway to solving any problem, and looking for solutions when faced with a problem, rather than giving up, is the difference between a success story and a failure.



On the flipside this also means a business is limited by the weakness of the individuals involved in the business.

Everyone is different, and reacts to different situations in different ways - life would be boring if we were all the same.

## **7b. Personality profiles**

In Canada I heard about the personality profiles of farmers from Ryan Koeslag of the Agricultural Management Institute. He identified 5 personality types they had studied within farming and explained a little about how each approaches a business differently, and how people's attitude affects what risks, farming sector and plans they will have.

### **1) Independents**

- Confident and feel successful
- Averse to planning
- Less likely to recruit help
- Less involved in organisations
- Profit orientated
- Barriers to success – input costs, market conditions and regulation
- All types of farm – stock, cropping etc.
- Compared to other 4 farmer types few report increased sales
- 6% have a farm business plan

### **2) Developers**

- Less confident in ability
- Optimistic farmers
- Technology orientated
- Seek outside expertise
- Involved in farm organisations
- Compared to other 4 farmer types, largest farms and most likely to be expanding
- Barriers to success – input costs, access to finance, regulation
- Most likely to report increased sales
- 25% have a farm business plan

### **3) Planners**

- Very confident in their abilities
- Engaged in planning and tracking
- Profit orientated
- Organised and open to risk
- Most aware of funding options including grants
- Average sized farms
- Barriers to success – marketing
- 70% have a farm business plan



#### 4) Sun Setters

- Less confident in their abilities
- Willing to take risks
- Chose lifestyle over profits
- Unsure of benefits of planning
- Engaged in succession planning
- Likely to be selling the farm in future
- Barriers to success – market conditions
- 8% have a farm business plan

#### 5) Sceptics

- Confident in farming practices
- Risk adverse, and don't see value in a farm business plan
- Frustrated by factors beyond their control
- Likely to have smallest farm size
- Barrier to success – personal reasons
- 2% have a farm business plan

I think we all have some characteristics from each of these categories, but what interested me most about Ryan's observations was that a sceptic is most likely to be found among the farmers with the smallest farm size - is the farm size limited by a sceptical attitude which prevents growth, or is it that the environment on small farms makes the farmer sceptical? I think this could be a chicken and egg situation, but often one-man-band farmers are the most isolated from communities (because they are the only farm labour unit and struggle to get away from the farm) and perhaps this isolation and lack of communication, discussion, and hearing from those with a different outlook leads to scepticism. This strengthens my message that communication is a key skill in farming and that even if you are a poor communicator it is of benefit to create social structures to keep too much scepticism at bay – good communication is about listening and learning, and sharing!

*even if you are a poor communicator it is of benefit to create social structures to keep too much scepticism at bay – good communication is about listening and learning, and sharing!*

#### 7c. Isolation

Farming can be a lonely occupation, and I think an added challenge to family farms, particularly small ones, is that people are often spending long periods of time on their own. Communication is a skill that is developed with practice, but if you don't get much practice how can you be good at it?

Rural isolation has been identified as a leading cause of mental health problems in rural communities, and a new UK Young Farmers Club initiative aims to raise awareness of rural isolation and help reduce mental health problems associated with isolation and loneliness, by developing specific projects to tackle isolation and collaborating with other support organisations.



Good communication, even if it is phone calls or text messaging, or through social media, such as Twitter and Facebook, can help provide access to farming and local communities. The saying goes: 'a problem shared is a problem halved.'

Even where family farmers are not completely on their own, they are likely to spend time with the same one or two people every day. And these people are likely to be a spouse, or son/daughter perhaps. When you eat, sleep, live and work alongside the same people every day this can be challenging. What do you talk about in the evening when you have been alongside each other all day? Nurturing relationships, and making the time to spend away from the business with the family is vital to help keep strong inter-family relationships and communication on any farm. I should also add that working alongside family can be the biggest perk of the farming world, and it is something the agricultural community prizes very highly in all the countries I visited. This would never be more true than in France where I saw the importance of family and spending quality time together. Lengthy lunches are traditional in France, and provide time spent with the family, celebrating good fresh food, and a great climate, which is all part of the French lifestyle.

#### 7c.i Thaubid Dracord

In the Champagne region of France, when visiting Thaubid Dracord on the final day of grape harvest about an hour and a half after they had been served coffee, the whole picking crew stopped - 2 hours short of finishing - for a communal lunch – which lasted two hours! I considered myself very lucky to partake in this lunch - the food and drink were great, as was the banter between the workers. However I remember thinking at the time that if they had just kept picking they could have finished two hours earlier! The lunch was great, the morale of the picking team was great, their singing was great and the relationship between employers and employees was also great. The crew had their own community and it highlighted to me that not everyone works for money, and that there are lifestyle KPIs that should be considered, not just financials. I remember when working in New Zealand wool sheds a ganger's ability to get good shearers was sometimes dependent on the view from the shearers' quarters and the quality of the cut-out party!

*... it highlighted to me that not everyone works for money, and that there are lifestyle KPIs that should be considered, not just financials*

I saw the opportunity ....  
to celebrate the pleasures in everyday life.

In Canada I saw that it was sport and local events that kept the community in touch. Curling played a large part seasonally in many farmers' lives in Canada, as did attending the local livestock market or arranging the rodeo. For me at home it is running that provides some down time, and in Ireland Joe



and Mairead Leonard showed me that making time for each other is vital for a strong relationship. Since meeting with them I have made an extra effort to spend some time enjoying the beautiful surroundings in Wales, such as the local beach – it's surprising how valuable even an hour spent away from the farm can be.

### 7c.ii Alec Jack

Alec Jack has a vision for an ongoing intergenerational farm model. He aims to write a coffee table document detailing his aspirations for the farm to remain in the family for his descendants. It is important to him that the future generations are descendants of his grandfather, who originally came to the property. Alec thinks further forward than his own personal goals and looks to set up a business for the generations that will come after him. He talks not only about the generations that will follow him immediately, or those that will be born during his lifetime, but looks to create a legacy for his descendants, many generations into the future. He aims to build a property which can service debt, and can be handed on as a viable business each time, over many generations.

He is very comfortable with the idea of handing on debt to the next generation as long as the farm is able to service this. He wants to 'share the reality of the farm' with his children as soon as they are old enough, by including them in the discussion. He proposed to have the children at family or bank meetings. He says this is so that they do not grow up with expectations of inheritance, or an idealistic view of farming, but are well informed on the future of the family farm. They will also understand that one of them will be privileged enough to farm the land, and that the asset should not be sold off for other opportunities.

*He is very comfortable with the idea of handing on debt to the next generation as long as the farm is able to service this.*

The open approach to a 'coffee table document' that will always be around the house as the children grow up was really refreshing and inspirational to see. A key point that he made was that this document would also be freely available for all to see. This would then by default include his children's future partners, which should allow them to understand the future of the Jack family farm from the outset. I see this coffee table document as a very effective communication tool.

It is not only Alec's refreshing attitude to succession and communication that sets him apart from the crowd. He is a beef farmer primarily, running a techno-grazing system, but beef is not the most profitable industry in NZ at the current time. He has had aspirations to buy neighbouring property for years, and with rising land prices never been able to get sums to add up. Eventually after land prices decreased he was able to get an offer accepted for a neighbouring dairy farm, and is now using the shed there to milk cows using some of his existing land base. It's unusual for a beef farmer to take over a neighbouring dairy farm - but proof that with the right attitude and shrewd business decisions anything is possible.

He is also building a beach on the farm, by their lake, and some camp ground area. This is for family to use, to ensure that the farm is somewhere they WANT to spend time at, and gives the extended family ownership and memories of the property to ensure they are supportive





of the vision that ONE sibling each generation must take on the farm, rather than end up splitting the farm. The property can still be enjoyed by the wider family, but the legacy must be protected by one person per generation.



The lake at Alec's station and section set up for techno-grazing

I saw the opportunity ....  
to build and share a legacy

## 7d. Adding value

### 7d.i Vicky and Shayne Horn, Tangle Ridge Lamb

One of the most exciting ventures that I saw was run by Shayne and Vicky of 'Tangle Ridge Lamb', near Edmonton, using internet and direct sales to restaurants to market their product. Vicky is passionate about their lamb and keen to share their story. What is also significant is that they are first generation farmers, brought up in cities, but gaining experience of farming, and taking pride in doing a good job. Unless you are a restaurant customer you must buy direct - customers either collect off farm, or from a pre-agreed central meeting point. This gives Vicky face-time with her consumers where she can sell the story of Tangle Ridge Lamb, educate on the production methods and explain how to best cook the product to ensure customer satisfaction. They also host parties on the farm with spit-cooked lamb. Vicky is communicating with - and asking customers to invest emotion in - her grass fed lamb product, and is proving that good stories and a smile get sales.





The Dorper sheep at Tangle Ridge Ranch



Vicky, Shayne and myself meeting the stock, guarded by the dogs who live with the flock to protect against bears and wolves

I saw the opportunity ....  
to sell a story



## 8. PART 5 – EVALUATION

Farming is a fluid industry, constantly facing new challenges, opportunities and crossroads. The evaluation needs to look at all the other areas I have discussed so far: strategy, capability, capital and communication. But a farmer should also evaluate opportunities outside the farm gate. Are there other opportunities to evaluate, including: collaboration, diversification, adding value, expansion or intensification.

All the elements of the overall farm ‘strategy’ should be continually evaluated to include all the operational management plans too, such as the stock health plan and the business plan.

### 8a. Lifestyle

Family businesses could also consider evaluating lifestyle. I have already mentioned that profitability is not the only key performance indicator for a family business. Looking at hopes and dreams for your spare time, and perhaps even ticking a few things off the bucket list, should be prioritised. Even spending the time to write your bucket list is something many people never do. On numerous visits I have heard parents talk about the time spent with children being their richest life moments, but also all too brief.

One saying that I heard on my travels is that you never regret the things you did in life - only the things you didn’t. This comment has certainly made me think about what I have, or have not, done in life so far, and how to avoid looking back in years to come with a list of regrets.

There have been a number of times during my Nuffield Farming journey where I have questioned lifestyle and the highs and lows of farming. In Edmonton, Canada, Brenda Schoepp asked me if I could be anywhere in the world, doing anything I wanted – what would it be? Ask yourself this question and it’s interesting what you come up with.

A New Zealand Nuffield Farming Scholar prompted me to get out the ‘bucket list’ that I wrote five years ago when I was 21 and travelling around Australia in a campervan. Although I do live life to the full, I was surprised to see that I have only attempted to tick one thing off that list since writing it (and since that was to learn to ski, I’m not sure if a week of snowplough in Bulgaria actually counts as achieving that one yet!) On the whole my bucket list hasn’t changed much and I’m inspired to tape it to the fridge and start ticking a few things off.

#### 8a.i Sarah Singla

In France, Sarah Singla showed me a holistic approach to life. Her farming practices utilising min-till and sowing mixed crops for maximum soil benefit was refreshing. She aims to ensure a sustainable future on her family’s farm through regeneration. The old homestead on the farm had been compulsorily purchased in order to flood as a lake, so they have had a fresh ‘green field’ start with a yard at the other end of the farm.

I wonder if this change has been a catalyst to help Sarah see the world differently, and avoid being trapped by tradition? Sarah makes decisions based on what would generate profit, and what will create a sustainable farming condition for the future. She told me a story about the Mexican and the American - I’m sure many people have told versions of this story but it demonstrates perfectly why expansion is not the right option for many people.



So, the story of the Mexican and the American as told in France...

*A rich American meets a poor Mexican fisherman who goes out to catch a fish every day, takes it home to feed his family, then spends the rest of the day at home. The American explained to the Mexican that if the fisherman stayed out longer to catch more fish, he could sell the surplus, and save up the money. In time selling the extra fish would earn enough money so that the fisherman could afford to buy a boat, and then he could catch hundreds of fish. These hundreds of fish could pay for a crew to man the boat. In the end, the American explained, the Mexican could stay at home for most of the day with his family and enjoy life.*

I guess the moral of this story is that, without clear vision, you may already be achieving your goals and not even realising it. In the case of the Mexican, he is already happy to eat great fish and spend quality time with his family, and is already achieving the end goals the American suggests: just doing it differently.

Sarah's can-do attitude and independence really inspired me. Being a young female in agriculture is challenging enough, but using new farming practices, and avoiding the big machinery that so many people crave takes real strength. This sets Sarah apart from the crowd, and she runs her farm single handed, yet still fits in time for a number of industry leadership roles. She made me see life differently – she is a solution-focused person, with an amazing ability for big picture thinking. When asked about the possibility of expansion she explained that growth is not for everyone - she wants a unit that she can run herself, and her progression in the industry does not have to come from gaining more acres. I learnt how important it is to recognise what you already have rather than always looking over the fence!

I saw the opportunity ....  
to regenerate the family farm



Looking at min-till and soil regeneration with Sarah Singla in France



## 9. Conclusions

So, to address the questions I raised at the beginning of this study:

- Will small farms survive?
- Will large organisations take over the world's food production?
- Will the family farm, and rural lifestyle, be available for our children, and our children's children?

1. I genuinely believe that the future is bright for small family farms, but only if farmers are willing to embrace change, innovate and focus on profitability. If family farmers mean business, and treat farming as such, then they will certainly survive. We don't know what the farm, machinery, stock and crops will look like in the future – but I think the family element will remain the unchanged!
2. Large operations will take over a greater proportion of food production, but with a growing world population there are many mouths to feed. Families can still be at the heart of food production through collaboration, innovation, diversification and intensification. Family farms can also offer something different from large organisations – they give the farm a soul, a personality and a story which is in high demand among affluent consumers.
3. The division between business and home life needs to be managed but it is the responsibility of the current generation of family farmers to ensure that the rural lifestyle remains available to future generations. **OUR RESPONSIBILITY! YOUR RESPONSIBILITY!**
4. Keeping the rural community alive needs to start at home - get out there and get involved in whatever is going on in your area, and if there is nothing - create a legacy! Join the local Young Farmers Club, discussion group or even just have the neighbours over for a BBQ - it's the people that make a community, just like it's the family that make a farm a home.





## 10. Recommendations

There is no recipe for success for any business. However, I do believe that by addressing the following elements in any family farming business you would be setting yourself up for the best chance of success:

### 1. STRATEGIC PLANNING

- Have a business plan that the whole family understands and believes in
- Write this plan down and get it reviewed by somebody you trust
- Have a succession plan in place

### 2. CAPABILITY

- Utilise your strengths
- Where there are weaknesses consider training, or seek expertise
- Engage with CPD (Continual Professional Development)
- Upskill yourself, family members and staff at every opportunity
- Delegate to allow time for strategic thinking

### 3. CAPITAL

- Build strong relationships with banks and financiers
- Know your borrowing capability
- Live within your means

### 4. COMMUNICATION

- Ensure your messages are clear and are understood
- If you are not being understood consider different ways of communicating
- Listen to the needs of the people around you
- Join a discussion group
- Prioritise time spent off farm

### 5. EVALUATION

- At least annually all of the above should be discussed and reviewed as a family





## 11. After my study tour

Joining the Nuffield Farming community for me really has been a life-changing experience. People told me it would be, but I wasn't prepared for it when it happened!

I have learnt to think, research and communicate differently. Most of all I have built a network of global contacts whom I can call on at any time for advice and support. I intend to use these contacts for their specialism, inspiration and friendship – but most of all I will strive to repay the favours and investment I have received so far, and that I am certain to receive in the future. It is well known in the Nuffield Farming family that you may never repay those who shared their homes, families, businesses and innermost thoughts with you, but you can pass the favour forward. I will be doing all that I can to inspire the current and next generation of farmers, and am looking forward to hosting each generation of Nuffield Farming Scholars.

One of the best parts about being at the beginning of your farming career and doing a Nuffield Farming study tour is that you have the benefit of the broader outlook for the remainder of your life - I am certain that I will continue to implement ideas learnt on my own study tour for years to come, and more importantly continue to travel and be inspired by the latest and best that agriculture has to offer the world over.

Initially, post study tour, I am focusing on implementing what I learnt on the farm at home, because it is important to me to put my principles to practice. I hope that by embracing the key principles that I have identified we can continue to forge our own business forward.

I do realise that getting these principles adopted more widely on family farms will not be easy, but I passionately believe that agricultural discussion groups have a role to play in spreading messages and securing the future of small family farms. With my work in the knowledge transfer sector I will redouble my effort to effect change on family farms. This autumn I will be sharing my Nuffield Farming experience with a number of the discussion groups that I work with.

I will continue to work with family farmers in mind – they are whom our agricultural industry is built upon. Engaging with the whole family is required to facilitate change on family holdings. My first step towards helping businesses in Wales move forward will be to encourage families to attend discussion groups together as a family, rather than just sending one family member along. I have a vision that discussion groups should be intergenerational.

The topics covered at the discussion groups should help with the strategy and business planning and management side of farming, but if the whole family can get involved in the discussion at group sessions, the conversation is likely to continue at home. This would mean that decisions about adoption of new ideas can be researched, and decisions made in an informed manner, communally. The removal of the 'them and us' aspect between generations is key to a harmonious relationship.

Time spent at group sessions provides time off the farm, a chance to network within the community, reduce the isolation and build support systems. I am already establishing some new groups (that are less reliant on government funding and more able to set their own agenda) of likeminded people who will challenge each other, and the social aspect to these meetings is an essential health boost too.



## 12. Executive Summary

Family farming is the backbone of UK agriculture, and this is the same the world over. Land, skills, heritage and tradition are passed between generations, and the rural lifestyle is a unique culture that agricultural communities are proud of. However, mixing family and business can be challenging, and decisions are sometimes emotion based rather than strictly financial. Work and pleasure should not be kept completely separate in the case of family farming - it's an honour to do what we do, and we enjoy it, but sometimes poor time management, tradition, emotional attachment or loyalty to the land can result in poor decision making. Profitability is not the only key performance indicator for a family farmer; however when the farm is not making sufficient profit to support the family the consequences are devastating.

Whilst travelling I saw that the future is bright for farmers who embrace change, innovate and focus on profitability. Decision makers who utilise real data and financial information to decide the future direction of their business are best placed for profitability. Understanding the cash needs of your business is vital and proper planning and monitoring will help farmers prosper.

I believe there are some key factors that will help keep the family farming sector profitable and vibrant. These are

- Strategy
- Capability
- Capital
- Communication
- Evaluation

It should be possible to implement all these key factors into a plan on any farm, of any scale, running any system, in any country.

A proper strategy must include a business plan, management plans and a succession plan. It is likely this should be drawn up as a family, possibly with outside support from professionals. The capability to deliver the strategy is important, but where it is lacking it can be developed or recruited. Capital is required for any farming business, but with the right strategy, capability and good communication it is likely that capital could be sourced so should be the limiting factor with the least impact. Strong communication skills and relationships both within and outside the family are vital to ensure expectations are managed and met, and if everyone understands and relates to the strategy, because it has been communicated well, the day-to-day farming will be more enjoyable. Constant evaluation and monitoring of all the above is the only way to check that the 'recipe for success' continues to be working for, and meeting the needs of, the whole family.

More emphasis should be put on the profitability and long term viability of a system, and the success of the farm should be monitored against this and the strategy altered if underperforming. Time spent off farm should also be valued.

**I saw that the future of the small family farm is bright for those who make the most of all the opportunities coming their way.**



## 13. Acknowledgments and Thanks

My Nuffield Farming Scholarship has been about so much more than just producing this report. The opportunity to be a 2013 Nuffield Farming Scholar has been life changing for me, and I will be eternally grateful that I have been offered this chance at the very beginning of my farming career. I look forward to implementing all I have learnt and continuing the Nuffield Farming journey into the future. One of the most exciting parts has been hosting people at Gorwel, and receiving the benefit of mentoring from all our visitors.

Without a number of people none of this would have been possible for me, and my primary thanks must of course go to my best friend and boyfriend Deian. He never batted an eyelid when I announced I planned to apply, he laughed whilst watching me dance round the lounge when I received my acceptance letter, never complained that I didn't phone from my travels, and he has held the fort whilst I have been away. He is my hero.

My sponsors Alan and Anne Beckett are legends in the Nuffield Farming organisation, and the words 'Thank you' can never really express the gratitude that I feel to them for believing in me, and offering the opportunity of a lifetime. They have shared advice, mentorship, funding and most importantly friendship. I am proud to call myself a Beckett Scholar, and was made so welcome by all those who have gone before me.

I must also reserve a special thanks to the NFST, John Stones and Mike Vacher, and importantly the cohort of 2013 Scholars, whose enthusiasm, intelligence and passion are inspiring. *#Nuffield 13* - This is just the beginning of some very long friendships.

And finally to all those who have so kindly hosted me, put me in touch with people and helped me along the way. There are too many to mention you all by name, but the following people helped make my Nuffield Farming learning experience very special:

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Joseph Leonard and family

Pat Clarke

Ed O'Donnell

Ed Lankfer

John Robinson

Rod and Shelly Bradshaw

The Jungle Farm

Steve Laroque

Brenda Schoepp



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Sophie, Kay and David Stanley  
Lucy Cruickshank  
Miles and Janet King  
Mavis Mullins  
William Morrison and Erica Van Reenan  
Gregg Pardoe



The group I am most proud to be part of - the UK Nuffield 13ers!



## 11. Appendix 1

### Standard Gross Margins and Economic Size Thresholds

The Standard Gross Margin (SGM) is the average value of output minus certain specific costs of each agricultural product (crop or livestock) in a given region. To avoid bias caused by fluctuations, e.g. in production (due to bad weather) or in input/output prices, basic data for a reference period of 3 successive years are used by Member States for calculating the SMG coefficients. The SGM of the holding is calculated as the sum of the SGM of each agricultural product present in the holding multiplied by the relevant number of hectares or heads of livestock of the holding. While the SGM coefficients are expressed in euros, the economic size of the holding is expressed in terms of European Size Units (ESU). The value of one ESU is defined as a fixed number of EUR/ECU of Farm Standard Gross Margin. Over time the number of EUR/ECU per ESU has changed to reflect inflation.

Economic size thresholds (in 1000 EUR) applied by the Commission  
according to Regulation (EC) 1242/2008 from Year 2014

Belgium	25
Bulgaria	2
Czech Republic	8
Denmark	15
Germany	25
Estonia	4
Ireland	8
Greece	4
Spain	4
France	25
France (Guadeloupe)	15
France (Martinique)	15
France (La Réunion)	15
Croatia	8
Italy	4
Cyprus	4
Latvia	4
Lithuania	4
Luxembourg	25
Hungary	4
Malta	4
Netherlands	25
Austria	8
Poland	4
Portugal	4
Romania	2
Slovenia	4
Slovakia	25
Finland	8
Sweden	15
United Kingdom	25
United Kingdom (Northern Ireland)	15