

8. LOOKING FORWARD

This report “*UK Agriculture: Grasping the opportunities*” has focused on the critical need for the UK agricultural sector to transition into a mission-led, agile and opportunity-driven industry; one that can adapt to future opportunities, shocks and challenges, while embracing sustainable practices and smart innovation. To paraphrase Stephen Covey⁹⁵ this report reflects on how, at all levels of the agri-food system, businesses focus on what they can control first, and then what they can influence and recognise what, right now, they can neither control nor influence. All farming businesses will need to ask themselves: what do we want to achieve? What should we keep doing? What should we stop doing? What can we do instead? This future requires individual businesses to:

- Be mission-led and have an opportunity-driven mindset i.e., know their purpose, be agile, adaptive, curious, confident, open to taking risk. practices and smart innovation
- Develop an internal value proposition for their employees (and family members) that resonates with all those working in the business, driving commitment and engagement. Deliver to the strategic plan, objectives and goals and the personal goals of those working in and/or owning the business.
- Develop an external value proposition with a clear and relevant market orientation, continuously and consistently meeting the demands of business customers, consumers, citizens and government.
- Be or become an investible product as a business and as the people who lead the business having a strong value proposition (internal and external) and effectively manage the portfolio of assets at the disposal of the business through both agricultural and non-agricultural activities. Maximise ROCE, profitability, cashflow and the proportion of economic value retained pre-farm gate. This will be difficult in parts of the UK where the asset value of land is more closely linked to its developmental value rather than the operational returns from activity on that land. An investible product achieves the 9 Cs of creditworthiness: carbon, capacity, capital, character, climate, compliance, collateral, commerciality and conditions.

Each farming business has its own context, opportunities and challenges whether it is working, leveraging or stewarding the land. Becoming an economically, environmentally and socially investible product is business and personal goal specific. How can mindsets change to being more opportunity-driven? How can this change be better enabled? Being more opportunity-driven may necessitate farming businesses to:

- **Collaborate to achieve shared benefits, reducing risk, lowering production costs and limiting exposure to geopolitical or socio-economic uncertainty.** Such formal collaboration is likely to be driven by mid-supply-chain players, retailers and food service providers, while service-sector actors such as credit and insurance providers, and technology firms and the government through tax incentives or tax break and specific policy interventions will also play a role. Some of the agri-business that will enable this collaboration and positive impact in 2040, or 2050 probably don't exist right now. Informal collaboration between farming businesses will also achieve many of these mutual benefits with the individual businesses still retaining their individual goals and objectives.

- **Pursue opportunities, directly or through brokers, arising from alternative asset uses** that support government goals such as biodiversity and landscape recovery, switching to green energy and improving water management among others. Embed portfolio asset management to maximise financial, environmental and social ROCE.
- **Utilise timely, tailored market signals and operational insights to enable in-cycle farm decisions.** Cloud-powered farming relies on strong business to business networks through agronomists, vets, accountants, input suppliers and direct customers. Cloud-powered 'smart' farming leverages cloud computing to connect devices, sensors, management information and data analytics tools to monitor, manage, predict and optimise agricultural and supply chain operations. Cloud-powered farming will include access to the expertise of soil scientists, data scientists and animal scientists - where the knowledge can be accessed in a timely way. Integrated market-signal driven supply networks will outperform fragmented ones by unlocking the full potential of 'knowledge as a service – smart capabilities' and 'technology as a service – smart farming'. A farming business can only grasp the opportunities if it is connected in networks that enable agile management.

Institutions that offer advice, benchmarking services or general information aimed at the average or median farmer and those operating at national, regional, industry, or sector levels on behalf of farmers will need to shift their approach. As demand grows for personalised, individual business focused information rather than generic advice and data, these institutions must become more agile and provide more specific and tailored support.

- **Accommodate that consumers purchase food from various outlets for diverse reasons across the day.** At times, consumers may prioritise nutrition, health, wellbeing or sustainable and regenerative farming while, at other times, these factors may not influence their food choices. Direct-to-consumer organisations must better communicate the positive changes happening in food supply chains on consumers' behalf as well as the areas that still need improvement and why they should care.

A positive future is an agile, opportunity-driven sector where both "New Gen" and "Next Gen" individuals can thrive. Key strategies include:

- **Recognising and developing core knowledge, skills and capabilities** needed for a dynamic agricultural sector and continuously updating education and knowledge exchange curricula to keep pace with changing markets and business models.
- **Expanding scalable, practical hybrid learning opportunities** (both in-work and out-of-work) that focus on crucial areas such as business management, financial planning, investment strategies, asset management and risk management.
- **Breaking down silos between academia, innovation and practice** by bringing cutting-edge science and technology from research institutes, universities and industry to farms more quickly, appropriately and with a focus on driving GVA and business resilience.
- **Providing opportunities for new entrants** with value adding skills and experiences for those entering, or returning to, agriculture from other sectors.

A robust future for UK agriculture is one where:

- **Policy is clear, contextualised and place-aware** and supported by sufficient financial, physical and human resources to enable the sector to deliver to UK and global consumer and citizen demands.
- **Health and wellbeing of people and animals are central** to business within the agri-food sector.
- **The sector is profitable**, with a ROCE that drives opportunity-led, resilient and adaptive businesses that can embrace change.
- **The sector adds value to the economy** through the production of food, feed/fodder, fibre or fuel and/or the enhancement of flora and fauna. This includes the provision of nature-based services (for example, water management and quality, biodiversity recovery, carbon production and sequestration) and the stewardship of the cultural richness and diversity of the rural UK. The business models for these opportunities need to deliver the pre-farm gate profitability levels required to drive appropriate ROCE for investment in innovation, improved resource efficiencies and opportunity-driven activities.
- **Innovation and data management** support an informed, evidence-led, opportunity-driven profitable and resilient sector.

Building an opportunity-driven future requires confidence, so businesses are willing to invest:

- **Government** must create enabling policies, and stable policy and political conditions that build industry confidence.
- **The private sector** must develop contractual arrangements and opportunity-driven markets where risk is better shared, and greater economic value is retained before the farm gate enabling stronger ROCE to deliver current and future investment.
- **The investment and finance sector** must offer suitable financial tools to catalyse opportunity-led growth and more financially robust processes for operating a farming business.
- **The farming community** needs to shift... to embrace new business models and new ways of working to seize future opportunities. The UK agricultural sector has achieved this many times in the last century and needs to dig deep and do so again.

The concept of sector, land use and food security robustness has been introduced in the report with the central focus on the foundational element, **business robustness**. Robust businesses are those that will have invested time and commitment to define and communicate their internal and external value proposition, ensured they are, or will be, an investible product and are maximising pre-farm gate return on the portfolio of assets at their disposal. The business balanced scorecard, the Business and Personal Development Plan and the questions in Appendix 1 have been drawn together as tools to enable agricultural businesses and the wider UK agricultural sector to reflect on these aspects and develop strategic and operational plans. To succeed, businesses must shift from a reactive, defensive, often static approach to a proactive, agile and responsive opportunity-driven approach to business strategy and operations. This requires a sense of confidence that operates at multiple levels: firstly, self-confidence within the business that the business model is viable; secondly, confidence in business-to-business relationships with suppliers and customers; and then thirdly, confidence in the broader market, policy and political environment in which the business is operating.

In short, the UK agricultural sector must be curious, confident and economically, environmentally and socially robust to deliver an opportunity-driven future.

