agri benchmark

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The benefits of having national farm networks

agri benchmark Beef and Sheep Conference, Pretoria S.A.
June 21, 2012

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Contents

What is often available?

1. National and regional research studies
2. Agric. Economic observatories
3. Agric. Year book (outlook) – annual reports

One stakeholder view

Not frequently updated

Different methods for calculating results

Why networking?

1. Participatory approach (stakeholders together – sharing problems and solutions)
2. To have chain analysis approach
3. To create a platform for sector analysis (updated information)

Why benchmarking?

1. To define production systems, efficiency and competitiveness
2. To standardize and homogenize methods of analysis for the interpretation of results
3. To understand regional differences and economic rationality behind production systems and farmers reactions

Contents

A. Why networking?

B. The Spanish network structure

Background

1. Livestock is an important component of the agricultural economy

2. Intensive production systems have develop during the last 20 years (Dairy, beef, sheep, pigs and poultry)

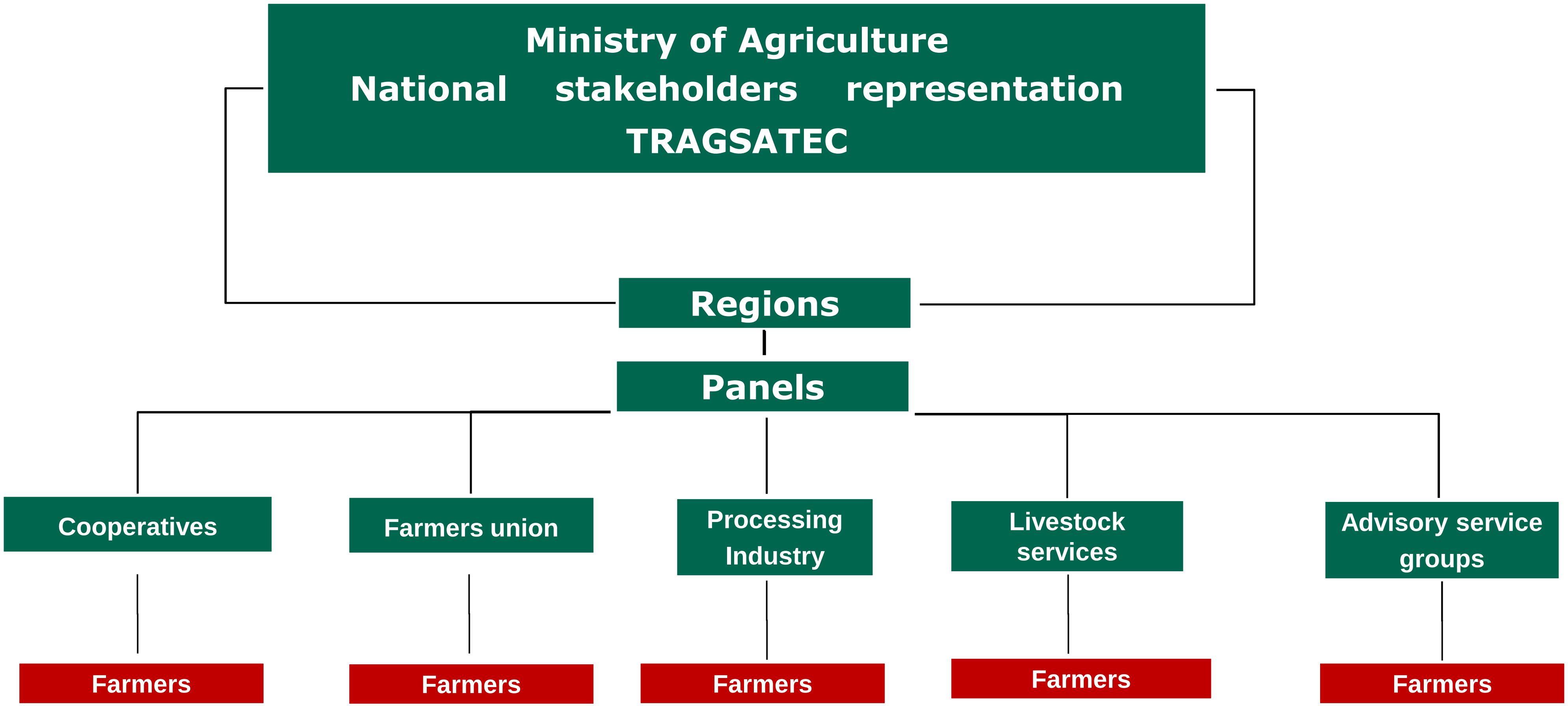
3. There is a need to measure economic performance and benchmark results (monitoring)

4. EU livestock sector has been (will be) facing important changes
   - Where are we?
   - Where are we goin to?
   - How do we know we are going in the right direction?
   - How do we know we have arrived?

National Network of Typical Farms

- It started in 2003, promoted by the Spanish Ministry of Agriculture and coordinated by the Livestock Direction.
- Implemented by TRAGSATEC, company which provides technical assistance to the Ministry.
- TRAGSATEC is an institution working with private schemes and structure, using exclusively public funds.
- It has been implemented using concepts and methods from agri benchmark (Typical farm approach, panels, models, ab tool box kit, national conferences and reports)

Regional and national structure



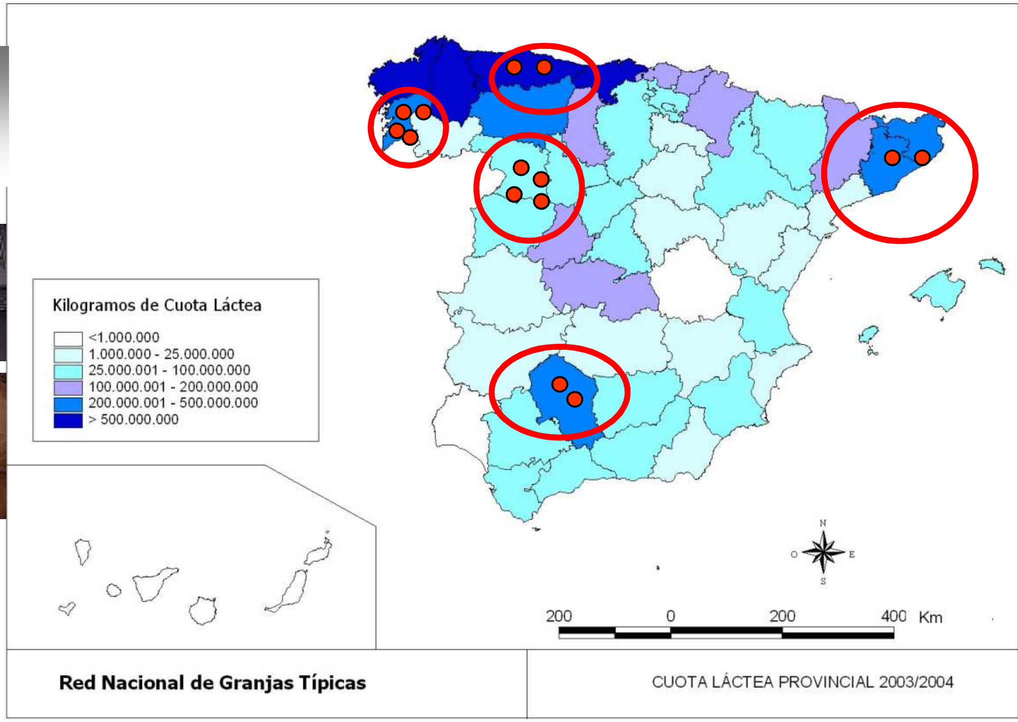
Dairy Regions and production systems (15 typical farms)

Galicia - Lugo y Asturias
Medium size and yield
Grass + concentrates
38GAL, 103GAL, 75AST



Galicia - Pontevedra
Small size – low yields
grassland
25GAL, 36GAL, 40GAL, 60GAL



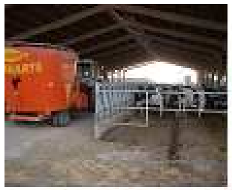


Andalucía - Córdoba
Medium size – high yields
catering
60AND, 64AND



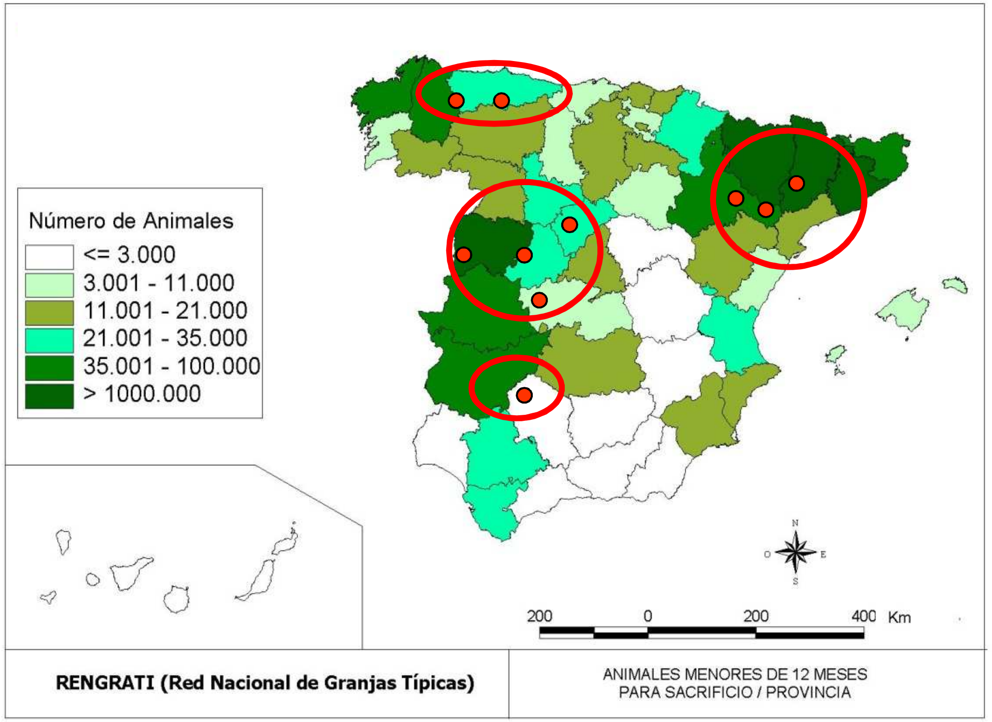



Castilla y León - Zamora
Medium and large size
Regular yields
Forraje- irrigated + concentrates)
50CYL,75CYL, 165CYL,170CYL




Beef finishing regions and production systems (10 typical farms)

Cornisa Cantábrica
Small size
Weaners (native



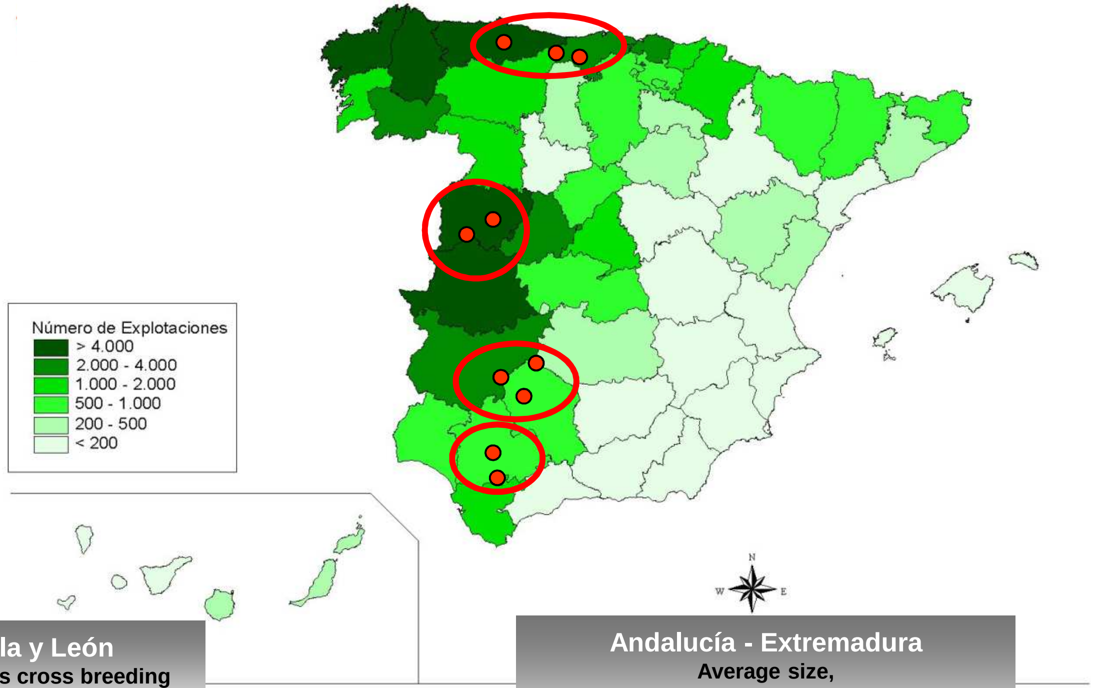
Aragón -Cataluña
Different sizes
Vertical integration
Calves and weaners imported

Castilla y León – Castilla-La Mancha
Average size and communal fattening centres

Andalucía
Fattening centre
High technology – economy of scale
Weaners (cross breeding)
4880AND

Cow-calf regions and production systems (10 typical farms)

Galicia
Different sizes
Native breeds
grassland
30GAL, 115GAL



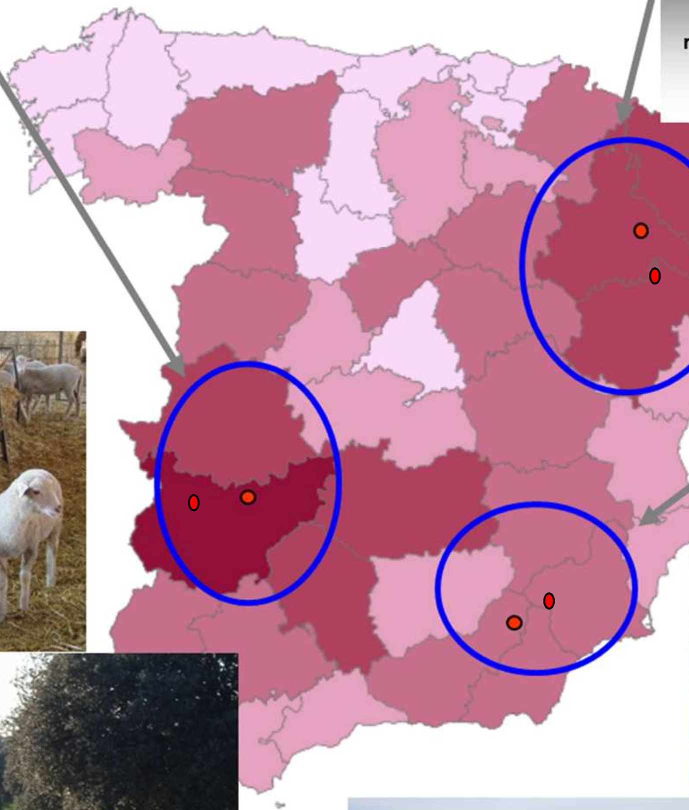
Cornisa Cantábrica
Different sizes
Native breeds and cross breeding
grassland
50AST, 15CAN, 95CAN

Castilla y León
Native breeds cross breeding
Seasonal forage production
150CYL, 75CYL

Andalucía - Extremadura
Average size,
Cross breeding
Dehesa
Pig and sheep production

Sheep regions and production systems (6 typical farms)

ESTEPA
Raza merina, IGP
Pastos y praderas cercadas
Tamaños grandes
1000-EXT



ARAGÓN
Rasa Aragonesa, IGP
Aprovechamiento
rastrojeras, barbechos, etc
Tamaños variables
700-ARA

SEGURA
Raza Segureña, IGP
Zona cerealista y de sierra
Tamaños medios
800-AND

Contents

Consolidation is a process

1. Identify the main stakeholders and have them involved (seduction process)

2. Define your clients and identify their needs

   - Regional panels (technical advisors, farmers, farm suppliers)
   - National stakeholders representation (farmers assoc., Agric. Coop. Federat.)
   - The government

4. Define your products

5. Refine your products

NETWORK TEAM CONSOLIDATION
(LONG LEARNING CURVE)

Products (Using agri benchmark tools)

Individual reports for the regional panels

National Beef Report
(annual)

National Beef conference
National sheep conference
National dairy conference

International Beef Report
(every 2 years)

Sensitivity analysis
Policy scenarios
Efficiency performance

Simulation of scenarios
(what if analysis)

Ranking and SW profile

Benchmarking reports of selected typical farms on selected topics

Bulletin on profit and costs peformance

Indexing analysis
(every 4 months)

Products (examples)

Strengths/weak profile

Comparación de la media de granjas en España versus selección internacional de granjas

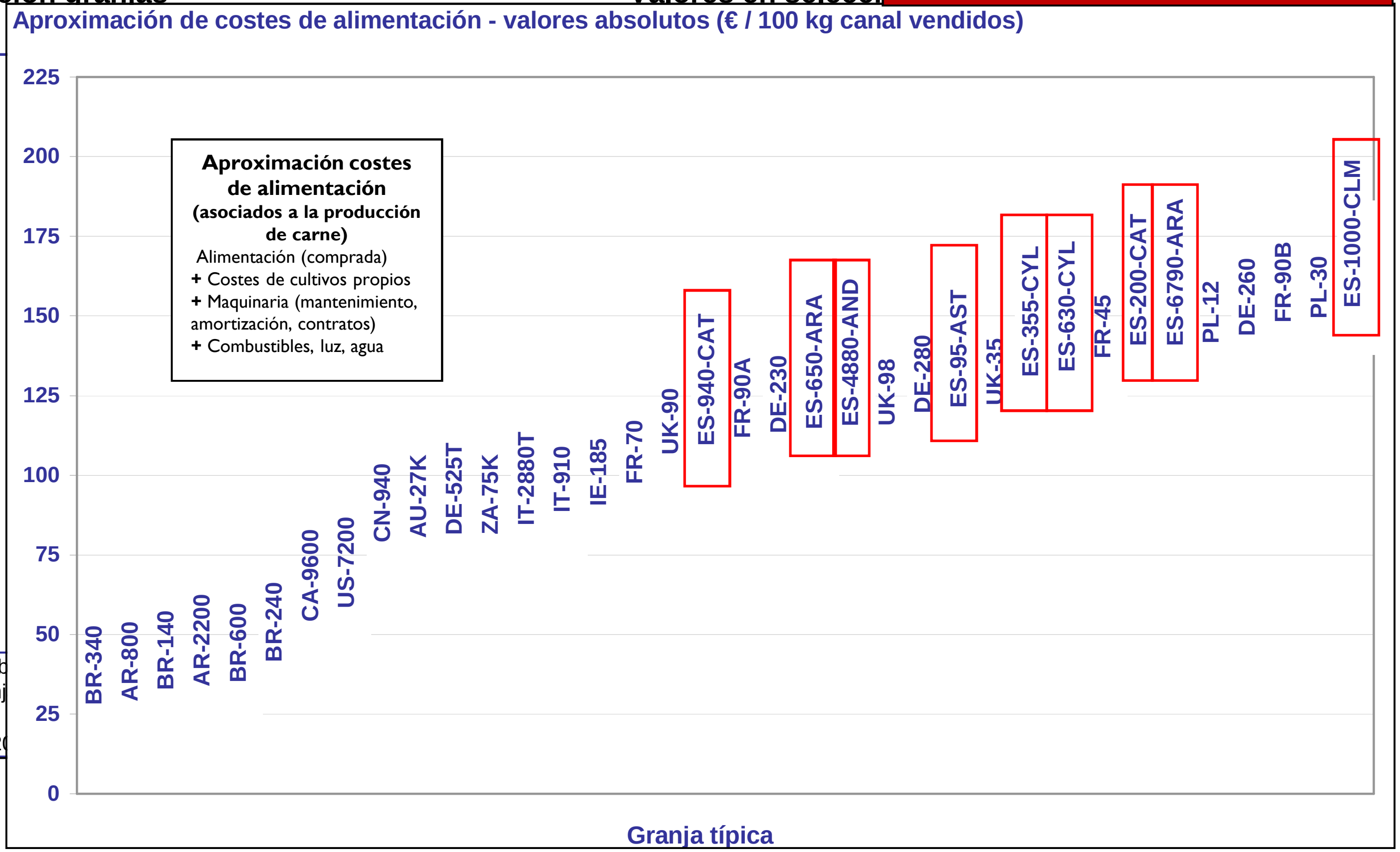
Feed costs ranking

Valores en ES > valores en selección granjas **Valores en selecci**

Media de 9 granjas

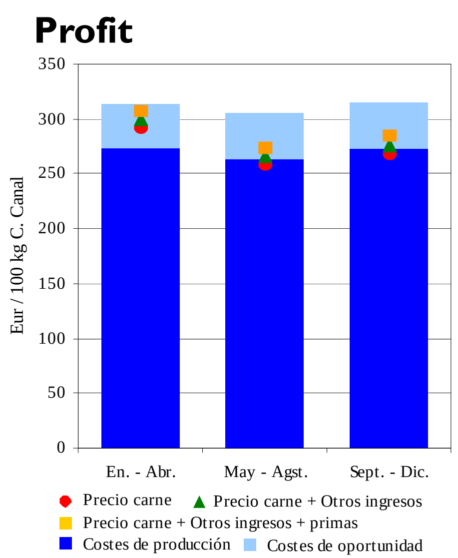
INDICADORES FÍSICOS
Ganancia media diaria
Rendimiento en canal
INGRESOS TOTALES
Venta de carne
Pagos directos acoplados
COSTES DE LA CUENTA DE EXPLOT.
Animales
Alimentación
Otros
BENEFICIOS
Beneficio según cuenta de explot.

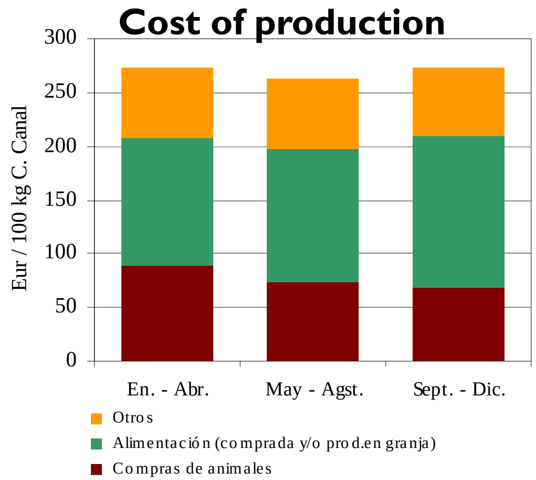
Fortalezas de las granjas en España en verde, deb
Fortalezas de las granjas de la selección en naranj
Cifras redondeadas a un dígito.
Fuente: Cálculos de agri benchmark y Rengrati, 20

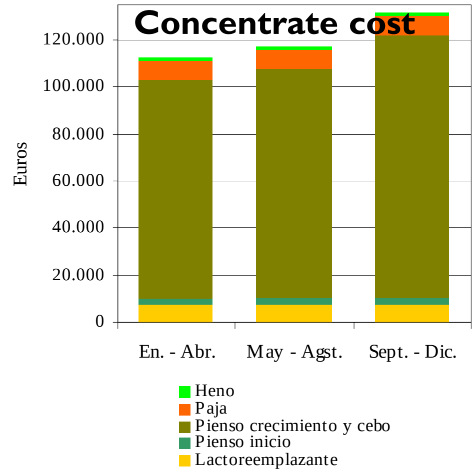


Products (examples)

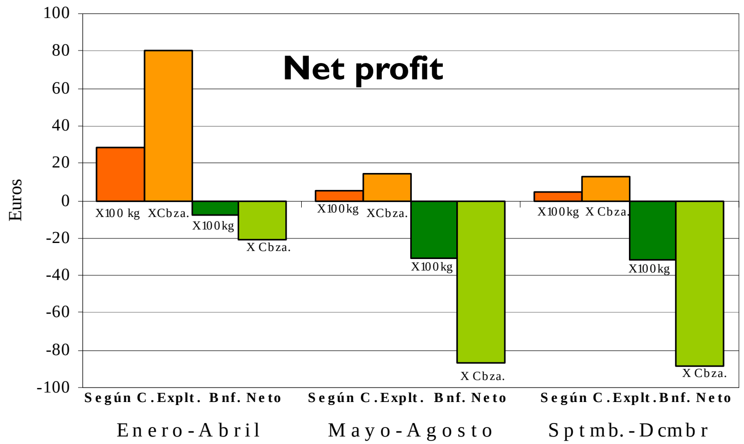
Indexing analysis
(4 month bulletin)







Break even points (beef price)	**€ / kg**	**Precio carne Sept.-Dic.-07 € / kg**	**Diferencia %**
Precio de la carne necesario para alcanzar un flujo de caja positivo	2,518		-6%
Precio de la carne necesario par alcanzar un beneficio positivo según la cuenta de explotación	2,636	2,680	-2%
Precio de la carne necesario para alcanzar un beneficio neto positivo (cubrir costes totales)	2,989		12%

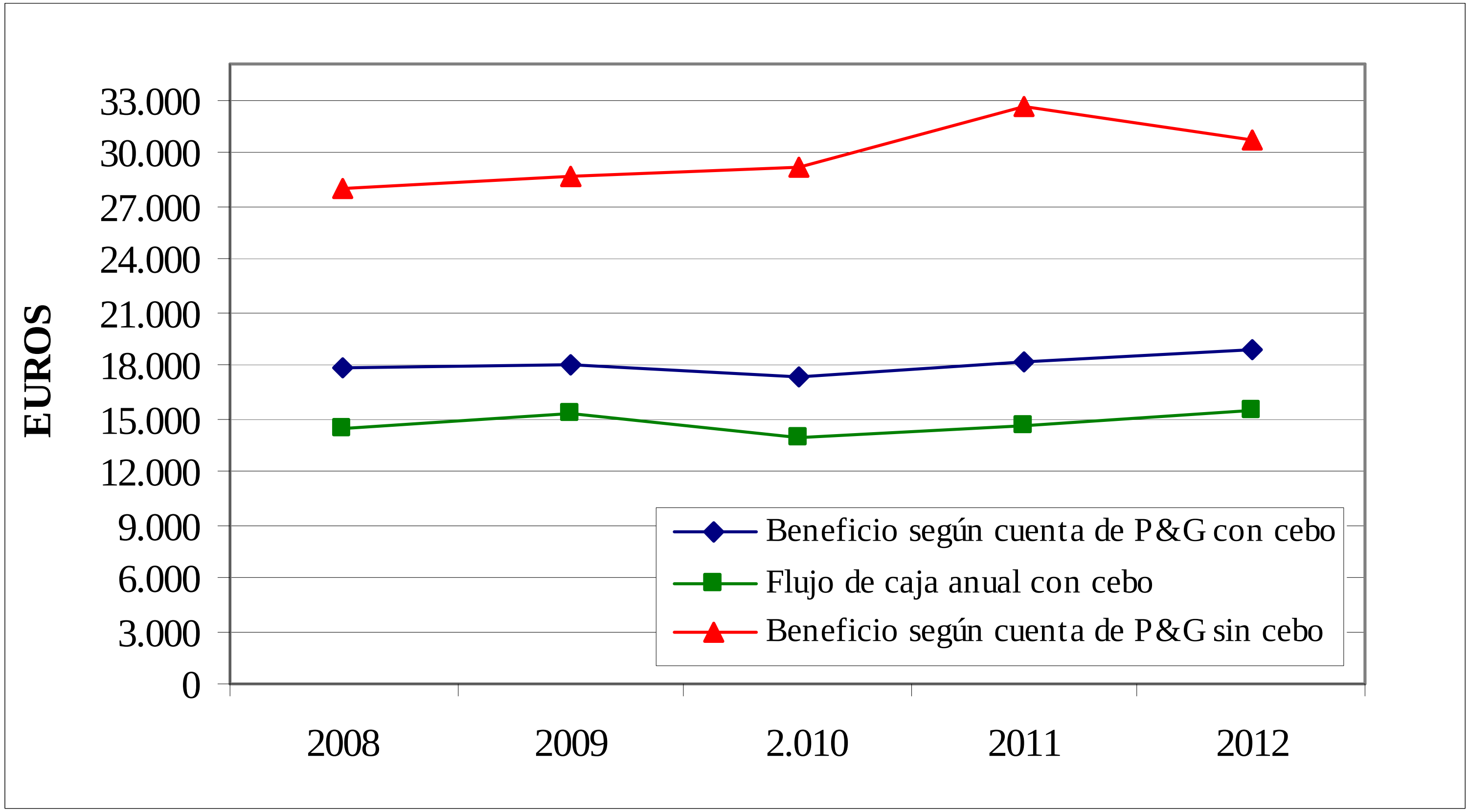


Products (examples)

What if analysis

¿Analysis of management strategies Cow-calf producer as a finisher?

Net benefit and cash flow - farm 90AND

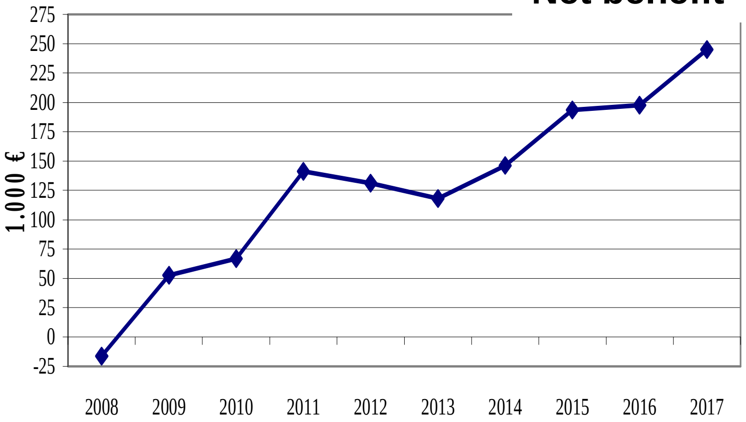


What if analysis

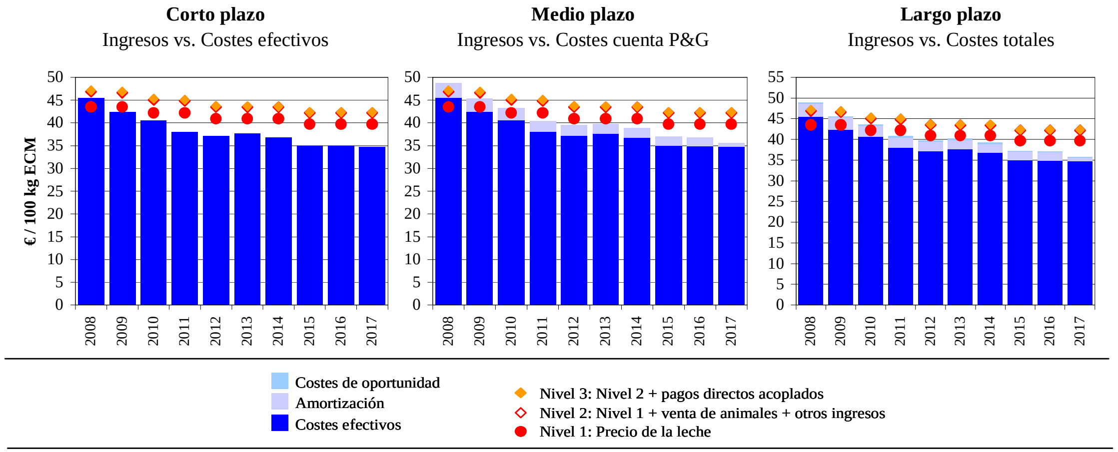
Associative dairy farm program

Products (examples)

Net benefit



Cost of production



Cash flow analysis

	36-GAL	300-GAL Modelo asociativo										
	2007*	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2023****
Beneficio según P&G excluy. P.Único	53.460	-16.465	52.615	66.591	141.202	131.011	117.837	146.337	193.494	197.577	244.911	340.581
Mano de obra	0	145.056	149.408	186.760	192.362	192.362	237.760	237.760	244.893	244.893	244.893	244.893
Alquiler tierras	0	47.100	47.100	47.100	47.100	47.100	47.100	47.100	47.100	47.100	47.100	47.100
Alquiler cuota	0	58.083	58.083	58.083	58.083	58.083	58.083	58.083	0	0	0	0
Total	53.460	233.774	307.206	358.533	438.747	428.556	460.780	489.280	485.487	489.570	536.903	632.573
Ingreso x socio	**53.460**	**29.222**	**38.401**	**44.817**	**54.843**	**53.570**	**57.597**	**61.160**	**60.686**	**61.196**	**67.113**	**79.072**

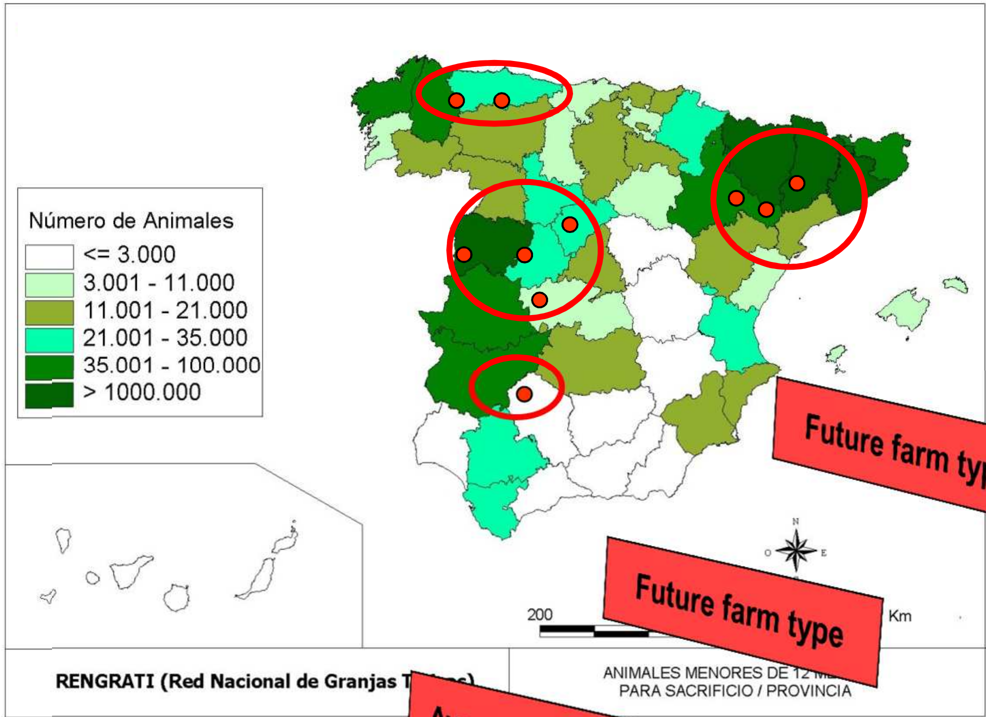
* Valores aprox. de la granja 36-GAL de similares condiciones **(287.000 kg cuota-36 vacas)** a la de cada uno de los socios. Precios leche e insumos actualizados

** Beneficio calculado después de finalizar el pago del crédito utilizando los valores del 2017

Products (examples)

Investment analysis

The future farm type (Panel approach)



Future farm type

Future farm type

Average farm type

Average farm type

Average farm type

Average farm type

Aragón -Cataluña
Different sizes
Vertical integration
Calves and weaners
imported

Anlucía
Fattening centre
High technology – economy of scale
Weaners (cross breeding)
4880AND

Future farm type

Contents

Benefits for the sector

1. Stakeholders‵ involvement
2. Platform analysis provided
3. Information as a public good
4. Providing support for strategic decisions

- Where are we?
- Where we are goin to?
- How do we know we are going in the right direction?
- How do we know we have arrived?

Benefits for farmers and advisors

1. Communication channel provided

2. Visibility

3. Thinking globaly

4. Economic rationality behing decisions

Benefits for the Government

1. Visibility

2. Coordination role provided

3. Better informed to make decisions

4. Better institutional perception

Benefits for the industry

1. Stakeholders interaction
2. Better understanding of the chain vision
3. Better institutional perception
4. Testing chain members reactions

Challenges

1. Sustainability (funding)
2. Independancy (own visibility)
3. Team consolidation
4. Incorporation of Information Technologies (Online services)
5. Current economic situation

To move to a consortium scheme involving stakeholders

"We know that we loose money

We know that we were loosing money

Now, with the network,

we know how much money do we loose

we know how to loose less money

And we know that in other parts of the world,
they (the farmers) are also loosing money"

A beef farmer

Thanks for your attention