

New Entrants to Farming

Foundations for Success



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Introduction

Your experience might involve working in a family farming business or working for an employer but now you will be in charge, making your own decisions and being responsible for the financial success of the new business. This requires the learning of new skills and the knowledge of where to look for advice.

The Border Union have a motto for their annual crop and grassland competition, which is expressed in the Lowland Scots vernacular – “It’s nae whit ye hae, but whit ye dae wi whit ye hae”. Translated into standard English “Its not what you have, but what you do with what you have.”

This is a very apt philosophy for anyone running a business. This Guidance note looks at tools that help you make the most of what you have, and ideas that can help hone your skills and assist you to make better decisions at this early stage in your business career.

Every building needs to be built on strong foundations and a successful business is no different. The earlier you start thinking this way the longer you are likely to reap the rewards. This Guidance note covers a number of ideas and techniques that can be used to start forming good business techniques and habits.

Skills analysis

Before deciding on priority training needs it is useful to assess your skills and abilities. There will be some things that come naturally or you have considerable experience of and others where you struggle. However a range of skills are required for running your own business and you are more likely to succeed if you can improve in your on weaker areas (or learn to delegate, if you can afford to outsource the skill set). A ‘skills needs assessment’ is a useful process to identify areas where you need to learn or improve.

What skills do you require to be a successful farmer?

The list will vary according to the type of business you are managing. Below are a number of general suggestions that might apply to most farm businesses:-

- Practical skills – stockmanship, machinery maintenance
- Technical knowledge – soils, fertilisers, sprays, breeds, EBV’s, nutrition, animal health
- Financial management – budgeting and monitoring, cash book, VAT
- People skills – family, managing employees, contractors
- Customer skills – buying and selling, doing deals, promoting and marketing
- Business management skills – planning goals and objectives, developing the business
- Record keeping skills – keeping up to date with legislation and records
- Analytical skills – thinking, reviewing, benchmarking, how could I do things better

A skills analysis involves listing what you think are the main skills you need to manage your business, and rating your performance from excellent to poor. This will work best if you can be specific about the key skills you need for your business. See an example in Table 1 below.

Table 1 – Skills analysis: Willie Smith

Skill	Excellent	Good	Average	Fair	Poor
Stockmanship		✓			
Machinery repair/ maintenance		✓			
Record keeping				✓	
Accounts/bookkeeping					✓
Technical knowledge				✓	

The next step is to review the skills rating table and plan how skills can be improved or how difficult tasks can be passed on to others. Willie is a do-er who will prioritise practical tasks and getting on with things. Record keeping and accounts are a lower priority and regularly fall behind. If he does not have the inclination to take on these tasks then the best solution would be to see if they could be done by someone else e.g. a family member, a farm secretary. If he does them himself then attending a course may be the answer. He does not attend meetings or events because he is too busy working on the farm and his technical knowledge has slipped (you have to be honest when filling this in). He should therefore prioritise some time off-farm to attend relevant meetings or events and consider using a consultant to keep him up to date.

This is a very general example that highlights some important points:

- Be specific and honest with yourself when filling in a skills analysis grid.
- Getting off farm to attend training courses, meetings or events is an essential part of keeping your skills up to date. While it takes time, the information gained can save time in the end.
- Recognise your weaknesses and where it would benefit you to pay someone else like a contractor, farm secretary or consultant to undertake the tasks that you either dislike or don't have time. "Concentrate on what you do best and seek help from others to do the rest". This may free up more time to get off farm for training, or getting new ideas from other farmers.
- Personal development is a continual process and it is recommended that you should review your skills base on a regular basis.

See page 6 for detail on training providers and sources of advice.

Decision making

Think of a recent purchase or major decision and consider the process you went through and the time it took to reach your conclusion. Sometimes we act on impulse and make a decision too quickly, and often we procrastinate then wonder why we took so long. Were you overly influenced by sales talk, others opinions or by the shiny new tractor the neighbour just bought, or put off by traditionalists? And what could you have done to reach a well researched and satisfying decision in a shorter frame?

There is a large amount of information within the decision making process. The list below highlights some options you can use to reach a satisfactory outcome.

1. Define the issue – does it warrant action?
2. Gather as many facts as you can – information, others opinions.
3. Brainstorm to come up with possible options
4. Consider and compare the pro's and con's – features and outcomes
5. Select the best option
6. Take action and implement it.

Assessing pro's and cons is a useful way to help you close in on a decision. Enter reasons for and against, as shown on the example scorecard overleaf. Each factor can be weighted according to

its perceived importance. The following table shows some of the items that could be assessed when buying a car second hand versus new rated out of 10.

Table 2 – Decision scorecard

Pro's	Score	Con's	Score
Saves £6000 of outlay	9	Three years older when sell	6
Good reviews for reliability	6	Not the colour I wanted	5
Has most of the features I want	7	Miss out on some new features	5
Total pro's	22	Total con's	16

SWOT analysis

The SWOT analysis is a simple and useful tool that aids understanding your business and decision-making. It involves identifying your Strengths, Weaknesses, Opportunities and Threats (SWOT) and provides an ideal framework for gathering, structuring, reviewing and planning information on your business.

<p>Strengths</p> <p><i>Hard working and enthusiastic Land capable of good yields Well located for markets</i></p>	<p>Weaknesses</p> <p><i>Limited Single Farm Payment at present Limited capital for purchases and improvements Poor farm buildings</i></p>
<p>Opportunities</p> <p><i>Agricultural contracting opportunities Add value through sales of performance recorded tups Increase use of clover to reduce fertiliser bill</i></p>	<p>Threats</p> <p><i>Uncertainty over CAP reform outcome Future for business when tenancy ends? Threats to lamb price</i></p>

Strategy or action plan

Do you have a vision of where you want your business to be at some period in the future? And if you do, have you written it down? It is amazing how much difference it makes when you commit to putting your plan into writing – you have to properly define your goals, think through the actions you will need to take to get there and put timescales against these actions. A written plan is less likely to be forgotten and should be reviewed and updated periodically. Discussing or thinking about the items you have written down affirms the commitment you are making and increases the prospect of action.

Your action plan can be as simple as you want and can divide the objectives into periods – short term, medium term and long term. All farmers part of the Monitor Farm programme have been encouraged to produce objectives at the start of the programme, that are regularly reviewed, and some have made remarkable progress by the end of their three year term, describing “ten years worth of progress in three.” You will not have a facilitator or community group assisting you with your plan, but can share it with family members or others that you trust.

List your main goals and quantify it where possible – below are some general examples

- *Grow profit before subsidy by X% within Y years to provide a secure income for self/family*
- *Adopt practices that reduce labour time and working hours*
- *Commit to a two week break with family each year*

Prepare an action plan to identify how you are going to achieve these objectives. This will help prioritise those actions most important. Below is an example format:-

Objective	Action	By when	Priority

Mentoring and networking

As a new entrant, you will have had to make some difficult decisions that you will have found challenging but you will also have gained from the experience. Think of the one top tip that you would pass on to anyone else who was about to embark on the same new entrant journey.

Then consider the benefit of tapping into the accumulated wisdom of a successful farmer who has continued to grow or innovate their business. Many of the most successful business people have attached themselves to a mentor – someone they could approach to run through their plans or question for advice. It is really all about trust and respect. If you are a member of a New Entrants group then you may have had the opportunity to network and share decisions with other group members.

Sources of training

One of the challenges for any self-employed small business person is managing time, particularly for a new entrant who is under pressure to work with limited resources and grow the business to generate enough output to service borrowing and cover living expenses and reinvestment.

How much time can you afford to be away from the business in this critical start up period? This could be turned around to ask whether you can afford not to take time off to attend events and training. The retort of one New Zealand farmer when asked how many discussion group meetings he attended:-

“I go to them all. I can’t really afford to miss a meeting.
If I stay at home I will continue to do what I have always done.
These meetings are where I pick up new ideas that make me money.”

Below is a list of current initiatives:-

Group based

- Monitor Farms (QMS and AHDB cereals and oilseeds) work on the basis that one representative farm will be chosen for approx. 18 visits over three years. This allows a community group consisting mainly of farmers and others in the ag-supply chain to use that farm as a basis for decision making, testing best practice ideas and observing the results. Monitor Farmers gain greatly from the experience of finding out what works on their own farm as well as tapping into the wisdom of others. Community group members gain by seeing things done in their local area that they can adopt on their own farm.
- Rural Leadership Programme (Scottish Enterprise) is targeted at ambitious farmers, rural business people and those working in the agricultural industry. It takes delegates on a 13-day programme of events, over a 6-month period. The programme is designed to improve self-awareness and leadership skills, increase understanding of key players in the rural sector and how they can influence the political process, as well as production of a specific action plan for each applicant. Networking with other like-minded people from different business sectors is a key benefit of this programme.
- Commodity Groups – SAC Consulting and other organisations run local “commodity groups” covering beef, sheep, combinables and potato production that tend to meet around 3-5 times per year. These groups deal in distinct subject areas, which allows focussed, in depth discussion. Processors and retailers and co-ops also run groups for their clients.
- Focus groups – initiatives such as the Scottish Sheep Strategy (QMS), Grassland Development Farms (QMS) and Climate Change Focus Farms (Scottish Government) focus on improvement in specific subject areas.
- Scholarships – a number of organisations provide travel scholarships that encourage travel and broadening of the mind with a commitment to spread the word and benefit the wider Scottish or UK agricultural industry.

Training

- A number of organisations provide training courses including LANTRA, SRUC/SAC Consulting.

Example sources of information

- Farm Advisory Service (FAS)
- SRUC/SAC Consulting
- Levy bodies – QMS/AHDB
- NFUS Bulletins
- Crofting Commission and SLE
- Conservation societies
- Agricultural press
- Online information
- Trade newsletters/contact
- Social media networks