New Entrants to Farming Fact Sheet

Farm Advisory Service

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Joint Ventures

Will it suit me and my business?

Joint ventures can be the perfect business arrangement for farmers/landowners looking to scale down/slow down and for new/young entrants and businesses looking to scale up, but how do you know if it is right for you and your business?

Will it suit me? – Relationships are key to the success of any joint venture

Somewhat stating the obvious – you have to like working with other people to embark on a joint venture. Hard work aside, joint ventures are all about people willing to discuss, negotiate, agree, and at times, agree to disagree. The decades old BT slogan of "It's Good to Talk" could have been written with joint ventures in mind.

All successful joint ventures, whether they be contract farming, share farming, equity partnerships or farming partnerships are linked to the development of a good working relationship, and good old fashioned honesty.

Landowners – Would a joint venture suit your business?

Do any of these statements sound familiar?

- **Don't want to give up farming/farm but are thinking of scaling down or slowing down?**
- **Want to take a step back from managing the whole business?**
- **Want to reduce your physical work load?**
- **Are struggling to find staff/the right staff?**
- **Don't have accommodation to offer staff?**
- **Restless, and looking for a new challenge?**
- **Want to free up time to devote to a new enterprise/diversification?**
- **Want to pass on knowledge and experience to others?**
- **A new owner who has limited time or money to develop the new business?**

Joint venture options are potentially a good option for landowners looking to protect their assets for tax purposes, in that they allow landowners to retain their active involvement in farming but gives them the opportunity to release some time and/or capital.

For those looking to reduce their physical workload or to create time for a new venture, contract farming could be a good option; while those looking to retain a more hands on role or are interested in mentoring new and young entrants, share farming could be a good option. Farming partnerships are best suited where there is a good working relationship already established due to the legalities involved in settling up and operating a farming partnership.

The European Agricultural Fund for Rural Development
Europe investing in rural areas

SAC Consulting

Scottish Government
Riaghaltas na h-Alba
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Existing farming businesses – Would a joint venture suit your business?

Do any of these statements sound familiar?

- **Have spare capacity in terms of machinery**
- **Have spare capacity in terms of labour.**
- **Could just do with a few more buildings or have spare building capacity.**
- **If there was just a bit more land, I could finish the youngstock.**
- **If I could spread my fixed costs over a bigger acreage, my business would be more profitable.**
- **If I had a bigger acreage, my son/daughter wouldn't have to work away from home.**
- **Don't have or can't access funds to buy more land/put up new buildings/can't compete in the existing rental market or can't find a larger tenancy.**

Joint ventures are potentially a good option for existing farming businesses looking to expand. For those looking to utilise more fully the existing machinery/labour or to justify investing in new machinery/taking on additional staff, then contract farming or equity partnerships could be a good option; while those looking to develop/expand an existing enterprise/s or to develop a new enterprise, share farming could be a good option. As before, farming partnerships are best suited where there is a good working relationship already established, due to the legalities involved in setting up and operating a farming partnership.

New/Young Entrants – Would a joint venture suit your blossoming business?

Do any of these statements sound familiar?

- **Don't have enough capital or training/experience to take on a tenancy.**
- **Can only rent bare land so over wintering stock/storing machinery is an issue.**
- **Have been an agricultural worker for years and now want to farm in your own right.**

While joint ventures are a good option for new and young entrants, the capital required to take on a contract farming agreement is generally too high for a fledgling business, and unless there is a family link, farming partnerships for new/young entrants are as common as hen's teeth. However, share farming can offer real opportunities in terms of gaining knowledge and experience, learning new skills, and building up assets over time.

Next Steps

Having identified that type of joint venture that you think would suit you and your business, before looking for or approaching potential joint venture 'partners', it is good to document what you are looking for and what you can offer.

The table below and overleaf is essential a checklist of what you are looking for and what you can offer and could provide the basis of discussion with potential joint venture partners:

Have land to offer.	vs	Looking for land.
Scaling/slowing down.	vs	Scaling up.
Landowner – Hands on. Want to stay involved/pass on experience/be a mentor.	vs	Landowner – Hands off. Want to take a step back/away from day to day management responsibilities.
Opportunity for transfer of ownership of assets.	vs	No planned transfer of assets – owner has a succession plan in place.
Landowner – has investment funds available or willing to invest future funds to maintain/develop the land/buildings i.e. a 'good works fund'.	vs	Landowner – no funds available for further investment – assets taken on as they are.

Short term agreement.	vs	Medium to long term agreement.
Limited to local geographical area.	vs	Able to move to where land is available.
New/ young entrant.	vs	Existing business looking to expand/spread fixed costs over a larger acreage.
New entrant with no experience, training, and/or relevant qualifications.	vs	Young farmer with experience, training, and/or relevant qualifications looking for an opportunity to start their own business.
Looking for a small area of land to get a new venture started. Have another source of income.	vs	Looking for a medium to large area of land. Will be relying on the land to generate a full time income for one or more people.
Capital available.	vs	No capital available.
Need the support of a bank overdraft/loan.	vs	No additional funding required.
Interested in Arable enterprises.	vs	Interested in Livestock enterprises.
Single enterprise.	vs	Multiple enterprises/opportunity to diversify.
Have own machinery.	vs	Have little or no machinery.
Want only to look after landowners livestock.	vs	Want to have a share in the livestock or the opportunity to own own livestock or already have own livestock.
Preference for lone working. Don't want the responsibility of managing staff.	vs	Preference to work as part of a team. Happy to manage staff.
Domestic accommodation available.	vs	No domestic accommodation available.
Want land available separately to develop own business.	vs	No additional land available for own venture/ enterprise.
Risk adverse.	vs	Willing to take a risk.

Looking for help to find a joint venture partner?

Now that you have identified the type of joint venture that you think is best suited to you and your business, and have ticked off the points in the checklist that you most readily identify with, where do you go from here?

For those already involved in farming, neighbours and your friend network might be a good place to start looking for a joint venture partner. However, many people/businesses would prefer to work through an agent or to use the services of the Scottish Land Matching Service (SLMS).

The SLMS acts as a free service connecting those in the agricultural sector throughout Scotland. It engages with those seeking or offering joint venture arrangements in relation to land and facilitates discussions with a view to parties progressing to successful arrangements.

For more information on the Scottish Land Matching Service, please click **here** or view online at **https://slms.scot/**