



Innovative and Digital Training Materials to Foster Land Mobility Initiatives

Module 1 A - Identifying A Good Match



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Identifying A Good Match – how it works?

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I. Introduction

The land mobility service provides collaborative farming options for land owners and farmers. The primary aim of the service has been the delivery of land mobility and access to land through collaborative farming arrangements. The formal collaborative arrangement is for the mutual benefit of all those involved in the arrangement. The land mobility service is connected to sustainability, rural and youth migration, and the ageing of the agricultural sector.

The forms of Collaborative Farming include Long Leases, Partnerships, Shared Arrangements and Farm to Farm Arrangements like Contract Rearing. Collaborative farming can involve a single person, a couple, or a group. The land mobility service recognises that each farming arrangement is unique. The Land Mobility Service will explore the options and formulate a workable arrangement for each unique arrangement.

First and foremost, identifying a good match is essential to the farming collaborative arrangement. When we consider a good match, we examine three key considerations: The Person; The Price and The Period.

II. Background

The Land Mobility service has three key elements:

1. Provision of information and creating awareness of the options available and how they may work, including new and innovative land-use models.
2. Helping farmers and land owners find suitable collaborators, then facilitating sustainable arrangements that can work for all parties. The service represents the collaboration rather than either party.
3. Provision of support and backup for established arrangements or collaborations.

The absence of farming successors and an ageing farm population are the key drivers of the Land Mobility service. Agriculture, in general, has an ageing workforce as demonstrated in Table 1 (Central Statistics Office, 2018) . In 2016, around a quarter of farm holders in Ireland were aged 65 years and over. Just 5% of people were aged less than 35 years. Farmers are concerned with what to do with their farm when they can no longer farm it on their own, wish to retire from farming, and there is no interested successor. However, there are opportunities because farm land is a valuable asset and there are other farmers (new entrants, young farmers and developing farmers) who are eager to gain access to additional land.

Table 1. Age of farm holders

Age	000's		
	2010	2013	2016
Less than 35	8.7	8.2	7.4
35-44	24.6	22.8	21.4
45-54	34.6	34.8	32.5
55-64	35.1	35.6	34.7
65 and over	36.6	37.7	41.2

Source: CSO

The Land Mobility Service reviews demonstrate the need and importance of such a service. In 2019 the service highlighted that the land mobility service helped facilitate 521 arrangements encompassing the mobility of 47,000 acres. This represents the overall impact but to get a better understanding of the impact at the farm level, farms were randomly selected across a range of arrangement types and locations, historical farm performance was compared to post collaboration performance.

III. Learning objectives

- Demonstrate an increased awareness and understanding of the Land Mobility intuitive and services available.
- Recognise the need for the initiative and gain an understanding of the added value to rural communities.
- Identify the categories which aid the prospective collaborator selection.
- Identify key characteristics of a suitable match for a farming arrangement.
- Understand the factors which influence the financial side of the collaborative arrangement.
- Consider what influences the period of the collaborative arrangement.

Module 1a – Identifying A Good Match

2.1. The Person

Categories to discuss with a prospective collaborator. By analysing the potential arrangement under the following categories, we can assess the strengths and weaknesses of the arrangement and therefore decide to move forward or not.

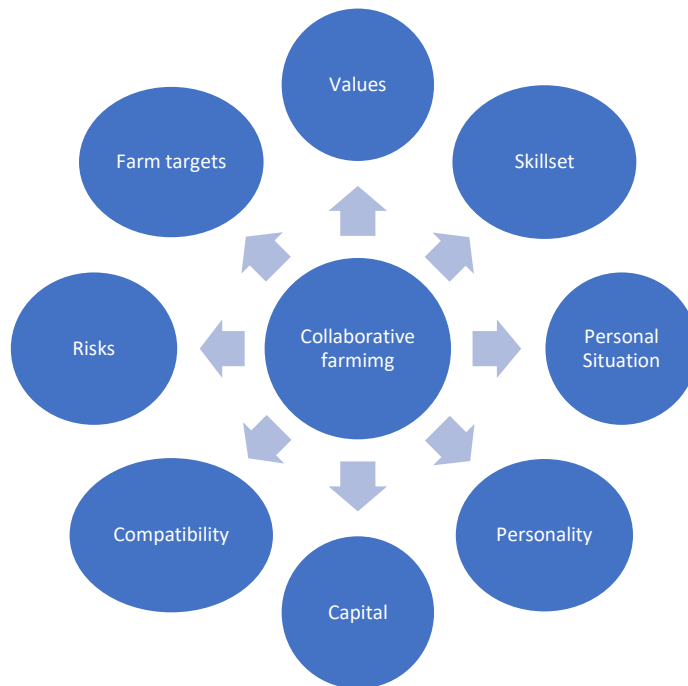


Figure 1. Collaborative Farming categories to consider.

Personality

Curran suggests that each farmer who is considering entering a collaborative arrangement to do a personality profile as it helps to establish what their values are (2016). If your fundamental values misalign with the prospective collaborator, then it is unlikely the arrangement will work for both parties. Having prior knowledge of the work habits and personal preferences of your prospective collaborator is an advantage.

Bowen (2017) emphasis a change from “me” and “my business” to “us” and “our business” is essential and stresses that members of the arrangement must enter the arrangement with an open mind and a positive attitude.

Background

Personal circumstances can prompt the need for a collaborative farming arrangement. New and beginning farmers may require a financial and human capacity to support a startup operation,

experienced farmers may wish to expand or operate at a different scale, and ageing farmers may seek a new arrangement nearing retirement.

A key question for any farmer considering a collaborative arrangement is simple: Why am I doing this? Why do I want to get into a collaborative arrangement? Is it for lifestyle, economic reasons, increased labour, shared workload, reduced isolation, expansion opportunities, reduced capital investment, or to facilitate off-farm work? It is important for farmers to be clear about the issues around these questions and to answer them for themselves and their families.

Compatibility

The person must be right. It must be someone you can work with, that person's vision for the farm must be compatible with yours. However, to succeed they also have to share a strategy and to develop that strategy they have to agree on a shared analysis of the issues at stake.

Collaborative farming experts recommend that all farmers considering a business collaboration take a personality test. The values and guiding principles of the collaboration should be shared by all and should include good communication, transparency, trust, and flexibility.

No partnership is entirely free of conflict. And while even the closest and most compatible partners may clash at times due to the depth of their passion, these disagreements offer good opportunities for some out-of-the-box thinking.

Skillset

An essential step when forming any business is to assess the skillset of the people involved. Farming is no exception. Partners in a collaborative farming arrangement need to understand the science of profitable farming and apply it to how they manage. In a collaborative farming arrangement, interpersonal skills are fundamental. Interpersonal skills are essential in ensuring a working relationship. Farming will always throw an unsuspected challenge, for example, a drought, so there must be a strong working relationship between the two parties to allow them to work together to overcome an unexpected problem.

Remember, if an arrangement lacks a certain essential skill, consider whether hiring a professional to fill that gap is a prudent cost measure. For example, if no one in the collaboration possesses the skill to keep a steady eye on the finances, think about outsourcing this work.

Don't be afraid to check out reputations and talk to people they have worked with before, always inspect each others' current/recent businesses.

Farm targets

If you don't know where you are going, how do you expect to get there? A farming arrangement needs a roadmap to reach its targets. When targets are set for a collaborative farming arrangement, the

arrangement becomes answerable when these targets are not reached. It is important to set targets from the onset.

Furthermore, farm targets will need to align for any arrangement to be successful. For example, if sustainability is a priority, both parties will need to fully commit to this target from the beginning as it highly impacts the farm's viability.

Values

Identifying shared values is key to the successful launch and operation of any business. All parties should take a few minutes early in their conversations to identify their values for the business. Identifying these values and comparing and contrasting them is essential for a strong business relationship. Once established, core values rarely change so expectations that your partner will change to align with your core values in the future are unrealistic.

Capital

If a farm is already operating profitably, the likelihood of that farm joining a collaborative arrangement is unlikely. While farm viability is not the only factor taken into account when making succession and inheritance decisions, a non-viable farm is less likely to be capable of supporting two generations at once as part of a farm partnership.

Resources available

The resources available to each farmer are important in a collaborative farming arrangement. By analysing combined resources (land, stock, equipment, capital, labor, etc.) you can determine whether the arrangement will lead to profitability, if not, there is no reason to collaborate. A financial analysis must be performed to determine feasibility, including cash flow and revenue projections for a 3-5 year period.

Risks

Farmers constantly cope with and manage different types of agricultural risks (Huirne, 2003). Risk inherently involves adverse outcomes, for example, lower yields. The prospective collaborators should assess the risks that their collaboration could encounter before launching any arrangement. A risk analysis can be conducted alongside your Land mobility facilitator. Specific provisions regarding identified risks should be included in any form of collaboration. McLeod (2012) references the perceived risk involved in joining a farming arrangement as a significant factor when making a final decision, McLeod further references risk sharing as a potential benefit to being in a farm partnership.

2.2. The Price

The price must be fair, realistic and sustainable. All parties must make a return and this should be backed up by a proper budget and farm plan. People should be open and be prepared to share this information with confidentiality and respect. Mechanisms and templates exist to link price with farming returns which deliver fairness and avoid complicated price reviews. Chasing the top price or being captivated by price alone is a recipe for disaster.

Finance will also be a factor, for shared arrangements the level of finance required is not excessive, but it can be prohibitive for long leases. Finance and support for such young farmers usually come from a range of sources including own savings, family, banks and previous employers' funding.

What is a fair price?

Whether an arrangement is a lease, a partnership, a share farming arrangement or perhaps a contract rearing agreement, a fair price or fair share/split is critical. Arrangements must work for all parties and there are a range of factors that feed into this including

- The right person
- Good farming practices
- Respect and care for the farm
- A fair price

Where an arrangement does not work for everyone it will eventually break down, so it is important that everyone is clear and fully understands what they are committing to. You need to look at things from the other person's perspective. While not the most important consideration a fair price is key. Open engagement including sharing budgets, plans and concerns results in a win-win approach and a clearer understanding of the other person's position. This usually results in the fairest and most sustainable outcome. Things to consider in determining a fair price, in no particular order, include

- Farm size
- Suitability
- Soil fertility
- Location
- Available infrastructure and future infrastructure
- Availability of stock, machinery and support
- Duration of the agreement

- Projected operating margin

Every farmer and every farm is different, so what works for one does not necessarily work for all. It's not a one size fits all approach, so care and detailed design must get great consideration when the arrangement is being prepared. Proper consideration must be given to all relevant factors. The herd mentality must be avoided at all costs, do something because it works for you.

Table 2. Average value per acre for rental of agricultural farmland in Ireland 2019 (€)

	Leinster	Munster	Connaught/Ulster	National
Grazing/meadowing/silage	€183	€207	€176	€190
Grazing only	€170	€200	€144	€173
Cereal crops	€210	€227	€203	€213
Potato crops	€378	€268	€273	€335
Other crops	€256	€239	€186	€241

Source: SCSi/Teagasc Agricultural Land Market Review and Outlook Report 2020

As per table 2, the rent of agricultural land in Ireland has increased year on year for the past 5 years. From the table above, we can observe the average price per acre for the different corners of Ireland. This data shows an increase of 14% on grazing only and grazing/meadow/silage from 2018 and 12% for potato and cereal crops. These figures give the land owner and the potential collaborator a guide to land values in their respective area. However, depending on the arrangement, infrastructure, scale, and land quality these will all be factors to consider when finalising the price for each farm.

Effect on Rural Economy

The effect of any arrangement on the rural economy will greatly impact rural Ireland. There are many advantages to arrangements like registered farm partnerships, share farming opportunities, long-term leasing, and contract production options.

Advantages of entering an arrangement-

- Increase employment in the locality e.g., more staff, increased work for contractors and services due to increased productivity
- More monies spent in the local community
- Extra kids for local schools and amenities
- A positive arrangement will set a good example for prospective collaborators in the area.

Disadvantages of not entering an arrangement-

- The farming operation may cease production
- Fewer monies spent locally
- Family farms may become extinct
- Less employment

2.3. The Period

The period or term must be adequate so that it works for all parties. This is especially relevant where investment is required, the period must be sufficiently long to deliver an adequate return, for example, upgrading infrastructure will require a longer lease as it involves big capital expenditure. A longer agreement also gives more security and provides a degree of certainty in the arrangement.

Forming an arrangement or joint farming venture is a big change for the people involved. The period or timeline for the people involved has to change also. Farmers need to change their way of thinking from “one year eg conacre, to a 5 to 20-year lease”. For example, decisions in the arrangement will be made for the better of the future of the farm than for the present status of the farm. Many farmers look on other farmers as an asset source that may be of value to their business and to form a successful arrangement, you must take a broader view.

In recent times, the view on long-term leasing has changed. An example of this is in Ireland, there are huge tax reliefs for land owners wishing to enter an arrangement for greater than five years. As the term of the lease increases, so do the tax incentives. This has given rise to a greater number of land owners entering into a long-term lease.

For anyone looking at the timeframe of an arrangement, the key questions all parties must ask are:

1. Can I work with this person for the period?

Both parties must be open, willing to adapt to new farming concepts, and share information for the better of the arrangement. Some land owners may have never employed regular or full-time labour on the farm and this itself may pose challenges for the land owner. Managing people or working alongside staff might be a great challenge for land owners so having experience in doing this would benefit the arrangement.

2. Can I make this opportunity work over this term?

Is the potential collaborator willing to make sacrifices to get the opportunity off the ground? Is he/she willing to relocate? Have I enough capital? Is there enough profit for both parties in the arrangement? Is the period long enough? Is there a big expenditure needed on this farm? The potential collaborators must ask these questions if he/she is to make the most of the opportunity work.

Considerations must include

- How does this fit in with my longer-term goals
- Does the farm plan and budgets make sense over the selected timeframe
- Is the business plan realistic and will this person be able to deliver on the plan in the timeframe
- What are the tax, legal and other implications

2.4. Communicating

Ferry (2011) highlights that gaining a strong understanding of both verbal and non-verbal communication methods will support employees in a leadership position and help them relate to their employees and thus improve the production of the farm, along with the job satisfaction level for employees.

It is vital to stress that communication is about ideas and interests rather than opinions. Ideas and interests can be discussed and researched. It is problematic to negotiate over opinions.

2.5. The Result

A detailed review of 20 farms was undertaken by The Land Mobility Service Ireland in 2018. The review was conducted in to examine changes in productivity following participation in a collaborative agreement. Data pre-collaboration representing baseline figures for livestock numbers, total and per unit output, and acreage was then compared with up to date information on:

- Land area and livestock numbers
- Farm Production
- Labour and employees
- Long-term plans
- Overall thoughts on collaboration

This provided a post collaboration insight and performance position. Farm selection was random and the outcomes are reflective of overview statistics in terms of the mix of arrangements types, the mix of landowners and farmers, locations and enterprises. All farms selected participated. An overall increase in performance coupled with better use of resources, labour and capital were evident.

2.5.1. Summary findings

Collaboration

- Collaboration delivered a 65% increase in production on average.
- Taking out the impact of increased scale a 41% increase in productivity was delivered on collaborated land.
- Further increases in production and productivity were projected from 2018 through to 2020
- 80% of arrangements involved a trained farmer under 40.
- On average two people were gainfully employed while three people were getting an income per farm.
- Collaboration delivered both financial and non-financial benefits.
- Collaboration provides opportunity, the independent expert facilitation provided by the Land Mobility Service was considered a big positive.

Dairy Farming

- The average increase in stock numbers on dairy farms since entering collaboration was 54 animals.
- The average total farm yield of those participating in the study was 651,417 litres in 2016, increasing to 730,445 in 2017.
- The farm range was 500,000 litres to 1.9 million litres.
- Collaboration resulted in improved labour efficiency and better labour security.
- The average number of people gainfully engaged in the arrangements examined was two and the average number of people getting an income from the arrangement was three (the difference being the non-working/retired/ stepping back land owner or collaborator).

- Most envisaged future growth in output and efficiencies.

Thoughts on Collaboration

- Collaboration provided a great opportunity. For farmers, it provided the opportunity to farm either through accessing a farm or providing sufficient scale or better land quality. For land owners, it allowed them to step back while seeing the farm cared for and having an income.
- Participants identified collaborations as being critical to the future of the farming industry.
- A focus on sustainability and ensuring that all deals are fair for both parties was seen as crucial to the success of all collaboration.
- Ensuring that the collaboration was long enough in duration was also highlighted especially where investment had been undertaken in infrastructure.
- The independent facilitation of the Land Mobility Service was highlighted as a big positive in bringing clarity to arrangements and dealing with disputes.

2.6 Advice from experienced farmers

“The Person is the most important”
“The period is irrelevant until you get the right person”
“The land Mobility Service offers great information for both the land owner and the young, trained farmer, use it”
“Make sure you can compromise and know that you will have to”
“Ask plenty of questions, use the knowledge of the facilitator but trust your instinct too”
“Allow plenty of time to find the right person”
“Have a plan post farming as it will be a big change for the first few years”
“It’s a big decision, talk to as many people as you can before you make up your mind”

IV. Case studies

1. Young farmer, Brefeni Daly.

Brefeni Daly, Cork. Brefeni started his agricultural training in Teagasc Clonakilty, Cork and was introduced to the service by a former employer. The employer who is an established grassbased dairy farmer was prepared to support Brefeni should the service find him a suitable opportunity. Brefeni has huge ability and ambition, he is confident, self-motivated and a good communicator. The availability of a mentor opened up a wider range of opportunities and gave an assurance to land owners. This type of approach has worked very well in practice, the service has facilitated several arrangements where the young farmer has outside support. The support is usually provided by a family member or former employer and is in the form of equity, stock and backup. This is collaboration at its best, it opens up more opportunities for a young farmer and levels the field via established operators, it allows an established operator to get involved in expansion but in a safer, more sustainable and less involved way. Brefeni is in the second year of a dairy partnership, in Wicklow, milking 250 cows and is now looking towards more opportunities (www.Landmobility.ie, 2017).

2. Land Owner, Andrew Desmond.

Andrew Desmond entered into a contract rearing arrangement, facilitated by The Land Mobility Service, with Michael and Jerry Murphy in the spring of 2015. Andrew farms 80 acres and was a dairy farmer before converting to suckling. Andrew wanted to stay farming but wanted a more manageable operation and was frustrated by the uncertain returns in beef. With the help of The Land Mobility Service Andrew explored the various options open to him, to see what best suited him. Andrew met up with dairy farmers Michael and Jerry Murphy to see how a contract rearing arrangement might work. Father and son Michael and Jerry were looking to expand their dairy operation. Key to them was maximising cow numbers on the milking platform. They had been building up heifer numbers but wanted to release land for milking cows (www.Landmobility.ie, 2017).

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