

DIVERSE BUSINESSES BETTER PLACED TO PROSPER IN POST-COVID COUNTRYSIDE

“Up horn, down corn” is an old agricultural saying that, like many old agricultural sayings, is as relevant today as it’s ever been.

It is, of course, a clarion call for the benefits of mixed farming, highlighting how the fortunes of the various sectors are rarely in step and how tough times in one often coincide with periods of relative prosperity in another.

The Covid-19 crisis has reminded us of the value of this approach because, while there isn’t a single farm or estate in the country unaffected, some enterprises have been hit far harder than others.

Few – if any – farmers or landowners will escape this time of turmoil unscathed, but the importance of having diverse revenue streams has been brought back into sharp focus.

There is an irony here. As the country went into lockdown, diversified enterprises – particularly those relying on visitors such as wedding venues or open farms – were among the hardest-hit, when it may have been precisely as a means of spreading risk that farmers launched them in the first place.

The principle holds true, however. We live in an unpredictable world. Threats, like opportunities, will come at us increasingly fast and unexpectedly; who had even heard of the word ‘coronavirus’ a few months ago? Limiting risk and building resilience is crucial. A key way of doing this is by developing multiple income sources from within – and beyond – what would have been deemed traditional agricultural endeavours.

Estates have always had diverse portfolios, spanning agriculture, forestry, property and other diversifications. Such diverse revenue streams are set to become ever-more important as BPS support falls between now and 2028.

Let’s not forget, either, that amid all the commercial challenges that even some of the

best-run businesses are facing right now, others have actually found themselves busier than ever as a result of Covid-19.

This is absolutely not a case of them taking advantage of the misfortune of others, merely that they provide a product or service that’s suddenly experiencing huge extra demand. In the same way that anyone selling freezers or laptops saw a huge spike in orders as the country went into lockdown, so many farmshops have seen turnover rocket as customers turned their backs on supermarkets in favour of more local produce and what they deemed to be a safer shopping experience.

While launching a new enterprise may call for additional skills to those which farmers and landowners traditionally deploy (managing a bigger workforce, for example), the fundamentals of making a success of it are similar to making a success of a farm or estate. It demands such traits as being able to spot opportunities, keep costs low, research ideas, find niches, manage cashflow and limit risk.

The fact is, bad farmers rarely diversify well. It’s not the solution or the salvation for a flawed farm business. However, if you’re good at one, you may well be good at the other.

The post-BPS world calls for us to view farms and estates not solely, possibly even not predominantly, as ‘agricultural’ entities. They contain a range of assets including land, buildings, the natural environment and the skills of you and everyone who works with you – which potentially can be put to many different uses. As ever, it’s about full utilisation, ‘sweating’ these assets in a financially sustainable way. That means every acre of ground and every square metre of building space.

This may well require a broader knowledge base than was previously the case, making it a good time to ask yourself: “Who’s in my team?” This means

yourself, your family, the people who work for you and those who you take advice from and borrow money from.

It’s vital that everyone in that team is in it for the long haul with you, prepared to stand by you in the tough times as well as the better ones. Covid-19 has demonstrated this isn’t always the case. Right now, some banks are being brilliant at supporting their clients, but others aren’t.

Coronavirus will change farming and the countryside in a host of ways. The journey to diversify will quicken. We’ll see an increasing preparedness to talk about succession as businesses choose to, and are forced to, restructure. Farmers and landowners will be reluctant to take on more debt than is absolutely essential. The move to online trading will quicken. More businesses will go cashless. Consumers will shop locally more, with provenance and traceability hopefully becoming more than merely nice words but embedded in their buying habits. It has been a delight to see renewed support for UK farmers emerge from the coronavirus pandemic.

Farming has always involved unpredictability, be it caused by the weather, disease or by government policy. Unpredictability just got even more unpredictable. In a world of global trade, with BPS support falling and markets constantly changing, the importance of having multiple, diverse revenue streams increases.

The ‘up horn, down corn’ adage will serve the next generation as well as it has the last.

• See page 34 for Mark Weaver’s advice on succession planning

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