



Arable Benchmarking

Savills is taking a new approach to arable (combinable cropping) benchmarking

The aim – to help arable farmers appraise their businesses and to identify the most appropriate financial targets. Benchmarking will boost efficiency and improve financial performance taking into account any resource limitations.

The survey will complement existing benchmarking methods by adding another layer of analysis in order to challenge businesses to ask questions in terms of cost performance (variable and fixed) relative to output and profitability.

2012 was a difficult year and evidence from our data suggests that efficiencies slipped in 2012 from previous years.

The key objectives are:

- ◆ to challenge current performance ◆
- ◆ to identify and disseminate best practice ◆
- ◆ to improve performance ◆

Results of our pilot survey

- **Average farm size:** In hand 800ha and Contract Farmed 450ha
- **Average area of combinable crops:** In hand 640ha and Contract Farmed 260ha
- **% of farm growing combinable crops:** In hand 80% and Contract Farmed 60%
- **Land grade:** Predominantly Grade 3
- **Predominant soil types:** Loam 44%, sand 21%, clay 17%, chalk 13% and peat 5%
- **Ownership:** half the total sample are family partnerships (two thirds of contract farmed units) and one third are farming companies (IH/CFA similar). The remainder are sole proprietors or other arrangements.
- **Blackgrass problem?:** 42% have no or a mild problem, 54% have a moderate and 4% a severe problem. The level of blackgrass seen has some correlation with soil type and cultivation method, these are areas we will research further as the survey develops.

Principal cultivation methods:

- **1. Winter oilseed rape:** 80% min till with the remainder direct drilled
- **2. Winter wheat:** Two thirds min till with the remainder plough based



Combinable crops: profit summary (pre SPS, rent & finance)

	In hand farmed	Contract farmed
Crop gross margin	671	659
Total other income	93	61
Total fixed costs	497	429
Profit pre SPS, rent & finance	267	290

We welcome new participants – how do you perform – what are your targets?

If you would like to take part, please contact Ian Bailey or Andrew Wraith (contact details overleaf)



Arable Benchmarking

How does your farm match up?

Cost of production (all farms)*

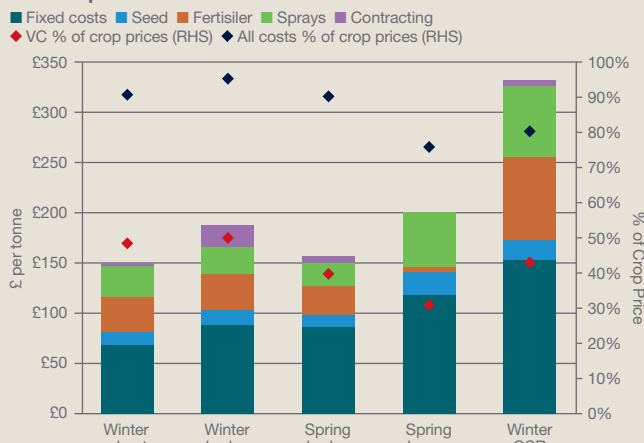
Key Points:

- Fixed costs represent around half of the total costs of production and, when combined with variable costs leave little in the way of net margin; even with high commodity prices!
- Where can costs be saved?

Average crop data

	Yield (t/ha)	Gross margin (£/ha)	Crop price (£/t)
Winter wheat	7.2	648	166
Winter barley	6.2	562	194
Spring barley	5.6	635	173
Spring beans	4.1	694	264
Winter OSR	3.1	721	416

Cost of production



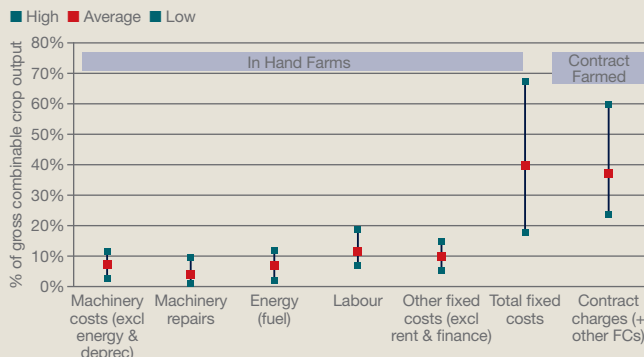
Source: Savills Research

Fixed costs*

Key points:

- Contract farming shows fixed cost efficiencies
- Range shows room for improvement
 - Do you know your performance?
 - What is your target?

Fixed costs



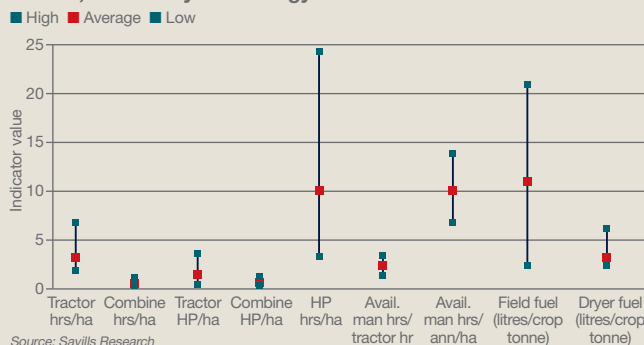
Source: Savills Research

Labour, machinery and energy*

Key points:

- Often wide range in performance
- Data suggests large farms not always most efficient, optimising use of available resources is key
- In most cases our research shows there is room for improvement
- We will be looking at Key Performance Indicators (KPI's) in more detail as we build on existing data

Labour, machinery and energy indicators



Source: Savills Research

Please contact us for more information



Ian Bailey
 Head of Rural Research
 +44 (0) 1797 230 156
 +44 (0) 7968 550 386
 ibailey@savills.com



Andrew Wraith
 Head of Agribusiness
 +44 (0)1522 508 973
 +44 (0) 7801 277 376
 awraith@savills.com

savills.co.uk/rural

savills

*Footnote: the results are from a Pilot Survey and therefore should be treated as indicative