

**Pearson partnership**

A share-farming agreement, on a Welsh unit, has given the young couple Sam and Angharad Pearson their first firm foothold on the dairy business ownership ladder.



Herd size:	460 cows (520 in 2017)
Average yield:	4,000 litres
Projected yield (2017):	4,800 litres
Unit size:	150 hectares

Would-be producers make an entrance with share farming agreement

Realising their dairying dream



This North Wales-based set up has allowed one young couple, with dairying ambitions, to take the plunge and make their first steps towards running the own dairy business, as part of a share farming agreement. We spoke to them to find out more.

text Rachael Porter

With several years of dairying experience behind them – managing herds of different sizes on a variety of systems – Sam and Angharad Pearson felt it was time to bite the bullet and take their first step towards their dream of running their own dairy business.

"We started to worry that we were getting a bit old to 'go it alone' and we wanted to make sure we still had the energy to run our own dairy business," says Sam. "I didn't want to become too comfortable as a herd manager. And Angharad felt the same about her role as an NMR area manager. It would have been easy to settle where we were, but we knew we wanted more," says Sam.

At just 28 (Sam) and 27 years old (Angharad), the couple are far from 'past it' and, inspired by friends in New Zealand who started out by share milking with low capital investment and who have since built a successful business on several sites during the past 10 years, they found the energy – and an opportunity – to enter the dairy industry through a share farming/contract milking agreement.

"I went along to the Andersons joint

venture seminar, at the 2015 Livestock Event, and got talking to dairy producers Iwan Roberts and Gwydion Jones. They were implementing a share farming system on a farm, Hendre Llywn Y Maen in Conwy, in North Wales," says Sam. "At that point the unit was being run by a contract milker, but he was leaving later that year to pursue his own business."

Share-milking opportunity

Moving on six months, and Sam had a message from Iwan about a share milking opportunity at Llaeth Hendre. Sam and Angharad discussed the possibilities with him and then visited the unit. And Iwan and Gwydion visited the farm in Pembrokeshire where Sam was working as herd manager. They also spoke to Sam's previous employers, who spoke highly of his commitment, skills, dedication and enthusiasm for dairying. "It was a 550-cow, split-block calving, grass-based system with an exciting new dairy building project underway," says Sam. "And we learnt a lot from owners Seimon and Eleanor Thomas who themselves had worked very hard to grow a dairy business rapidly, from humble

beginnings. They started with 46 Shorthorn cows in the early 1990s and have grown the herd to the size it is today. "We worked with them for two years, in the run up to the launch of their new rotary dairy. Despite the herd having outgrown the existing facilities, standards were never ever compromised and results were being delivered through hard work and determination.

"It was a good experience and we learnt that it is all about what you do with what you've got. And that to be profitable you need a system that suits the farm, a cow that suits the system and a milk contract to suit both," adds Angharad.

The result of discussions was an agreement with Iwan and Gwydion, which all parties considered to be fair. "And in late December 2015 we moved to the unit in Conwy and started our own business, Pearson Farming, and combined share milking with contract milking."

Iwan and Gwydion both have their own dairy units in the area, with 170 cows each, which they run themselves. Together they rented the 110-hectare unit in Conwy from landowner Robin Crossley. He lives on the farm and helps with maintenance and improvement work, but is not involved managing the herd.

Hendre Llwyn Y Maen was converted from a sheep to a dairy unit in 2012. A 24:48 parlour was installed in the centre of the unit and then 40 hectares of land came up for rent next door, which Iwan and Gwydion secured a tenancy for and extended the milking block to 150 hectares. The business partners then

*Left: North Wales-based unit offers wonderful views and a fantastic share-farming opportunity
Below: cubicle housing for the expanding herd is under construction*





Winning team (from left to right): Iwan Roberts, Sam Pearson and landlord Robin Crossley

bought 300 Friesian and Jersey cross cows and began breeding replacements, in a bid to push cow numbers up further.

"When we started share milking with them in January 2015 there were 460 due to calve in the spring, from February through to May," says Angharad.

Simple system

The herd is run on a simple rotational block-grazing system and the herd averaged 4,000 litres for the past two years. "Which is a little lower than we'd like it to be. Next year we want the herd to produce between 4,500 and 4,800 litres per cow, at 4.5% butterfat and 3.6% protein," says Angharad. "It's still a young herd and we had a poor spring this year and had to feed silage throughout April due to a grass deficit."

Milk is sold to Arla for manufacturing, so constituents are a big factor when selecting sires to breed replacements. "We want to breed compact and 'milky' cows that are also aggressive grazers with good legs and feet. They need to walk 1.5 miles to grazing," explains Sam.

Winter bite: the spring-block-calving herd strip grazing a brassica crop in late November



A team of four part-time self-employed staff work on the unit and during the calving period there are two staff who help Sam and Angharad on a full-time basis. The work load will increase considerably next year with 520 cows due to calve in spring 2017.

The deal between the Pearsons and Iwan and Gwydion (Hendre Milk) is that Pearson Farming supply all the labour required to manage the herd and complete all the day-to-day work. In return the business receives a fixed pence-per-litre fee, plus a percentage of the milk cheque and a tied cottage. "A pence-per-litre fee is contract milking and a percentage of the milk cheque is share milking, so we are a combination of the two. We agreed this because it's a balance between risk and incentive that we are all happy with," adds Angharad.

Revised agreement

"We revised the agreement half way through the year, when it became apparent that we hadn't quite got it right, and we were impressed with how easy it

was to discuss and resolve it with Iwan and Gwydion. Clear communication is key to making the agreement work for us all," says Sam. "Several people told me that you need to be genuinely happy if you had to sit next to the owners on a long-haul flight with a long delay at either end," says Sam. "I can honestly say that we would be."

So, things have gone extremely well during the past 12 months. And the couple are certainly motivated to work hard. "Although there wouldn't be a big difference in labour cost per litre between this unit and other similar farms, with herd managers in place, I would say that we are far more incentivised to drive farm performance. And we keep the place running smoothly by managing the labour requirement.

"They get a better service for their labour cost compared to an average employed 'manager and team' set up. And we get flexibility. This is invaluable because we have a young family and we can hire extra labour as and when we need it. It also gives us the opportunity to build some capital by reducing the overall bought-in labour requirement per litre and increasing efficiency. This is a key profit driver for our business and the unit," adds Sam.

The couple's medium-term goal is to get to a stage where they can enter an equity partnership, should the opportunity arise. "And to go on building our business from there. It's been a challenging year, in terms of milk price, but the positivity to pursue opportunities in business is more motivating and exciting than we ever thought it would be," says Angharad. "And we are definitely looking forward to next year." |