

The Benefits of Working Together



FARM
ADVISORY
SERVICE



25.05.21 19.00 zoom



Anna Robertson

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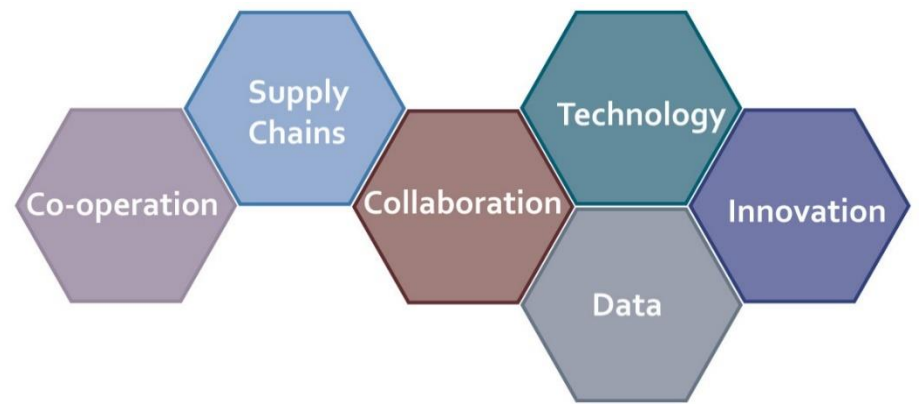
Q&A with the Panel



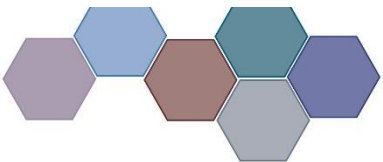
Informal Co-operation – Working Together



Anna Robertson, SAOS Project Manager



Our co-ops work in a wide range of sectors



There are different forms of co-operation and benefits

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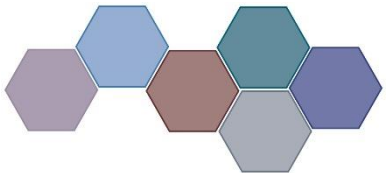
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						Share intellectual capital and business intelligence
					Share business capital, values, strategy and risk	
				Share business operations		
			Share Assets			
		Share insight and ideas				
	Share Knowledge					
Share Resources						
Sharing	Monitor Farm	Benchmarking Grps	Machinery Rings	Supply Co-ops	Marketing Co-ops	Data/genetic co-ops
Neighbouring – sharing labour and machinery	Increase awareness of new processes and practices	Increase awareness of new processes and practices	Increase aggregate scale of business by pooling resources	Economies of scale to purchase inputs	Increase aggregate scale of business by pooling resources to access new routes to market	Pool investment capital for mutual gain and wealth retention
Reducing fixed costs	Trial and adopt new processes and practices	Trial and adopt new processes and practices with others	Reduce input costs, save time and increase margin	Reduce costs and increase margins	Leverage business potential with provision of limited capital	Share investment risk by pooling capital
Building resilience		Reduce costs and increase margins	Focus on specialist competencies	Increased resilience by sharing risk	Access professional marketing and sales	Potential business benefit and value creation

Informal Co-operation

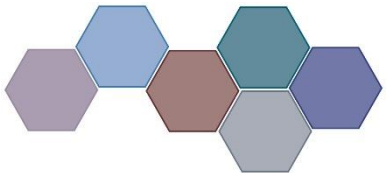
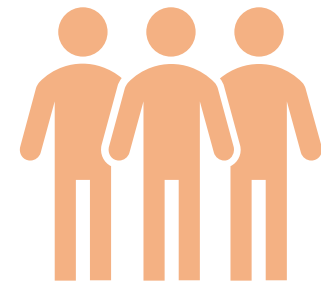
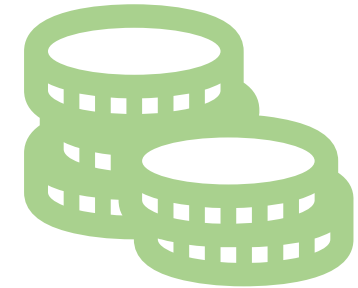
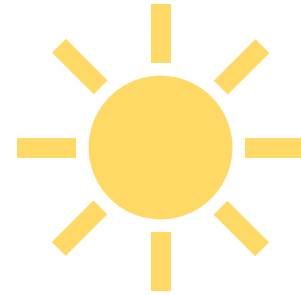
Why the need?

- Facing cuts in farm support (BPS)
- Farms struggling to make sustainable profits
- Labour & skills shortages
- Huge changes / challenges ahead
- Many farms over mechanised – high fixed costs
- Builds a community
- Improve health & safety
- Great opportunity



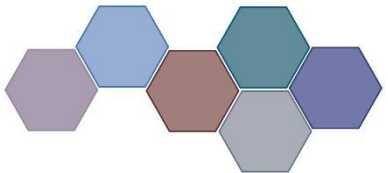
Why do it? What are the benefits?

- Route to cut costs
- Improved timeliness
- Make our lives simpler
- Free up your time
- Cuts stress
- Build Communities
- Increase business resilience
- Cover to get away on hols



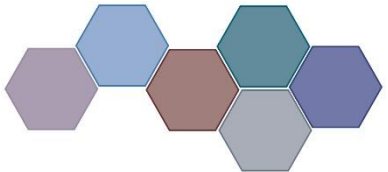
Why have we stopped neighbouring so much?

- Everyone did it in past – necessity
- Mechanisation – machines replaced people
- Farms bigger, better capitalised, money easy to borrow
- Specialised machines, expensive, skilled operation
- Social mobility, some may not know neighbours that well.



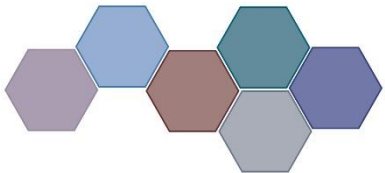
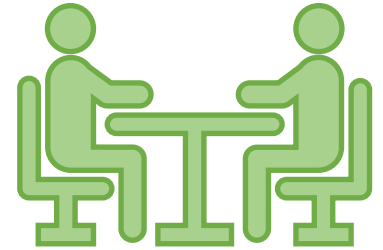
Examples of neighbouring / informal co-operation

- Handling livestock
- Sharing simple bits of kit
- Jointly owning a machine
- Shared silage making operations
- Contract rearing heifer replacements
- Selling weaned calves
- Benchmarking group (sharing data)
- Buying Group for inputs (fertiliser, chemicals, etc.)
- Diversified new business
- Joint farming businesses
- Conservation on a landscape basis – wildlife corridors

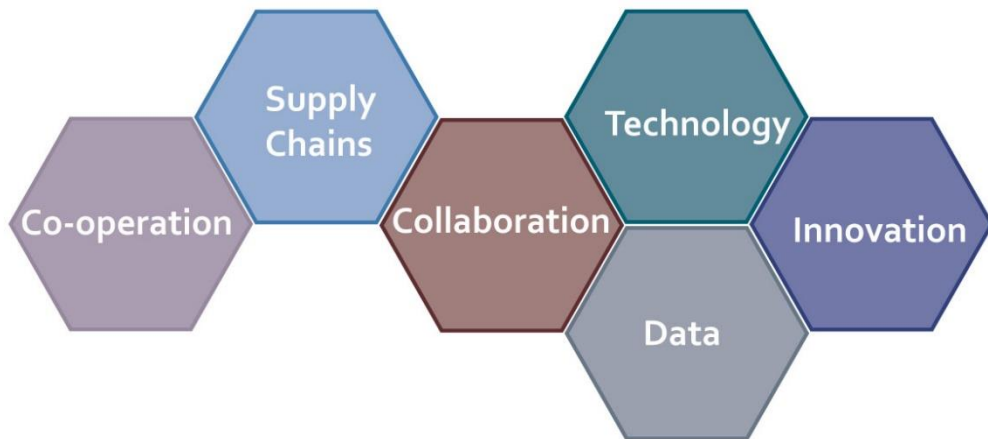


How to make it a success?

- **Leadership**: someone has to initiate it.
- **Relationships**: work with someone you trust and get on with.
- **Shared Objectives**: set clear goals
- Good open **Communications**
- Start small and let it grow with experience
- Highlight potential **Problem Areas**
- **Seek advice** – talk to others
- Get something down in writing
- **Review** after a year



Working together to shape the future of farming and food



SAOS 

Hector Munro Foulis Farm

Informal Co-
operation – FAS
Webinar

Farming at Foulis Farm



Returned to family farm in 1973



Changed farming enterprises prior to 2000



Livestock, 350ha of arable, 65ha permanent pasture, 95ha woodland.



Key Farm employee due to retire. Son trained as a mechanical engineer comes home.



Malting barley margins tight



Machinery due for upgrade

What Next?

- Investigated [Velcourt](#) & [Farmcare](#) (Previously the Co-op)
- Began conversations with neighbours – was there a desire to work together?
- Informal co-operation with farming business 12 miles away
- Highland Land Management Ltd incorporated in 2003 with support from SAOS
- Arable equipment valued by two local machinery dealers
- Both individual businesses held equal shares



How does it work?

- From 2003-2018 HLM provided an efficient cost effective arable contracting service
- HLM charged each business:
 - 'contracting' rate
 - paid the labour charges
 - machinery repairs and maintenance
 - Insurance
 - office and professional fees etc
- Post harvest (usually) a rebate on contracting charges was made.
- Short term loans from the individual businesses were required (occasionally) to ease cashflow when buying kit



The benefits?

- Freeing up of time
- Allowed for diversification
- Financial savings – cutting costs
- Keeping machinery up to date
- Better work life balance



Diversification in more detail...

2004

- 467ha woodland was purchased

2006

- Next door farm purchased and divided with 2 neighbours

2009

- Run of River hydro scheme in co-operation with 2 neighbouring farms (SAOS involved)

2013

- 500kw wind turbine direct to grid

2015

- 3500T grain store/2x600T drying floors/2x500kW biomass boilers, district heating system (10 houses) & 50kW solar panels - RHIs & FITs

2016/17

- Run of River Hydro Joint Venture completed
- 5 year agri enviro scheme commenced
- Letting ground for potatoes to support good arable rotation policy
- Daughter-in-law commences 5 Airbnbs
- 2nd district heating system (6 houses) installed



What does co-operation mean for our business?

Co-operation has:

- Provided a reliable and efficient service at an affordable price.
- Cut costs.
- Allowed flexibility in both land use and business development.

Without Co-operation:

- Not enough time
- Less likely to have invested into other business areas
- Fully reliant on arable cropping



Co-operation, a bit like marriage has got its up and downs, but undoubtedly the benefits far outweigh the disadvantages.

Thank you for listening!



What we do & who
we are.....

.....**Caroline Black**

Black Agri Services

Chemical Buying Group

So, why set up a buying group?

A summer spent buying inputs for the family farm opened my eyes.

Frustrated with the lack of negotiation power.

Founded the buying group in 2016 – 11 growers.

In 2021 we have 20 growers and cover just under 6000 hectares.



The Traditional Model

- The farmer buys from one chemical firm.
- Agronomy services are provided by the chemical firm.
- Agronomists are incentivised by commission.
- Farmers are not always getting the best deal



The Independent Agronomist Model

- Farmer is advised by independent agronomist who recommends chemical
- The farmer is then able to buy from any firm but will often stick with one or two.
- Admin and time consumptive
- No scale and therefore lacking buying power



The Buying Group Model



- A number of farmers sign up to a buying group allowing them to leverage greater buying power.
- The “buying group” negotiates on behalf of all the clients and farmers and agrees prices with the chemical companies. Resulting in cost savings and time saving for the farmer.
- Group members engage an independent agronomist and they recommend the best product for the job
- No incentives to shift chemical volume so no over prescribing.
- Farmers send one order to the buying group and the buying group orders each chemical from the most cost effective source again resulting in less admin for the famer.
- Chemicals are sent directly to the farmer.
- The buying group invoices a fixed % fee for the work carried out.



What have we achieved?

- We have made savings for every farmer across the group.
- The greatest feeling of achievement is saving each grower money.
- We have retained all of our members and grown.
- The group has grown with no marketing – simply through word of mouth.
- This is evidencing that the group works for its members and really just how much potential is out there.
- Ultimately the group has put some control back in the hands of the farmer when it comes to buying chemicals at the best price and efficiently.

Challenges

- There was some reluctance from chemical companies to quote the group pricing.
- It has been hard for some farmers to make the switch as they have built up long standing relationships with agronomists and chemical reps.
- Setting up the group and the admin that goes alongside has been challenging but this gets easier and efficiency improves the longer we work at it.

What's next?

- Continue to support farmers in making the changes to their established buying processes to save them money.
- Continue to grow membership in turn supporting more farmers in their chemical buying.
- Build on relationships with chemical companies and increase leverage through purchase volumes in the growing group.