

Chelmsford Monitor Farm meeting report

Meeting 3: Benchmarking and crop marketing

Speakers: Teresa Meadows, Jack Watts and Helen Plant (AHDB)

Date: 15 December 2017

Location: Galleywood Heritage Centre, Chelmsford CM2 8T

For more information, visit: cereals.ahdb.org.uk/chelmsford



Meeting summary – key messages

- The use of benchmarking and budgeting has been shown to be what can set the top performing farms apart – all farms should carry out ‘relentless cost management’ to become more resilient
- Review the long-term cumulative performance of your business – look at your five-year average cost of production and selling price; is this giving you the return that you need?
- In crop production terms, Brexit is not that far away and we are likely to be in a more competitive world post-Brexit – identify your strategies and costs now, to put your business in the best place for the future changes

Benchmarking

“Benchmarking is the process of comparing one’s business processes and performance metrics to industry bests or best practices from other companies.”

Farmbench is AHDB’s whole farm benchmarking programme. It’s your opportunity to input your outputs and costs (fixed and variable) to calculate your cost of production (per t/per ha).

Visit farmbench.ahdb.org.uk

Join our Chelmsford Arable Business Group to discuss the results. For more information, contact Teresa Meadows on 07387 015465 or teresa.meadows@ahdb.org.uk



The cost of production for harvest 2016 is shown in the table below.

Feed Wheat - East Anglia	£ per tonne	£ per ha
PHYSICAL SUMMARY		
Average Yield (t/ha)	9.08	9.08
Average price (per t)	127	127
VARIABLE COSTS		
Seeds	8	66
Nutrients	22	195
Chemicals	24	211
Total Variable Costs	55	483
FIXED COSTS		
Labour costs	17	153
Machinery and power	35	308
Property costs	5	383
Overheads	5	40
Total Fixed Costs (not including rent and finance costs)	62	881
Total Cost of Production (not including rent and finance costs)	117	1364

Grain marketing

- A resilient farm business is important – there are times when even the most cost competitive business will be subject to periods of low price
- Need to take a multi-annual approach to costs – look back over the last three or five years and see what your average costs and prices have been. The objective is then to see if there is a margin before direct payments are included
- Should have three crops on your mind for marketing at any one time, for example 2017 (storage), 2018 (growing), 2019 (pre-planting) – see diagram to right.
- Pricing strategy could include: cost budget and yield forecast, cash flow predictions, refresh of short and long term objectives, where the market is, market view appetite for risk and position or sensitivity analysis
- Look at all marketing options, eg fixed price spot, pools, online marketing, options and averaging
- Don't let grain storage or cash flow dictate your marketing, wherever possible

The wheat marketing window



Source: AHDB

Benchmarking to know your cost of production is an important tool when marketing grain. This graph shows the potential difference in profit of a cost of production at **£115/t**, **£130/t** and **£145/t**.

Find out more

[Post-Brexit prospects for UK grains](#)

[What might Brexit mean for UK trade in cereal and oilseed products?](#)

[Challenges facing UK grains post-Brexit video](#)

For more information on Brexit, visit ahdb.org.uk/brexit

[AHDB's market news](#)

[Market data centre](#)

For more information on markets, visit ahdb.org.uk/market



Next meeting

Date: 12 January 2018

Topic: Maximising your yield potential

Time: 09.00

Location: Galleywood Heritage Centre, Chelmsford CM2 8TR

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 [@CerealsEA](https://twitter.com/CerealsEA)

To find out more about Farmbench, AHDB's benchmarking tool, contact: Holly Howsam

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