

Growth centers on traditional Farming strengths

Tynllyne Farm on the outskirts of Hay on Wye looks like a traditional dairy farm, but it hasn't always been that way. It isn't the type of farm, the location nor the farming activity which is remarkable, but the tenacity of the Price family and their determination to continue a family farming tradition.

The Price family has, for three generations, farmed traditional arable land just off the Wales / England border. At the start of 2005, Tynllyne Farm was a typical of a steady, lowland arable operation, together with sheep and a small dairy / beef herd. Phillip Price has been working the farm all his life and recognised the need for change in his business to keep up with an ever changing world. "Our outlook, although steady, was inevitably uncertain. To build a future for ourselves and the next generation of Prices our business needed to grow substantially. Whilst we had seen moderate growth over the years, we knew that without a substantial shift upwards in profits it may no longer be viable to operate the farm in the way we traditionally have."

Together with son Alastair, the Prices turned to professional help for an assessment of the situation. P&L AgriConsulting's Phil Clarke was engaged to study the business with a view to restructuring in line with the family's expectations. Mr. Clarke explains the process. "In assessing a farm business, we look at where there are already strengths and capitalise accordingly. Growth in the most stable and potentially profitable areas is a natural place to begin restructuring and in the case of Tynllyne Farm, the dairy operation was the most logical choice."

As a member of the P&L AgriConsulting team of experienced consultants, Mr. Clarke has a comprehensive knowledge of the farming world and is engaged within various sectors of the industry providing support and advice to farming businesses on a daily basis. "No one needs reminding of the recent hardships faced by dairy farmers. With supermarkets sparring over milk prices and the pressures of all year round production to strict hygiene and animal welfare standards, producing milk isn't the easiest business to be in. What's more, cows need to be fed a healthy, often specialised diet and most farmers are dealing with the effects of rising feed costs. Contrary to all the publicity however, profitability in the sector is still good."

Average farm incomes are likely to fall over the next few years as the current subsidy formula is replaced by the new EU regime and with a 2013 UK harvest set to be 30% down overall, fortune is unlikely to favour those standing still. "Farmers will have to restructure to take advantage of the new subsidies, but making money is still possible. The sums that need to be invested to ensure a dairy farm can maintain high standards and efficiency can be significant, particularly those starting out in dairy farming or wanting to grow their business. Achieving a balance in change is crucial - investment for profit, but not strangling income with debt and a strong value path focused on growth, which is both achievable and sustainable"

With so many factors in play, setting out a long term plan of restructuring and development places a considerable burden on the farmer who is busy enough with the daily operation of the farm, as Alastair Price can testify. "Getting down to the nitty-gritty of cash-flow, budget plans, profitability forecasting and business restructure, it something we knew had to be done, but were just too busy to focus on properly - this seemed to be going on for years. Once we had made the simple step of contacting P&L, it was a relief to be able to talk to someone who was not only able to understand our position and offer sensible advice, but would follow through with continued practical support."

A development strategy was carefully constructed around the core strengths of the current operation, the growth expectations of business and a future braced by continued family commitment. With a business plan in place and the backing of the P&L AgriConsulting support network, Tynllyne farm began it's evolution as Mr. price recalls, "Our development strategy was worked out collectively. P&L listened and took time to understand our business, working with us to guide our decision making process and advise on all farm business matters from legal and legislative requirement to building works, parlour expansion, head count, grazing and feeding programs."

Now, with a dairy herd of 260 Holstein Friesians and cross breeds, cattle finishing in the order of 120 bull calves per year and the business has been able to stand up to the financial rigours of the past few years and expand in the process. The Prices are now in the process of building a new family home on designated farm land and look forward to a bright future. "With help from P&L, we've been able to set out a long term business plan offering good prospects and a secure future for the farm and our family."

P&L continue their support of Tynllyne farm as part of the ongoing commitment to all their clients as Mr. Clarke explains. "We work with clients to maximise profitability, the work doesn't stop after submission of a business plan! Being involved with our clients on a regular basis is one of our strengths as a company. Being involved directly with all aspects of a business gives us the correct perspective to provide the right advice and follow through with no-nonsense support".

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