

TEACHING NOTE BLESSED FARM PARTNERSHIP



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QUESTION (A)

Identify Blessed Farm's stakeholders.

Stakeholders may include Mr Brighton, Mr Stayton, Mr Fulwood, Miss Blake, other employees, stately home residents, employees and owners, customers, suppliers, the vet, the local community, animal rights activists, society at large and the Government.

QUESTION (B)

What is motivating them to become involved with Blessed Farm?

Motivators may include:

Staff:	Need for a job - money, security
Owners:	Personal aspirations (growth, status, greater returns)
Villagers, nearby residents:	Reduced quality of life
Stately home, suppliers:	Detrimental effect on income
Animal rights activists:	Emotional involvement

QUESTION (C)

Evaluate each proposal, identifying:

(i) Blessed Farm's relative strengths and weaknesses in respect of each proposal.

Proposal 1

Primary function:	Production of breeding stock for other farms
Sideline:	Fatteners not suitable for breeding stock

Strengths:

Disease-free status, experienced staff (Mr Fulwood and Miss Blake), good records, well-paid staff and the experience of Mr Brighton. Sufficient funds to expand?

Weaknesses:

Shortage of labour (hygiene, feeding, medication), poor relationship between Mr Stayton and employees, lack of management skills of Mr Stayton, proximity to the stately home and other residents (limits waste disposal, growth, building) and the need for external veterinary skills in the process.

Proposal 2

Primary function: Fattener production and processing
Feed production in own mill

Strengths:

Experienced staff, Mr Brighton's experience and availability of land for expansion. Funds?

Weaknesses:

Shortage of labour (for fatteners/processing/milling), shortage of skills in food processing and milling, poor labour relations lack of management skills of Mr Stayton and availability of funds? Proximity issues (as above) limit expansion, building and waste disposal.

Proposal 3

Primary function: Free-range production.

Strengths:

Experienced staff, the experience of Mr Brighton, availability of land, availability of funds? A more emotionally acceptable process.

Weaknesses:

Shortage of labour, loss of disease free status, proximity issues (increased smell, increased visibility of pigs/buildings).

Proposal 4

Primary function: Factory farming fattener production with production of breeding stock for own use. (PRESENT FUNCTION)

Strengths:

Experienced and well-paid staff, the experience of Mr Brighton and planning permission for current operations despite opposition.

Weaknesses:

Poor relations between Mr Stayton and employees, possible shortage of staff to cover holidays and weekends and any restrictions imposed by current planning permission.

(ii) The information required before such a proposal can be undertaken and**(iii) the sources of that information.**

Decisions are strategic and therefore require strategic information.

- Information is both financial and non-financial and comes from internal and external sources and is formal and informal.
- External financial information (e.g. formal government statistics/publications etc., informal discussions with contacts in the "trade").
- Internal financial information (e.g. formal budgets, production costs etc., informal discussions within the organisation).

Internal, formal information should be accurate and reliable and could be used with confidence, while external information should be accurate, but may not necessarily be up to date and as a result may not be reliable. The confidence placed in informal information will depend on the users' confidence in the source.

External information: Requirements and source

Proposal	Information required	Source
1	How big is the market for breeding stock? also What legislation has to be complied with when shipping livestock? (vet examines before shipment etc.)	Home Market (Formal) Ministry of Agriculture, Fisheries and Food (MAFF), National Farmers' Union (NFU), Pig breeders' associations. Agricultural Development Advisory Services, (Informal) Local livestock markets, Farmers' Weekly, other breeders.
	What system is to be used for payments from overseas clients?	Export: (Formal) ADAS, MAFF, DTI, Canadian equivalents of NFU and ADAS, (Informal) Other breeders who are shipping abroad.
	How stable is Canadian market?	(Formal) DTI, bank, some of above.
2	Capital investment costs	As above, also Meat Marketing Board, local wholesale meat markets, national supermarket chains, chains of butchers.
	What is demand in export and home markets for processed meat?	
	Processing Costs	(Informal)
	Staff required for processing unit (How many pigs can a butcher process/day?)	Staff at processing plant
	Packing and transport costs	Local butchers
	Estimated costs unit processed	Packaging companies
	Capital investment costs	Transport companies
	Feed production	(Formal)
	Cost of direct materials	Public Health Department
	Labour and variable costs	Sources of raw materials
	Direct overheads	(Formal) Meat Marketing Board (official reports and market surveys)
3	What is the demand for free range meat? Is the market growing? Are enough people prepared to pay the premium? How many pigs could be sold in a year and at what price? How much land is needed to produce one fattener? Will existing acreage support the required turnover? Will more land need to be required? Will free range production result in reduced Vet bills? Will better fertility rates mean increases in litter sizes and therefore more efficient production?	Processing plant
		ADAS (and as previously stated)
		ADAS Contact vet Other free range producers. ADAS, VET, other producers
4	Present production costs	Farm records as previously stated

Internal information required for each proposal:

Production Costs/unit (fattener or breeder):

- **Direct Materials:** the amount of feed required from birth to sale.
- **Direct Labour:** the number of man hours/unit production.
- **Cost:** of destroying mother after birth (breeder only).
- **Estimated Losses:** when the pigs are not slaughtered at right time (proposal 2).
- **Variable Overhead:** veterinary bills, electricity etc.

Source of Information Farm records and firm of local accountants

- **Direct Materials:** from feeding regime and associated invoices.
- **Direct Labour:** Labour records (deeper investigation may be needed if labour rate is not hourly).
- **Processing Costs:** (difference between amount paid by plant for a pig and the optimum price).
- **Receipts:** from processing plant and farm records on fatteners weight.
- **General Overheads:** from past invoices and records.

Detailed records are already kept by the organisation on the age of the sows (breeding fatteners and breeding stock), medical history (to be collated with vet bills) etc.

Non-financial information

- **Mr Stayton:** His attitude to staff may be a problem if the workforce is increased.
- **Planning Considerations:** Proposals 1, 2 and 3 all involve some type of development. It would be advisable to contact the local planning department and to sound out locals in view of previous objections.
- **Public Attitudes:** The factory farming methods used presently (Proposal 4) are likely to become increasingly unpopular in the eyes of the general public (cf. veal production). The conditions under which breeding stock are produced may cause offence (killing the mother immediately after birth, Proposal 1).
- **Health and Safety Restrictions:** Associated with processing (Proposal 2).
- **Availability of suitable staff:** Local Job Centre.
- **General State of the Economy:** Is the climate one in which expansion is advisable? Accountants, bank manager, newspapers etc. will be helpful in this area. More formal information can be obtained from the relevant government departments.
- **Consumer Tastes:** The Meat Marketing Board may have some ideas as to the level of demand for free-range and factory produced meat in the future, informal sources may be of help in this area.
- **Political Implications:** Changes in EU, UK and Canadian regulations that may be in the pipeline. Implications of a change in government?
- **Changes in Technology:** Technology changes which may make one or more of the proposals more attractive.
- **Other Non-Financial Factors:** The advantages characterising each proposal (financial factors have already been considered).

Proposal 1: Advantages: Not dependent on volatile fattener market. Herd already has disease-free status.

Proposal 2: Advantages: Not dependent on processing plant to take fatteners ready for slaughter.

Proposal 3: Advantages: If consumer trends continue towards free-range meat then in the market from the beginning; Better fertility in breeding stock.

Proposal 4: Advantages: Involves no risk in the short term.

(iv) Which stakeholders are likely to be for or against the proposal and what their relative power is to obstruct its implementation.

Students might plot the stakeholders on the model shown below.

The Stakeholder Stances Model

Source: Richardson, B. (1995), *Comprehensively Competent Leadership*, Sheffield Hallam University.

(v) The changes that have to be made in order to implement the proposal

Proposal 1

- Negotiate special relationship with vet;
- Apply for planning permission for conversion of buildings or new buildings;
- Employ more staff; need for Mr Stayton to change his approach;
- Improved hygiene and adherence to regulations;
- New working processes - staff training;
- Improved recording of feeding/medication process, litters etc.;
- Further planning permission if new building required;
- New markets for products need to be established.

Proposal 2

- Recruitment of more staff/suitably qualified staff;
- Change in management structure? Change in Mr Stayton's approach?
- Further planning permission required - processing factory, refrigerated storage, increased volume of traffic on local roads
 - New markets for products need to be established;
 - Distribution network for processed foods;
 - Set up information systems for each aspect of the business, e.g. factory, processing, pig rearing.

Proposal 3

- More land must be available - Mr Stayton owns the surrounding land;
- Land must be prepared for free-range farming; planning permission for individual huts to be built?
- New markets for product need to be found;
- More staff need recruiting;
- Mr Stayton needs winning over and must relinquish more land to the pig farm.

Proposal 4

If the farm continues in its present state, there is still the problem of Mr Stayton's attitude towards staff and working schedules. It seems that more staff are required even if the other 3 proposals are rejected and that the working relationship needs to improve.