



GSC GRAYS

PROPERTY • ESTATES • LAND

# GROWING YOUR BUSINESS

Growth is high on the agenda for many farming businesses, but is expansion always the right option?

As part of our rural survey, undertaken in 2020, we asked our respondents whether they have considered expanding their business – 61% said yes. By far the most popular option for expansion was taking on more land, whether rented or purchased.

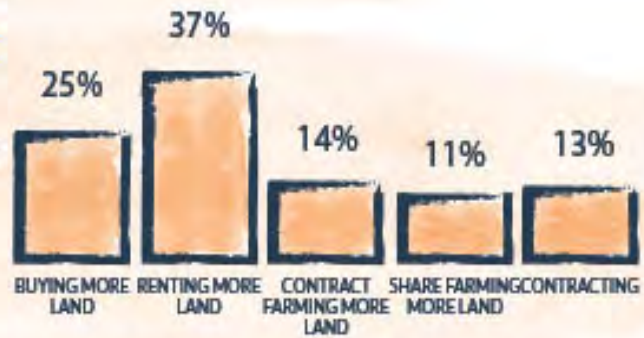


We were surprised to find that, although contract and share farming have increased in popularity over recent years, relatively few farmers said they had considered these arrangements.



## WHAT OPTIONS HAVE YOU CONSIDERED?

The most popular option for expanding the farm business was taking on more land, whether rented or purchased. Increasing your acreage is not without risk and it is always best to weigh up the 'pros and cons' before investing.



When correctly considered, expanding your business can increase revenue, take advantage of economies of scale and better utilise the skills of the current workforce, but in some circumstances expanding an inefficient enterprise can simply lead to a larger inefficient business, which requires significantly more work without delivering a corresponding increase in your profits.

In November 2020, we looked at how improving efficiencies can be achieved through precision technology and also simple measures such as preparing annual budgets. This exercise is never more important than when contemplating expansion.

If you are considering taking on more land, financial factors are likely to have a big influence on your decision. Our survey found that 66% of farmers think that land prices are unsustainable. Taking on more land whether tenanted or owned is a significant financial commitment, so it is crucial that you know how you

will meet that commitment – is the additional outlay justified?

If the figures don't add up, you could look at alternative ways to grow your business, such as share farming, or diversification.

## WHEN CONSIDERING HOW TO GROW YOUR BUSINESS ASK YOURSELF:

- What do I want to achieve, in the next 5, 10 or 20 years?
- What resources do I have available – including skills, time and finance - to enable growth?
- Is my existing business as efficient as it could be?
- Could I specialise in one particular area? Review which enterprise is the most profitable over a period and consider focussing resources, management time and growth opportunities into that area.
- Can I deliver business growth through intensification? This option involves producing more output with the same fixed asset base with the aim being to lower the overall cost of production.
- Could diversification help to spread risk and utilise the resources and skills we have within the business? (We will be looking at diversification in more detail throughout January)
- What is my exit strategy?





To help you consider some different approaches to farm growth, have a look at our real-life case studies below which look at opportunities in the form of traditional arrangements such as grazing licences and Farm Business Tenancies and also the merits of collaboration through Joint Ventures.



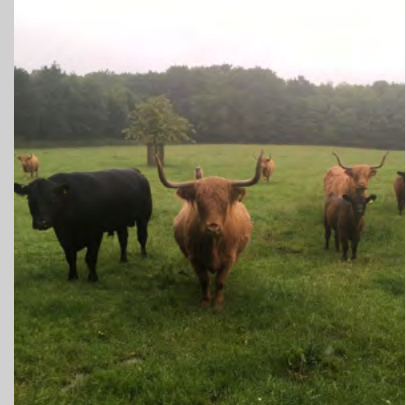
Our Rural Director James Severn looked at how Joint Ventures could make a significant difference to future profitability.

[READ MORE](#)



Helen Simpson, Senior Surveyor, looked at the opportunities around traditional arrangements such as grazing licences or Farm Business Tenancies.

[READ MORE](#)



Tom Richardson, Senior Surveyor, had a conversation with a client around their thoughts on share and contract farming on their own farm.

[READ MORE](#)

## THE PATH TO SUSTAINABLE FARMING

Following the publication of the Agricultural Transition Plan in December 2020, we ran a free webinar to help our audience understand how these changes may effect them and their farming business. Our specialist panel gave their views on the Transition Plan and what it means for the industry, helping our audience to make decisions for the future and to ensure they are ready for the challenges and opportunities to come

For any questions or advice on how you can grow your business contact:



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If you missed our webinar on The Agricultural Transition, you can watch a recording by clicking on the image below.



\* Please note that the information contained within this briefing is based on current understanding of Government Legislation and is subject to ongoing change. Before making any decisions that will affect your business you should seek further advice. Compiled December 2020.