

**Instinct and experience are crucial in farming, but you need accurate information, too.**

In practice, many farmers lack this, making it almost impossible to make informed decisions, and right now they need to be making these more than ever before.

A lot of businesses are at a crossroads, with the phasing out of BPS, the transition to ELMS, Brexit and the prospect of tax changes quite rightly making many question what they are doing.

As a result, I've been busy with business review work recently, for clients as varied as those with contract beef-rearing enterprises, dairy herds and mixed arable/livestock units.

It involves finding answers to seemingly simple questions such as: Where are you making money? Where are you losing money? Where are your efforts having the most benefit? Where should you invest money? Should you even carry on doing what you're doing? Do you actually want to spend the rest of your life doing this?

Part of my role is to look objectively and forensically at the figures and, at times, to ask the questions that clients either haven't known they should be asking or haven't been able to bring themselves to ask. Why, for example, are you contract-farming land miles from the home farm when it involves all that travelling time and ties up extra cash in machinery? If you're selling wheat at £200/t harvest, it might be justified – but what if the price is £120/t?

Many of the tools for financially unpicking an enterprise or businesses – such as gross margins, overheads and a profit and loss account – are the same as when I started my consultancy career almost 30 years ago, but as in any job, experience helps you know what to hone in on.

Where it can get more complicated is where a business is highly diverse, which means it's understandably hard for those involved day to day to identify parts that are performing well or badly, and a lot of land-based businesses in the South East are very mixed. But if there's a willingness to look properly, you can always apportion costs and returns.

Also, the way many land-based businesses in this area have diversified has, truth be told, allowed some

# INFORMATION IS POWER

to avoid doing the same forensic analysis of costs and returns that their non-diversified counterparts might have been forced to make. If you're making tens or even hundreds of thousands of £s of rental income from let buildings, that might well dwarf your agricultural income.

Within two years, though, plummeting BPS support will mean many of those who could 'afford' to continue with less-than-efficient agricultural enterprises may well no longer be able to. Every single penny really will count. For many, this will necessitate changing their mix of enterprises and maybe letting some go.

In tandem with scrutinising the detail, it's important to understand the bigger picture – the personality, strengths and long-term aspirations of the farmer, their family and their successors. Succession isn't just about when you're going to hand over the reins to the next generation; it's about what the structure of that business will be – and how healthy and fit-for-purpose it is.

Meanwhile, if you're aiming to consolidate down to the areas or enterprises that actually make you money, stewardship can allow you to take land that is unproductive or too far away out of the equation. This, in turn, opens up time and resources to concentrate on the things that make money, that you most enjoy doing and that fit most closely with your strategic plan.

Sometimes people simply don't have time

to re-evaluate their businesses because they're spending every waking hour being busy with things that don't make them money, and there are some good guaranteed revenues to be had from Countryside Stewardship right now.

Business reviews such as the ones I've been busy with – whether enterprise specific or across the whole farm – allow you to make informed choices. You can still make a subjective decision. You might, for example, decide to keep that pedigree herd of cattle or flock of sheep that was established by your grandfather simply because it's part of the fabric and history of the farm. Ditto that bit of ground 20 miles away. But it's important you know the true costs, as well as the benefits, of doing so.

Reviews shine a light on what you do best and what you do less well – and give you options.

Even after doing it for nearly 30 years, helping people make decisions that turn the key on the future that they want for themselves, their families and their successors is one of the most satisfying parts of my job.





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