

THE PATH OF GROWING FARMS SUCCESSFULLY – LEARNING POINTS TO SUCCESSFUL DEVELOPMENT IN NORTH SAVO

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AgriFuture

MAST-hankkeen ajankohtaisseminaari

Kristensen

Agri, Diploma and E-MBA Change Management and Leadership
Consultancy, Thomas Helsted's Vej 20A, 8660 Skanderborg, Denmark
okconsultan@gmail.com Mobile: +4521717784
+358 449299308

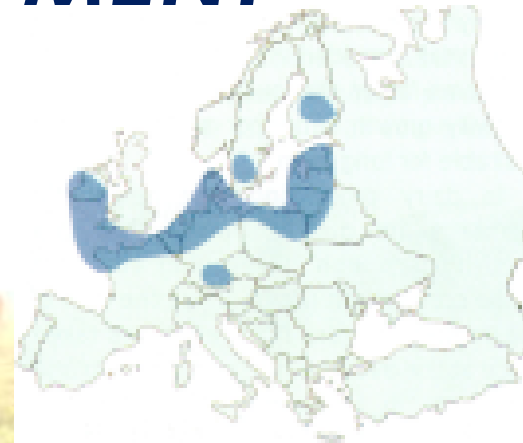


Figure 43. Milk production belt in
Northern and Western Europe.

Source: based on Lallemand (2012), modified by the author.

THE REPORT

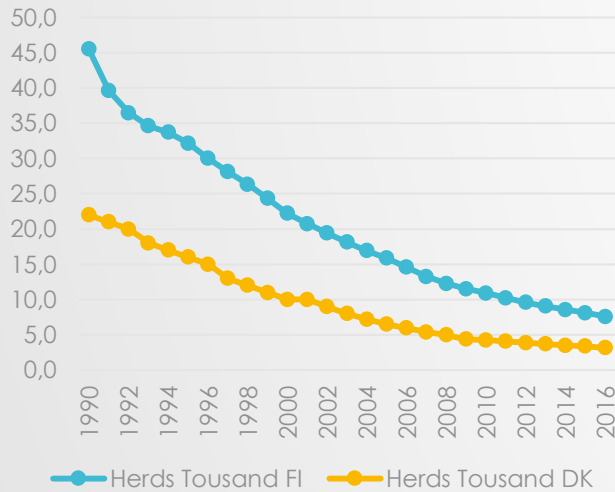
Danish Dairy farms' development from 1990 to 2017 - learning to successful development in North Savo

- Focus on needs for support, service and advice to farmers expanding.
- Ideas and inspiration for **future activities**.
- Learning points from the Danish dairy farmers expansion.

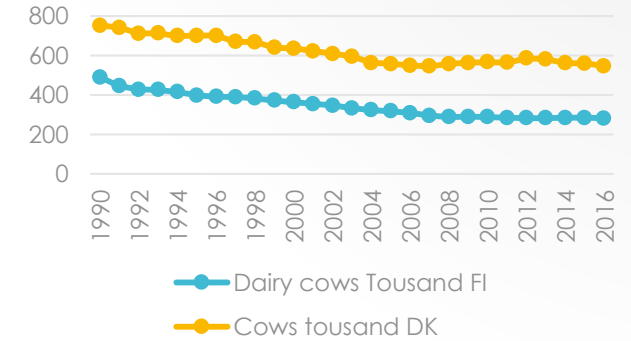


1990 - 2016 FINLAND vs DENMARK

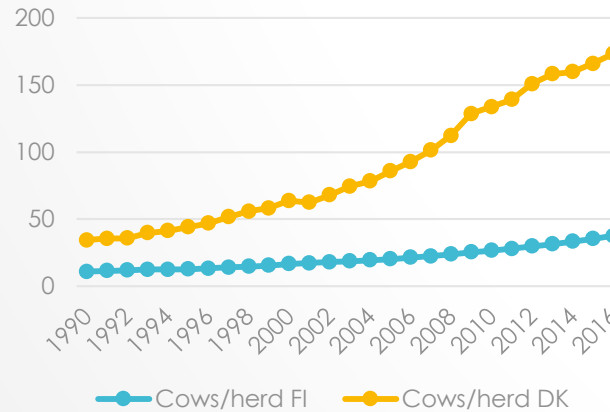
Number of herds 1990 to 2016 (1000)



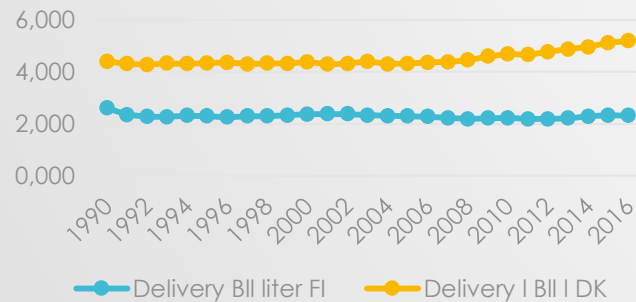
Total number of dairy cows 1990 to 2016 (1000)



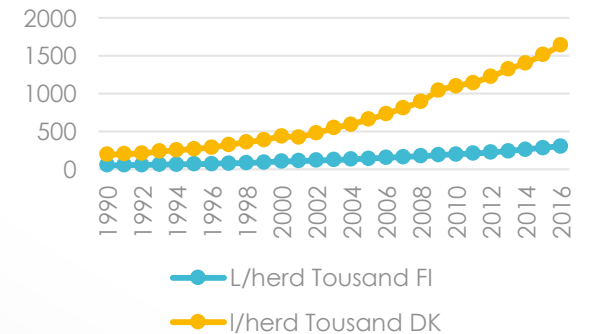
Herd size 1990 - 2016 (cows/herd)



Total milk delivery 1990 - 2016 (bio. l)



Milk delivery pr herd 1990 - 2016 (thousand l)



WHAT DID WE LEARN - BRIEFLY?

- Growth possible – consequence: High capitalisation and development for borrowed money (low solidity)
- For some speculation (Swap) – serious consequences
- Lack of productivity – (daily work and performance)
- Lack of management, tactical and strategic target
- Communication and human resource management
- Lack of leadership training and skills (from manager to leader)
- National regulation?
- **YOU CAN DO SOMETHING YOURSELF AS A FARMER AND**

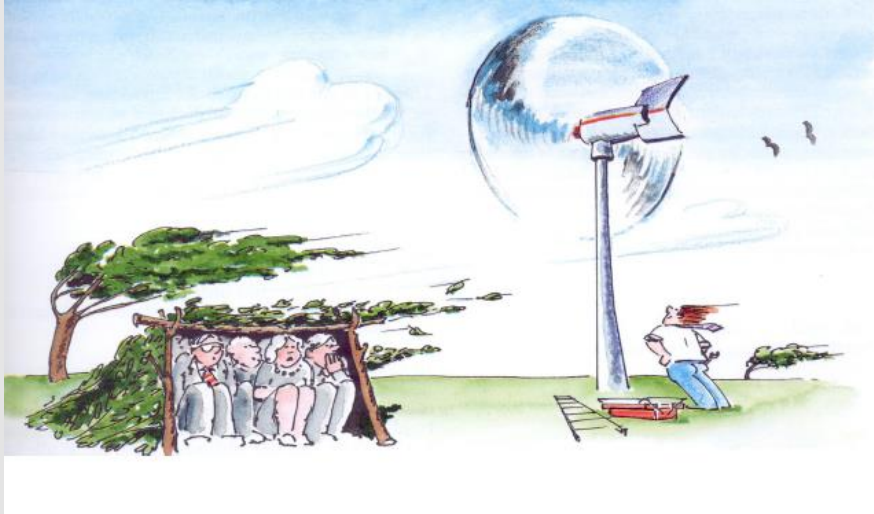
HEADLINES

1. Look at the future
2. Strategy
3. Expansion
4. Shift in ownership and reparceling
5. Leadership
6. Management
7. Finance
8. Education
9. Organizations

21 Initiatives for reflection



1. LOOK AT THE FUTURE



- Who are the future producers?
Type of producers – who to advise
- Trends and scenario
- Megatrends
- Leadership information
- Coaching – mentor – HR
- Lead user - farmers forecast



2. STRATEGY

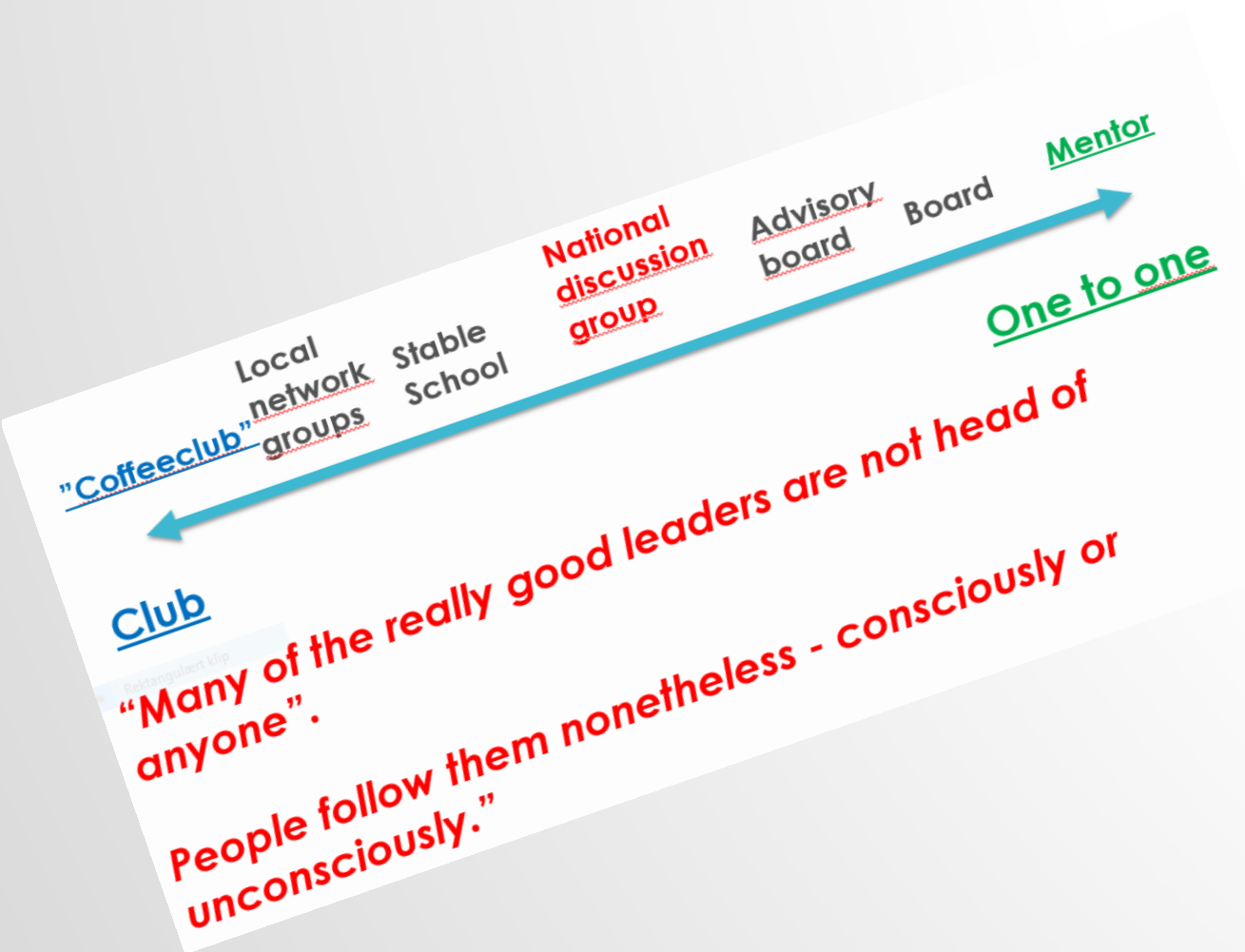
“Have ambitions and energy. Wanted structure, coherence and work plan”

A farmer’s expressed wishes to his advisor.



- All farmers need a strategy
- Communicate to stakeholders
- Trustworthiness – confidence
- Direction, holistic view of the farm and peace of mind.
- Keep strategy language simple
- Dynamic strategy – challenge the producer

5 LEADERSHIP



- More attention – life long learning
- VIP discussion groups
- Seed the interest in vocational school
- Leadership training courses for farmers.

Services – vacancy announcement, contracts, performance appraisal, conflict management, redundancy

- Organization of the farm

6 MANAGEMENT

- Use of collected data close to realtime
- From data to knowledge and management
- The digital highway
- Production budget and follow up
- Combine biological, technical and economy data
- KPI, benchmarking, compact TMR, FBO
- Disruption of services
- Herd health production advice

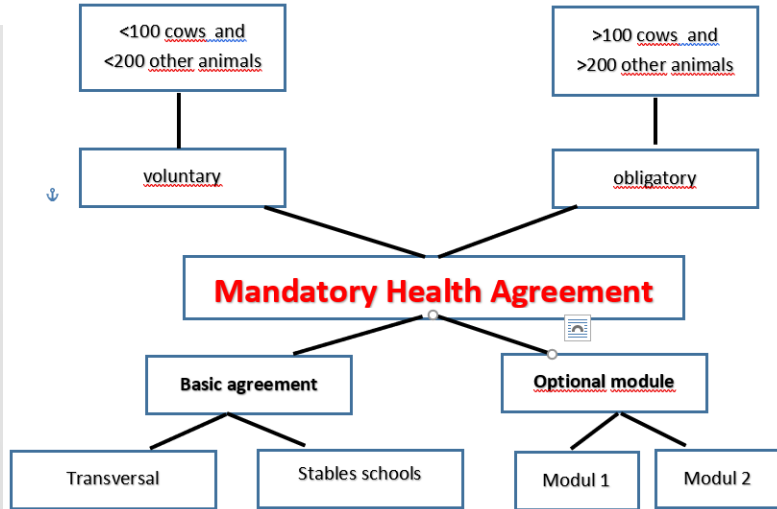
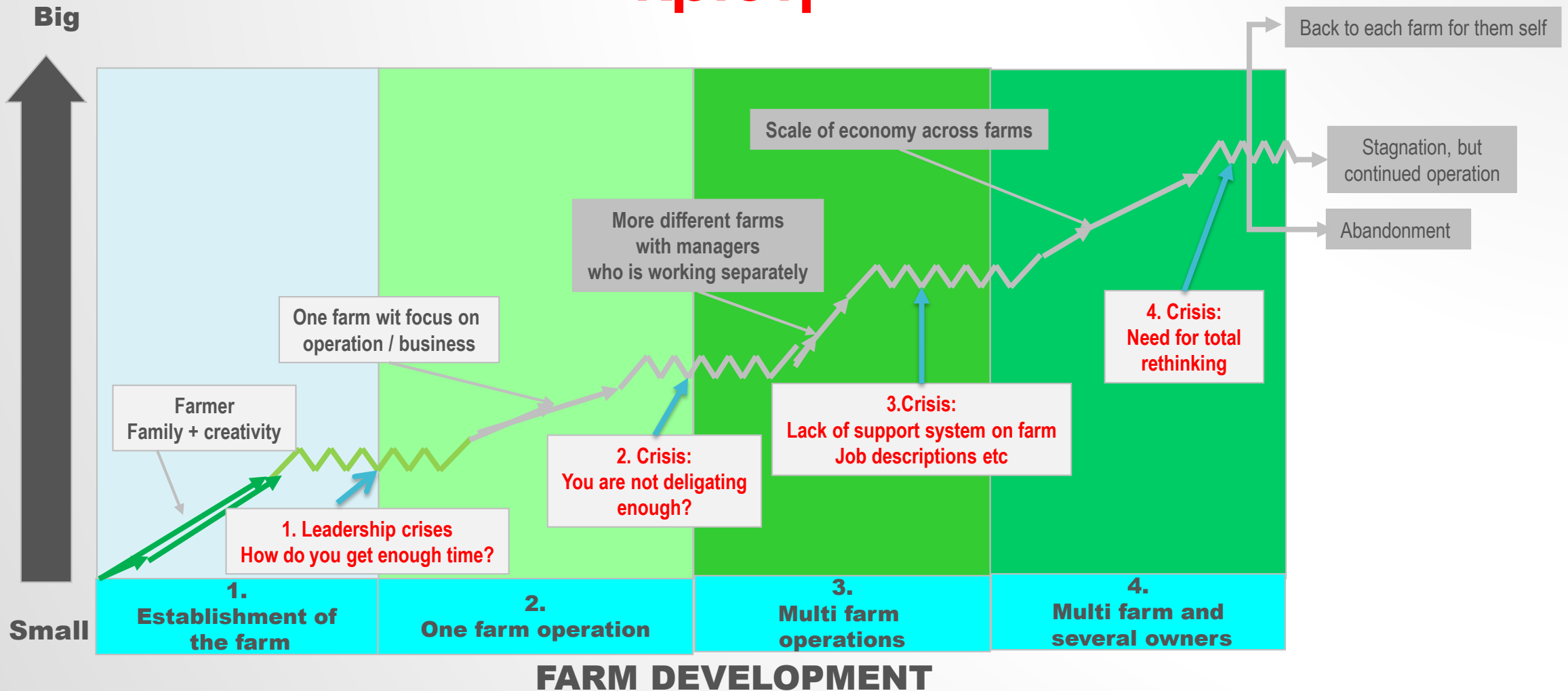


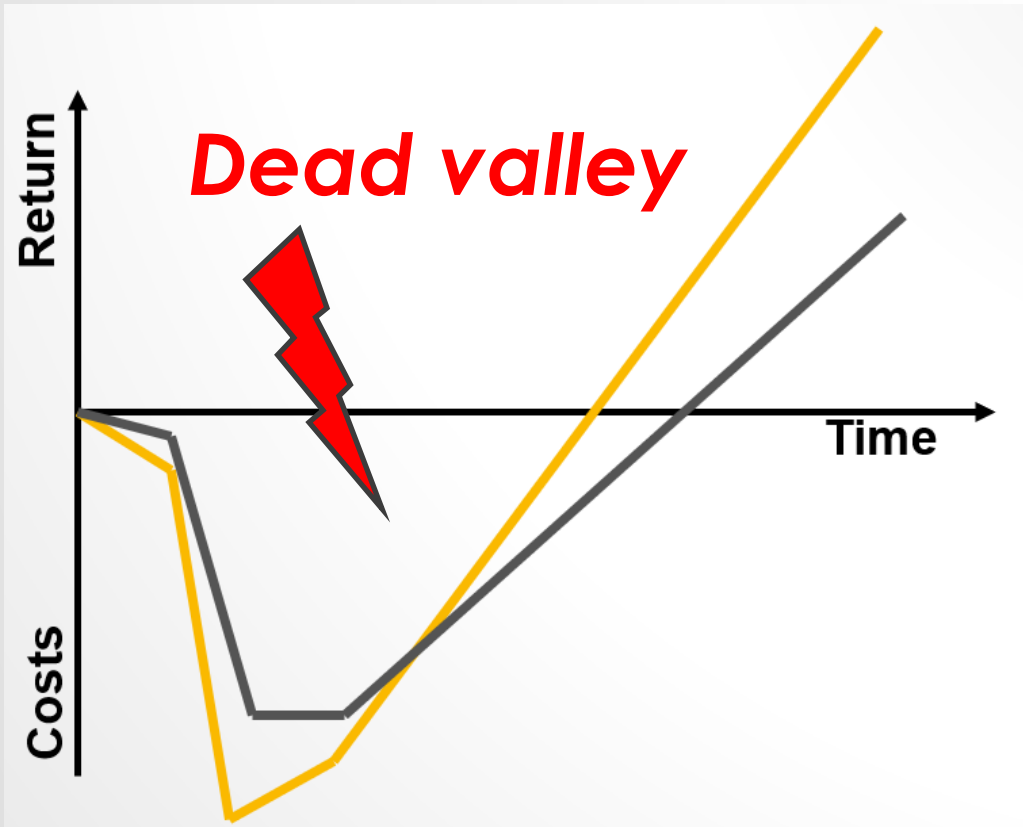
Fig 16: The feed value chain

THE FARM LIFECYCLUS IN PERSPECTIVE OF MANAGEMENT



Source: Ass professor Henrik B. Sørensen University of Aarhus, business and Social Science, 2016

3 EXPANSION



- **Long process** with many subjects and complicated decisions.
- Do it in a better sequence (ROI, drawings, permissions, banks)
- Commissioning can be costly
- Unfinished building, animals etc.
- Comprehensive Advice and service during all the phases

Stressed farmers

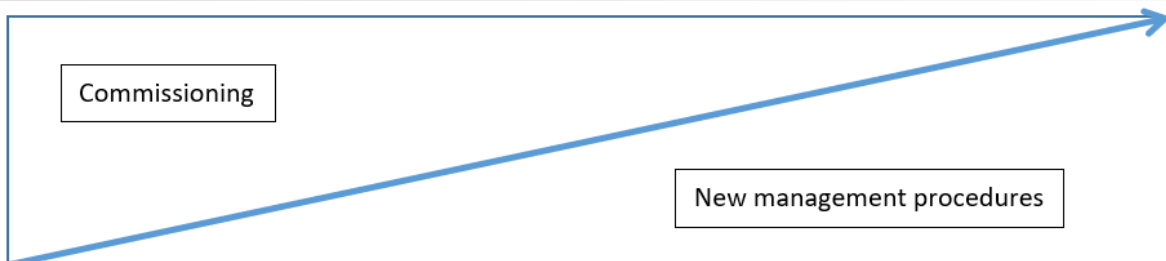


Fig 6: The gradually transition from commissioning new facilities to new management routines.

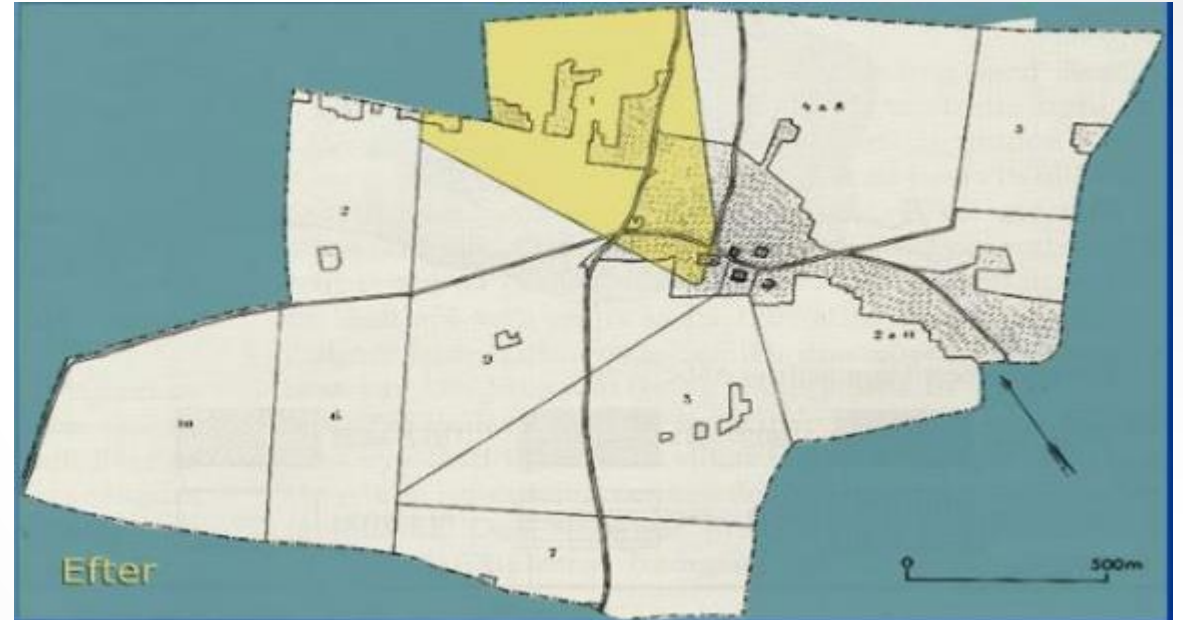
4. SHIFT IN OWNERSHIP AND REPARCELLING



- Traditional way need to be supplied with alternative way (eg sharemilking, partnership, ltd)
- Matching buyer and seller
- A farm real estate company
- All farmland used in production
- Reparcelling initiatives
- Logistic and competitiveness



TRANSPORT



Logistic

Environmental issues

Security

Economy (8 to 40 €/km/ha/year)

7 FINANCING

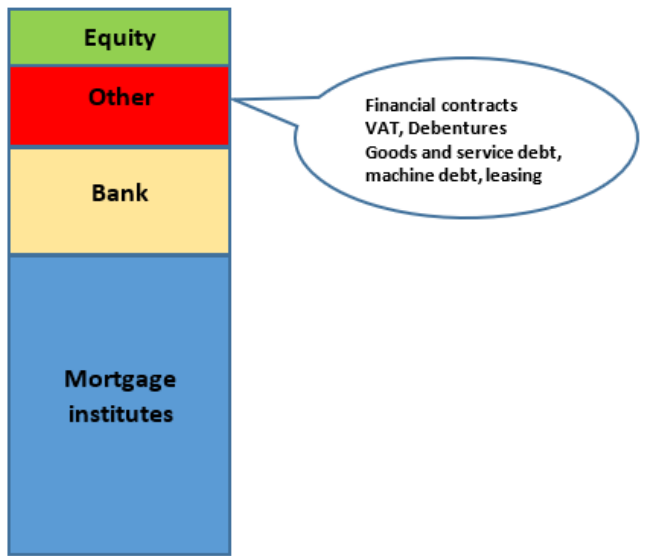
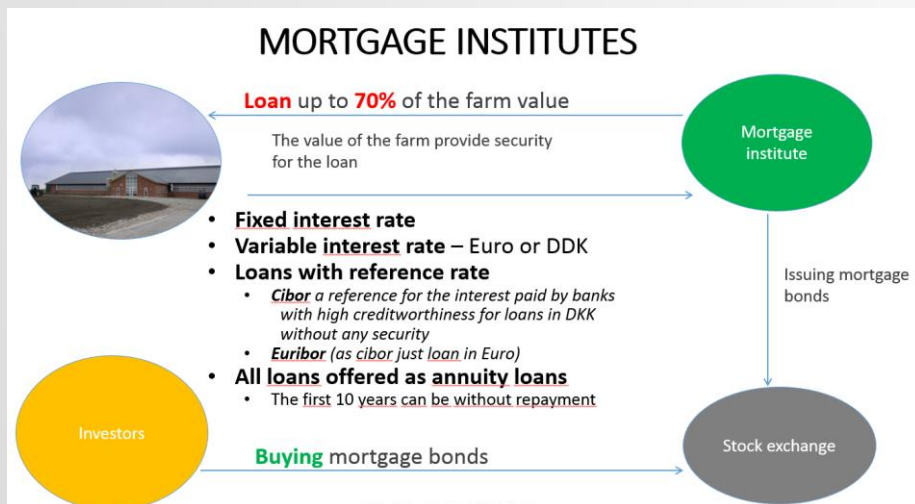


Fig 23: Composition of funding farms in Denmark

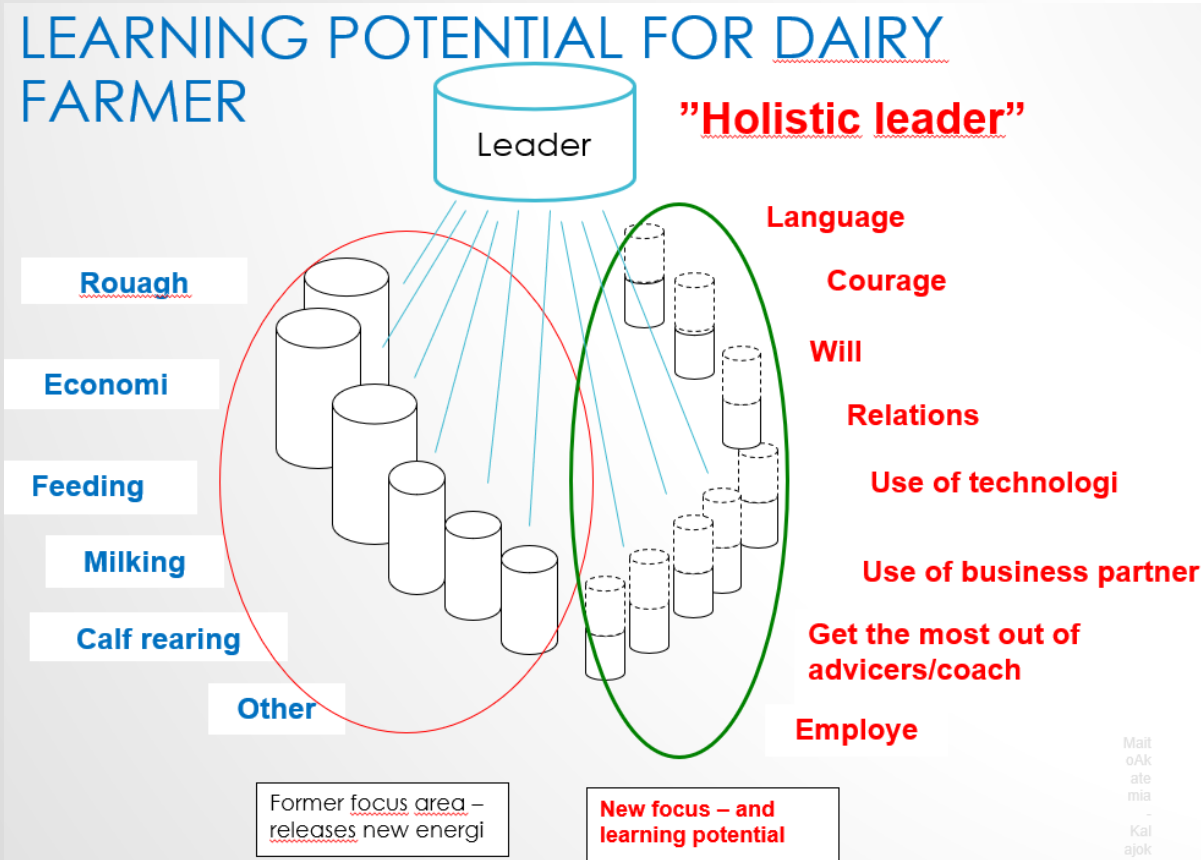
- Agricultural Act 2010 and 2015.
- Many banks and mortgage institutes
- New stakeholders to fund farms (private, funds, foreign investors)
- Growth fund
- Impartial advice needed
- External investors are demanding (performance, stable return and strong economic results).
- Look at ROI and capital gain

New investor group



8 EDUCATION

- Change of "knowledge transfer chain"
- Farmers go directly to the knowledge source
- Advisors & researchers
- Work-based learning essential
- Lifelong learning
- Masterclass, learning groups
- Future business managers
- Business advisor
- Learning groups
- From expert to process facilitator



9 ORGANIZATION

Cluster Ecosystems value creation in clusters

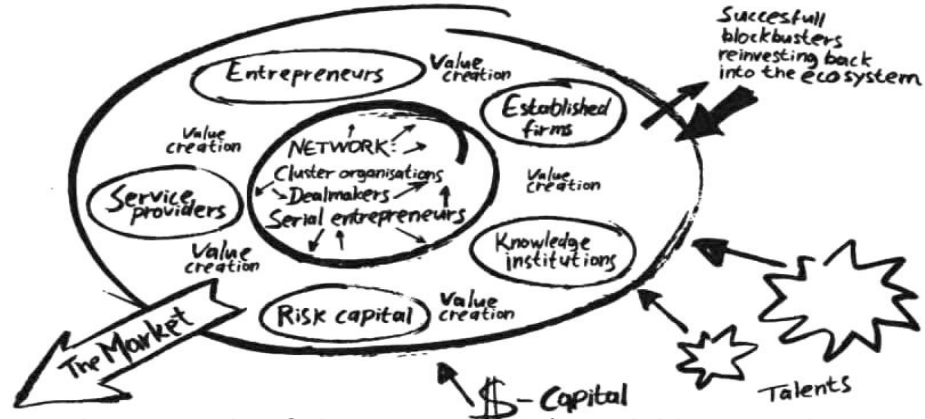


Fig 26: The principle of cluster creation (Lanakilde & Madsen 2014)

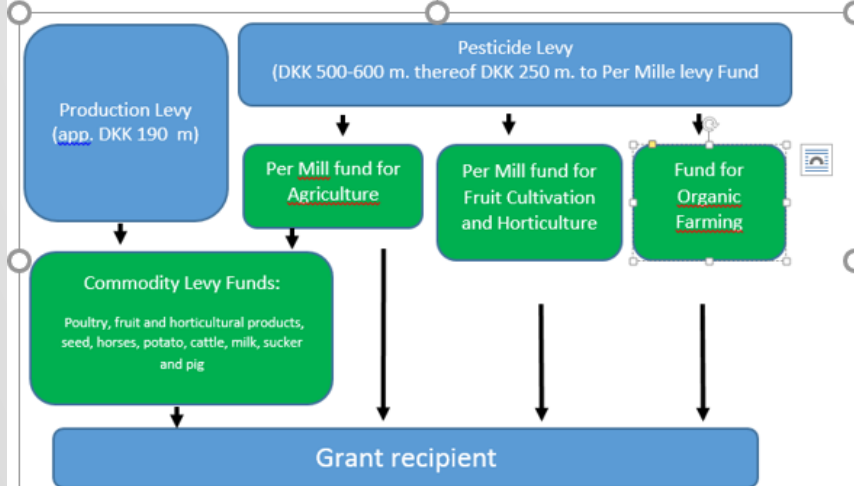


Fig 27: Cash flow of the Danish Agricultural Fund system

- Enhanced cooperation in the dairy chain
- Farmers as the driving force
- "Dairy cluster Pohjois-Savo"
- "Milk academy"
- AKIS gives good examples of organizing eg the Irish system
- Funding?

21 INITIATIVES FOR REFLECTION AND DISCUSSION

Tanskalaisten maitotilojen kehitys 1990 - 2017

Kokemusia ja oppimisen paikkoja pohjoissavolaisten maitotilojen menestyksekkääseen kehittämiseen. Vapaa käänös ja lyhennelmä Ole Kristensenin raportista.

Sanna Mäkelä ProAgria Pohjois-Savo 28.7.2017

Based on publication :

Kristensen Ole (2017). Danish Dairy farms development from 1990 to 2017 - learning points to successful development in North Savo. Report "Maitotalouden ja alkutuotannon systemaattinen tehostaminen Pohjois-Savossa" (MAST Project)

BENEFIT OF INVESTMENTS

- **Modern milk production**
- **From tied up to loose housing**
- **Productivity is in the absolute world elite.**
- **More production pr man hour**
- **Handling animal in large scale**
- **Unit cost of production lower**
- **High level of know-how in the dairy farming sector**
- **A strong veterinarian preparedness**
- **Climate low outlet of CO2**
- **Healthy and sustainable dairy products of high quality with high standards of animal welfare**
- **Will to make full utilization of our production potential**
- **Prepared for the future, sector updated**