Moss Brook Growers venture forth

At the start of 2015, after five years of growing organic veg on a 21 acre site just outside Manchester, three of us at Moss Brook Growers, Stuart Jones, Carl Turton and myself, found ourselves in a job we loved, but with a business that wasn't making enough money and all of us working more hours than was comfortable. With the support of our landlords, Unicorn Grocery, we decided to take a break from growing and embark on a season of research instead of trying to improve our business plan. As part of this research, we ended up visiting 20 organic veg growers in the UK from Edinburgh to Exeter, ranging from smallholdings with a few acres to thousand acre estates, but with most of them having veg growing areas between 10 and 40 acres.

I should start by saying a massive thank you to all the growers who gave us so much of their time - it was a real privilege to spend time with such knowledgeable and hospitable people. It wasn't our original intention to publish our findings outside ourselves and Unicorn, but there's been a bit of interest from other growers and, just amongst ourselves, enough of a sense that this might be useful to others, so we've decided to distribute our findings more widely. In this article, all responses and quotes are anonymous and hopefully minimise the amount of financial info that can be traced to specific farms. Hopefully, that's okay and none of you mind us sharing our findings.

It is also far from scientific, and whilst we asked almost exactly the same questions at each growing site we can't pretend to have taken a rigorous approach to data collection. It's not a representative sample of all organic veg growing, and each farm with its different soil, market opportunities etc., is so unique, only amounts to a small amount of evidence. Despite all this, hopefully it's still useful.

What follows is a small part of the information we collected on our visits. Many of our questions related to specifics of crop growing and soil management, and the conclusions and recommendations that follow draw on wider impressions from our farm visits and other research, as well as my work at Moss Brook Growers.

How long did it take before you made a profit on growing veg? (Or just broke even)

- This question was first asked at the workshop *Keeping growing: ensuring success* at the 2015 Organic Producers' Conference. Iain Tolhurst and Alan Schofield answered, both suggesting 10 years
- In Riverford's news updates, apparently two of their recent farms (one in France and one near Peterborough) took 7-8yrs+ to reach viability
- Responses from farm visits revealed that in relation to the overall farm profitability, which included retail, livestock etc., rather than just veg growing, 18 out of the 20 farms are reliant on diversified income. However:
- Two farms said they were in profit straight away - one is a CSA, the other a box scheme where the grower doesn't pay himself a wage
- Two farms said break-even within three years, both were box schemes
- Three farms said five years, including one where they don't pay themselves a wage
- One said eight years, but still not profitable. They've been growing for 20 years but continue on family tax credits
- Four farms indicated that they'd never made a profit. Two farms after five years of business, one after 10, saying it's "just a question of survival"
- Some unclear answers; one farm, a box scheme, broke-even maybe after five years, and continue just to break-even, very precarious, especially after 2012. They are still paying off debts from that year when yields were down by a third

Does your veg enterprise rely on other parts of your business (e.g. direct selling, adding value to your produce, or other parts of your farm – dairy, arable etc.)?

- 16 out of 19 respondents, retail their own veg. One grower, who was very representative of the others said "The difference between wholesale and retail is what pays our wages"
- For many growers who run box schemes or farm shops, there's significant income from buying-in produce from other growers or abroad. The proportion of bought-in produce ranged from 20-70%, with the average probably 30-40%
- 11 farms sold their veg wholesale, six of those relying on wholesale for the majority of their sales
- Farmers' markets were mentioned by eight farms, with varying proportions of influence on overall farm income. This was a significant influence on two farms, quoting annual turnover per market of between £60-90,000
- Two veg growing sites are part of bigger, very diversified, estates - at both of these sites it was clear the veg growing was not making a profit and was being subsidised by other parts of the estates.

Do you know your costs of production for each crop?

- 15 replies of 'No' (including one person who just laughed at the question!)
- One said yes, another suggested that he knew for some crops

How many hours do you work a week?

- Six farms where the main grower works 70+ hour weeks all year round. Responses included comments like "there's a few weeks in the year when it's more like 100hrs", "if you don't work weekends, jobs get left behind", "I see the kids in between when I can", "no time to see my [grown-up] children"
- Four farms: 70+ hour weeks in the main season [assuming Mar-Nov], less in winter
- Four farms: 60-65 hours per week; "but up to 80 or 90 a week at height"
- Two farms: 50-60 hours a week in main season, 30-40 hours out of season. One said he has plenty of time for family "it's all worked out with low labour input"
- Two farms: 45-50 hours per week
- There is a clear difference for employed staff, e.g. 39 hrs/wk (no weekends), 40 hrs/wk, 8-5pm working hours, with paid breaks

How do you value your time? What wage do you earn and is it based on hours done?

- Many answered this without giving specific earnings, understandably, but a representative comment seemed to be: "If I factored in every hour, my overall wage would work out less than minimum wage"
- One farm: £10k annual wage for 70hr weeks but business covers costs like house rent, running a vehicle, utility bills
- One farm: approx. £14,400pa for 60-65hr weeks - including business costs but not mortgage
- One farm: £11/hr head grower, other growers £9.50/hr
- Three farms: no wage at all for main growers
- Two farms: head grower gets paid a wage whatever happens (part of bigger estate)
- Two farms mentioned that they rely on family tax credits
- More specific info given about staff wages: three farms paying between £7.00-£7.50/hr; three farms paying the living wage (£7.85 in 2015); one farm paying £8.50-9.00/hr for agency staff; one farm where main employed grower earns an annual salary of £24k as primary veg worker
- Three farms where evidence showed growers earned less than their employed staff

Some conclusions

Following these visits together with analysis of our own business at Moss Brook, I've increasingly come to view the issues around starting or sustaining a veg growing business as managing different types of risk:

Natural risk:

1. First - the weather. Every farm is exposed to changeable weather patterns and the increasing possibility of more extreme weather events. An obvious way to mitigate this risk is through diverse cropping, something we lacked at Moss Brook. However, we were perhaps more vulnerable to the horror show of 2012 not only because we were inexperienced but also because we only grew annual field veg with no perennials and no protected cropping.
2. Secondly, there's the natural risk of selling fresh, perishable products, which can tip the trading balance of power against growers. We had close relationships with our customers and regular detailed crop planning meetings, and as a result we had nearly zero wastage of our crops, either in-field or post-harvest. However, wastage could possibly be quite high on other farms.

Financial risk

1. Capital: an obvious risk, especially to new entrants. We were extremely lucky that we were able to fundraise a lot of the money needed for our initial infrastructure costs, but how many new entrants can hope for that kind of help? Personally, I think there's been a lot of focus on small-scale intensive growing models as good entry points for new growers, but this only has the potential to satisfy a small percentage of the market. For example, around Manchester, there is a stronger need for new field-scale veg growers than any other type of growing and this can mean significantly higher capital requirements. Perhaps we should have asked more questions on our farm visits about the level of investment or total value of the on-site assets. On our bare 21acre field site, we put in over £100k of infrastructure and around £50k worth of tractors, implements, tools, netting, packaging etc. - is that representative? From our questions, it looks pretty minimal and if so, these figures could be an enormous barrier to new growers.
2. Lack of Profit: the evidence above suggests the need for new growing sites to carry losses for at least five years before breaking even, and for some, profit can be rare after these initial years. What's particularly interesting is the diversification of income on most of the farms visited - primarily through retailing their own and other people's produce. What would tell us more is the proportion of profit (rather than just income) from each of the different enterprises on the farm. For example, is it diversity of income that helps these farms survive or is it greater profit earned from retail or other non-growing activities? Just 5% of our income at Moss Brook came from non-growing including money from Agri-Environment Scheme and a small amount for contracting and waste management. After our research, we reckoned we could increase our non-growing income to 10% of our turnover. This still looks low compared to the farms we visited and also to the evidence

in the annual Farm Business Survey, where the average on organic horticultural holdings looks to be over 15%. Therefore, it appears vital that new entrants to organic growing have significant diversified income streams built into their business plans.

3. Low Income: there was a range of replies from our farm visits, from growers taking no wage at all to those who are guaranteed a wage from the wider farming estate. It's difficult, therefore, to pick a representative wage level for growers, but seems fair to say it's low! The comments about relying on family tax credits are pertinent, as this was our experience as well as the fact that some growers are paying their staff more than themselves. Overall, I think this evidence paints a grim financial picture. If you're a new, young entrant, quite possibly with student debts, you might reasonably expect to take on extra debt for the capital to be spent on a new business, including infrastructure, machinery, possibly the land itself. Even the Jean-Martin Fortier, super-small-scale intensive type of model (*The Market Gardener: A Successful Grower's Handbook for Small-Scale Organic Farming*), you're looking at £20k+ minimum to start up. This could easily be £100k+ if you're buying the land or get into field-scale veg. On the evidence above, you might be looking at five years+ of making a loss and presumably getting into more debt, followed by the possible glory years of making next to no profit... does that sound like a good idea?
4. Difficulty of Business Planning: for me, the most damning evidence of the financial difficulties of starting or sustaining a veg growing business is how few growers know their own costs of production. As primary producers feeding into a supply chain, this is an extraordinarily weak position to be in. As business owners trying to plan ahead with financial forecasts, it's like a blindfold - let alone trying to cost up investments in machinery, or analyse what crops to drop and others to take on. This is obviously a complex area, with many factors involved in working out costs, but perhaps what surprised me more was the number of growing sites that hardly did any record keeping at all - even, for example, basic things like yields.

People and skills risk

I think this is one of the more overlooked areas of risk in farming generally, but it appears to me to be especially important in the organic veg growing businesses we visited, and it manifested itself in a few ways:

- Physically: the number of bad backs or other injuries was striking and, for my own part, I have two slipped discs that are due to the growing job. (Great to see some yoga moves in the last issue of OG!)
- Families: the number of broken relationships as well as growers seeing very little of their children was - for the two of us at Moss Brook with young families - very sobering. (I realise it's not possible to attribute the cause of broken relationships solely to the demands of veg growing, but I think it's fair to assume that 70hr weeks aren't going to help!)
- Huge dependence on one or two key people: the burden of skills, time, management stress and financial resilience appeared to fall disproportionately on those key people at each farm, making them particularly vulnerable if they fall ill or worse. In fact, it all feeds in to a vicious circle, with the hours, the physical demands and the reliance on key staff. As Richard Plowright showed at the end of his grower profile in OG29, you just don't have time to be ill.

Some recommendations

I am concerned as to where new organic growers are going to come from, how they will become established and also about those who will succeed the current generation of growers. There will be those that don't mind living on nothing and those that don't mind working all hours, whose personal or family situation allows it. There will be those who already have money to bring to a new growing project or simply to sustain an existing one. But this all feels like an incredibly small pool of potential growers, and an enormous restriction on a sector which should be expanding.

I don't want to seem critical or all-knowing in making any of these comments. I'm definitely not - I've just spent five years on a business that hasn't succeeded and I can write many more words criticising myself. However, I think there are some practical solutions we can draw out of all this:

More shared production statistics and financial benchmarking

There is a need for this above all else and I would love to see the OGA, ORC (Organic Research Centre Elm Farm) or some other shared access website, hosting wiki-type pages that growers could add to, describing for example:

- Planting and harvesting rates, yields of different fruit & veg crops
- Key comparative business costs such as insurance, maintenance, rent

I think this would start the process of reducing the blindness with which growers approach financial forecasts and business planning.

From this basic level of shared information, perhaps we could progress towards more comparative gross profit analyses of crops - much like what is currently in the *Organic Farm Management Handbook* (OFMH), but more extensive in various ways. This is a great publication and, again, I don't want to appear unnecessarily critical, but I suspect it is of less relevance to many of the farms we visited, including our own. To me, the data appears more relevant to highly mechanised large-scale units on grade 1 or 2 soil with low weed burden. It also omits crop-specific green manure costs and incorporation costs from its calculations, and while it covers a wide range of crops (18 field veg and 3 fruit in the 2014 edition), there's many more it doesn't.

Perhaps we could, eventually, move towards a place where we have well-evidenced shared information that is relevant to a full range of crops, across a range of soil types, and a range of growing systems including for example no-dig, 'bio-intensive' and agroforestry. If this was a shared endeavour, administered online, we could achieve a lot at relatively little cost. How much easier would it be for us all to plan our businesses with this kind of resource?

Costed-up models of profitable veg growing

We need more of these, including much more detail than is currently available from various books on organic growing. Addressing the lack of profit in veg growing - is there more we can share with each other as to best practice, or more information about growing businesses? We should perhaps leave the discussions around profitability of farm shops to an organisation like FARMA, or box schemes to BOBS (British Organic Box Schemes) or the Growing Communities-inspired Better Food Traders group - or at least start by just concentrating on the growing side of things.

Following our research last year I realised that there are very few clear examples of veg growing that's profitable on its own, without retail or other diversification. But, there are at least some out there, and if possible, it would be very useful to have these models explained and costed out in more detail.

Develop more links with landowners

It might be beneficial to develop links with landowners or tenants who already have capital assets that could be used towards a growing business. The work of the Fresh Start Land Enterprise Centre is particularly interesting (http://freshstartlandenterprise.org.uk/), especially their work around different forms of land partnerships and their matchmaking service bringing together people with business ideas with landowners. The Ecological Land Co-operative (http://ecologicalland.coop/) is another fantastic initiative.

We just might have to accept that land ownership, as well as house ownership, is increasingly out of reach to the next generation of growers. We must find assets of land, infrastructure and machinery that are already in place but perhaps currently under-utilised. Through different sorts of partnerships, we must find ways to get businesses established in a lower-risk way, or just identify means of making it more affordable.

More promotion and understanding of co-operative ways of working

I believe that many of the risks to people and skills could be avoided by a greater understanding of new ways of working – it could be business partnerships, on-farm co-operatives as well as CSAs. My particular interest is in worker co-operatives, like Moss Brook Growers, although there are better examples than us in different parts of the UK. However, I felt this was one of the things we had got right. We'd been able to get weekly hours down to 50-55 per week, all of us taking two week summer holidays, preferably in August rather than July, and any illness, like my acute episodes of back pain, were properly covered by colleagues. The stress of managing the business, making decisions, even the low pay was all shared because of our co-operative structure. It wasn't perfect, but it worked well for us in making the job more manageable.

As a background to this, it would be interesting to hear from growers about their recruitment or succession plans. We came across a couple of veg-growing business owners who, for the last couple of years, had been looking, unsuccessfully, to pass the business on to someone else. During that period, and to date, there have been quite a number of assistant grower roles advertised, many of which came with a guaranteed wage and, possibly, more certain or limited hours of work. How much easier has it been to recruit for assistant roles rather than find new business owners?

An obvious reply to some of the problems listed above is for new entrants or growers like us, just to find an assistant grower role, which would be great! However, I'm not sure that helps the longer-term succession of these businesses - ultimately finding someone who can afford the high risks - nor does it help those who want to start new businesses to satisfy a growing market.

A postscript

At the start of 2016 we're looking at a break of another year or more from growing at Moss Brook. It turns out that we've been struggling with an extensive drainage issue, apparently two thirds of our land has not been draining for 4 years thanks to mistakes made by a utility company (a lengthy subject for another day) So, the land needs another year to recover. Whether we'll grow there again is a bit unknown. Our workers' co-op has split up as we've all had to find other work, and that work - certainly for me and Stuart, both in different types of organic retail - whilst still relatively low paid is providing a much better work-life balance while our kids are pre-school.

For me personally, I want to get back to growing as soon as possible, but it will have to be a job and business plan that is better thought through, based on better evidence and experience.

Rob Alderson

Moss Brook Growers (& Manchester Veg People)

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