

# Mid Argyll Business Group



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SERVICE



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# Agenda

- Mid Argyll Business Group
- Benchmarking
- Overview of the area
- SWOT analysis
- Dates + Topics of upcoming meetings



# Mid Argyll Business Group



- 8 meetings in total:
- 2017/2018 - 3 evening meetings and 1 visit (e.g. local farm, research farm, slaughter house);
- 2018/2019 - 2 evening meeting and 1 visit.

# Mid Argyll Business Group

## - Aims



- The aim is to involve group members and make them comfortable with the group environment.
- Information gathered from benchmarking will help identify common and individual strengths, weaknesses, opportunities and threats.
- The overall aim is to make participating businesses more resilient moving forward whilst hopefully using the group as a platform to promote more collaboration locally.

# Mid Argyll Business Group

## - Aims continued



- Meetings should be relevant to the area
- Secure a core of attendees who will attend regularly
- Gather performance and physical information from individual businesses
  - Results can be shared or kept private
  - Use information to create a Mid Argyll benchmark figure

# Mid Argyll Business Group

## – Key Themes

<b>BUSINESS EFFICIENCY &amp; VIABILITY</b>	
Benchmarking - technical or financial	Participating businesses will be benchmarked to form a group average and compare against national benchmark. Benchmarking is a core theme of the group
Farm business efficiency	Benchmarking is a key tool in identifying business efficiency
Market outlook	Will be used to discuss future business decisions and identify annual patterns in market fluctuations
Business planning	The aim of the group is to assist in business planning.



# Mid Argyll Business Group

## – Key Themes

CROSS COMPLIANCE & GAEC	
Sheep ID & Traceability	EID is an integral part of and will become even more integral to business efficiency
Cattle ID & Traceability	EID is an integral part of and will become even more integral to business efficiency
GAEC requirements	Adhering to GAEC is an integral part of farm business

# Mid Argyll Business Group

## – Key Themes

CLIMATE CHANGE & ENVIRONMENT	
Nutrient plans	Grassland management and fertiliser use will be discussed
Biodiversity	Benefits of agri environment schemes and importance of sustaining the biodiversity long term.
Climate change	Potentially Agricalc will be used - carbon footprint as well as a rough guide to the businesses performance will be produced. Consider running through agricalc to encourage attendees to use the tool.
Drainage	Connected to soil and grassland management so this will form parts of meetings.
Woodland grazing	Woodland is a key feature of a large proportion of Argyll farm. Sustainable woodland grazing will therefore form part of discussions.





# Benchmarking

- How do we assess enterprise performance
- Identify the key performance indicators
- Identify what makes top performing farmers successful
- Identify the most important areas for improvement in your enterprise

# How do you benchmark?



# Benchmarking information

- Farm Management Handbooks – SACC, ABC, John Nix, Farm Office H'book, Organic Farm H'book
- QMS - <http://www.qmscotland.co.uk/publications>
- AHDB - <http://beefandlamb.ahdb.org.uk/returns/tools/kpi-calculators/>
- SG - [http://www.gov.scot/Topics/Statistics/Browse/Agriculture-Fisheries?utm\\_source=website&utm\\_medium=navigation&utm\\_campaign=statistics-topics](http://www.gov.scot/Topics/Statistics/Browse/Agriculture-Fisheries?utm_source=website&utm_medium=navigation&utm_campaign=statistics-topics)
- Fertbench - <http://www.fertbench.com/>
- SAHPS - <https://www.sahps.co.uk/>
- BES - <https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/beef-efficiency-scheme/>
- FAS - <https://www.fas.scot/>
- Your own figures annually

# Marginal gains

- Small improvements in a number of areas can add up to a substantially more profitable enterprise – 1% here, 1% there
- Work out where you are now and where you want to be, the gap
- Measure everything you do to:
  - Keep things consistent
  - Reduce risk
  - Pay attention to inputs
- What if marginal gains are not enough?

# Cattle benchmark targets

Item	Detail	Measurement
Herd fertility	Calving percentage	% calves reared per 100 cows/heifers in herd
	Compact calving	% cows and heifers calving in first 3 weeks (start of calving defined as 285 days after bulls in)
Minimising calf losses	Calf losses	<3% of calves born alive to weaning
Cow efficiency		Av weight calves weaned per 100kg of cow weight – adjusted to 200 days
Cow/bull replacement	Bulls	Lifetime numbers of calves reared
	Cows	Lifetime number of calves reared
Optimum daily lwt/dwt gain		Average kg/day
Minimising feed costs	Store/finishing	p/kg live weight gain
Reducing labour costs		Calves reared per labour unit

# Targets for herd fertility



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Item	Target	Definition
Barren cows	< 5%	
Cows calving	95%	Cows and heifers to bull
Calving in first 3 weeks	65%	Of cows calving (start of calving 285 days from bulls in)
Bulling period	9 weeks	Cows
	6 weeks	Heifers
Calf mortality	< 3%	Of calves born alive
Calves reared	94%	Of cows/heifers to bull
Difficult calvings	< 5%	Requiring assistance, no caesareans



# Cow Efficiency

	Farm A	Farm B
Calving %	85	95
Cow weight (kg)	$667 \times 100 = 66,700$	$595 \times 100 = 59,500$
Calf 200 day wt (kg)	$291 \times 85 = 24,735$	$336 \times 95 = 31,920$
Efficiency (% of cow weight)		53.7

< 39% = low  
 40-44% = Moderate  
 45-49% = Good  
 >50% = Exceptional



# Sheep benchmark targets

	Hill	Upland	Lowland
% Scanning	135%	190%	195%
% Ewes barren	5%	2%	2%
% Ewes sold cull	13%	14%	14%
% Ewes & gimmers died	2%	2%	2%
% Lambs born alive	130%	165%	180%
% Lambs marked	123%	155%	170%
% Lambs weaned	121%	152%	167%
% Lamb mortality (birth-marking)	7%	10%	10%
% Lamb mortality (marking-weaning)	2%	3%	3%
% Lamb mortality (birth-weaning)	9%	13%	13%
% Lamb mortality (weaning-sale/tfer)	2%	2%	1%
Total number of lambs sold/retained	120%	150%	165%

# Ewe Efficiency

- Calculate the weight of lambs reared (sold and retained)
  - Lambs per ewe
  - Wt of each lamb
- Divide by the ewe weight at mating
- Target is to achieve 1 to 1 ratio or 100%
- Targets to weaning
  - 55-59% = Good
  - 60-69% = Very good
  - > 70% = Excellent

# Lamb growth rate targets

<149g per day = low (or long keep policy)

150-199g/day = average

200-249g/day = good (but improvable)

250-299g/day = very good

>300g per day = exceptional

# Exercise



## LFA upland ewe flocks – financial performance measures

	Bottom Third	Average	Top Third
Number in sample	11	33	11
Flock size	575	525	458
	<b>£ per ewe</b>		
Lamb sales	91.44	101.29	115.76
Wool	3.37	2.90	2.79
<b>Gross Output</b>	<b>94.81</b>	<b>104.19</b>	<b>118.54</b>
Less replacement costs	14.17	13.10	11.24
<b>Net Output</b>	<b>80.63</b>	<b>91.09</b>	<b>107.30</b>
<b>Variable Costs</b>			
Purchased concentrates	11.81	10.75	12.00
Home-grown concentrates	0.30	0.27	0.29
Other feeds	3.84	2.11	1.34
Forage	7.81	8.19	7.89
<i>Total feed and forage</i>	<i>23.76</i>	<i>21.32</i>	<i>21.51</i>
Veterinary	8.72	8.97	8.54
Bedding	0.81	1.02	0.65
Other costs	9.50	8.62	8.68
<b>Total Variable Costs</b>	<b>42.79</b>	<b>39.94</b>	<b>39.38</b>
<b>Gross Margin</b>	<b>37.84</b>	<b>51.16</b>	<b>67.92</b>
<b>Fixed Costs</b>			
Labour	10.79	9.65	8.17
Contractors	3.59	4.69	4.39
Power and machinery	9.83	9.79	10.48
Property maintenance and rent	11.61	10.44	9.97
Depreciation	11.17	9.06	6.71
Finance	2.11	2.16	4.05
Administration	3.33	3.33	3.69
<b>Total Fixed Costs</b>	<b>52.43</b>	<b>49.11</b>	<b>47.46</b>
<b>Net Margin</b>	<b>(-)14.58</b>	<b>2.04</b>	<b>20.46</b>
Flock replacements – Pence per kg lamb produced	25	22	17
Variable cost – Pence per kg lamb produced	75	66	60
Fixed cost – Pence per kg lamb produced	92	81	73
Unpaid family labour hours	1hr 20min	1hr 10min	1hr 5min



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## LFA upland ewe flocks – technical performance

	Bottom Third	Average	Top Third
Ewes per ram	28	32	33
Ewe mortality %	5.2	5.2	4.5
Ewe replacement rate %	24.3	22.9	16.1
Lambs born dead or alive per 100 ewes	160	169	174
Lamb mortality (inc. born dead) %	19	20	15
Lambs reared per 100 ewes	141	149	159
Average weight of lambs – kg	40.56	40.56	40.98
Weight of lamb produced per ewes – kg	57.27	60.44	65.07
Purchased concentrates – kg/ewe	44	47	65
Home-grown concentrates – kg/ewe	2	2	2
Lambs sold finished per 100 ewes	90	106	128
Value per lamb – £/head	67.19	67.59	69.91
Lambs sold/transferred store per 100 ewes	34	21	3
Value per lamb – £/head	51.90	53.93	55.57
Lambs sold/transferred for breeding per 100 ewes	17	22	28
Value per lamb – £/head	79.20	82.58	87.03
CO <sub>2</sub> e kg/net lwt kg produced	13.7	12.7	11.5

*Source: QMS Cattle and Sheep  
Enterprise Profitability in Scotland  
2016 Edition*

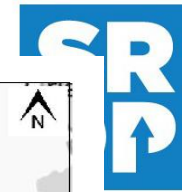
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- SG - <http://www.gov.scot/Topics/Statistics/Browse/Agriculture-Fisheries/Publications>
- Fertbench - <http://www.fertbench.com/>
- SAHPS - <https://www.sahps.co.uk/>
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- FAS - <https://www.fas.scot/>
- Yourself!
- The competition!

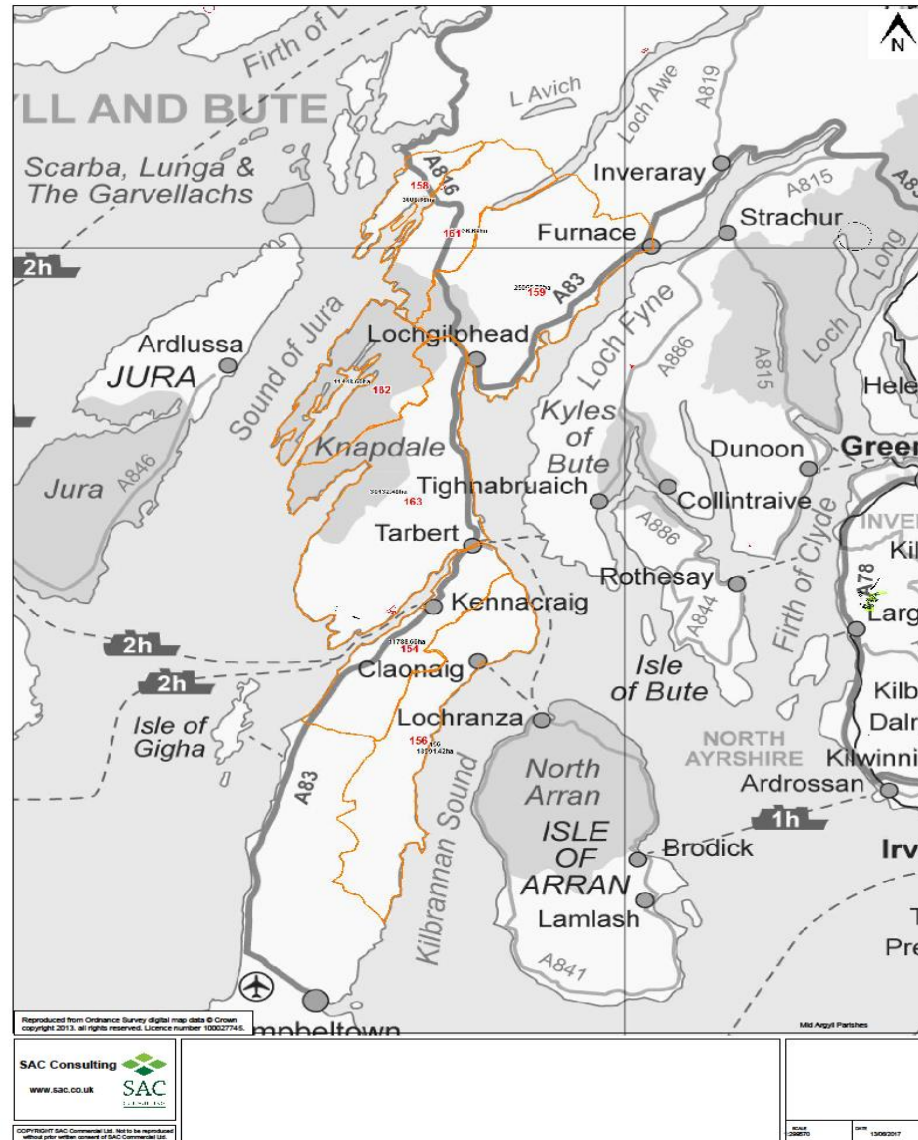


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The European Agricultural Fund  
for Rural Development  
Europe investing in rural areas



Scottish Government  
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# Thank You

