

Win, lose or draw?

The rugby world cup is a perfect distraction from farming. In the coming weeks there is something else to talk about other than the miserable price of wheat. Whoever you support we are guaranteed fantastic competition between the best rugby sides in the world, let's hope England recover from the Welsh fiasco and overcome the others bidding to get their hands on that illusive trophy!

Welcome as the distraction is we can't escape the fact that times are tough. Although many had a good harvest, incomes are down and some will experience acute cash flow pressure over the next year or more.

Perhaps the rugby world cup can provide some reasons for optimism and teach farming a lesson or two! We can remember England's dismal performance in the 2011 tournament. Having finished top of their group they were soundly beaten by France in the quarter finals. Since then a widely restructured management has developed a side with only a handful of the youngest

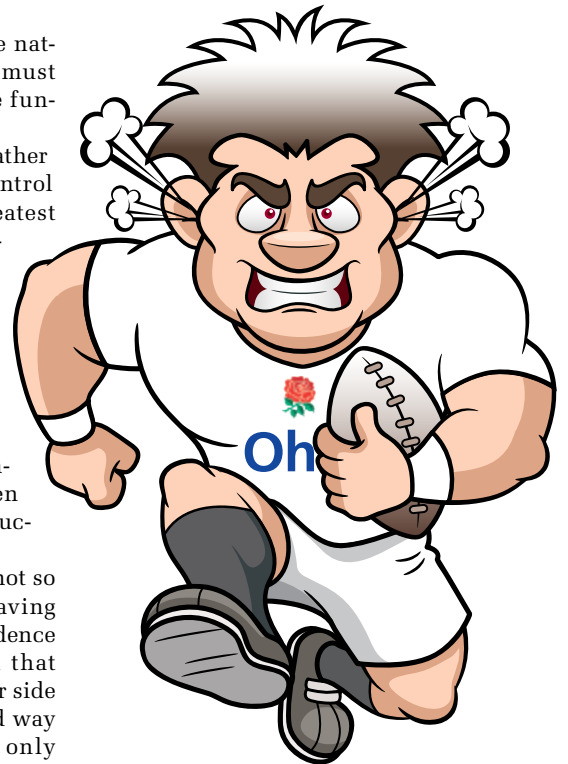
players surviving. There is of course natural wastage, players' get older and must be replaced, but has something more fundamental gone on?

After the never ending war with weather perhaps volatility and lack of any control over output prices are farming's greatest adversaries. The ultimate performance of the business rests in the hands of factors which are difficult to influence from the kitchen table. But as with England's unsuccessful attempt last time around is this just a convenient excuse for a lack of planning? Any team hoping to beat the world's best must be better organised, stronger and fitter. If not, then even great potential will not lead to success.

When wheat is £150 per tonne it is not so difficult to make a profit. It is like having the biggest pack and having the confidence that your team will push aside all that stand in the way. But what if the other side is bigger or wheat is around £100 and way below the cost of production? The only answer is to find a strategy which works even if it means taking unpalatable decisions and winning ugly.

Despite obvious problems in the agri sector there are positives. Domestic and global economic uncertainty is keeping bank base rates low. These are unlikely to rise any time soon so the cost of increasing farm debt should not be a significant burden for most, so long as it is temporary! Similarly cheap funds present opportunities to invest in projects which could have a meaningful impact on long term sustainability. Income comes from three core directions; farming, subsidy and diversification.

The industry is about to receive a new package of rural grants designed to promote economic growth and eligible pro-



jects will potentially attract grants ranging from £2,500 to £250,000. Although some will find it difficult to contemplate new ventures right now, perhaps there is little choice. All but the biggest farming businesses cannot thrive from the proceeds of food production alone.

Effective solutions can be painful but rather than simply hoping next year will be better than the last, is now the time to restructure and secure the business's future? This could mean abandoning loss making enterprises or finding ways to make those that do deserve their place work more effectively. This is what Stuart Lancaster has been doing for the last four years. We will soon see how successful he has been!



► by **MATTHEW BERRYMAN**
Partner, CLM
07710 765323
matthew@c-l-m.co.uk



- Basic Payment Scheme
- Farm and Estate Management
- Farm Business Consultancy
- Rent Reviews
- Countryside Stewardship
- Ecological Surveys



Call us on **01892 770339** or email info@c-l-m.co.uk
www.c-l-m.co.uk