

*Brief notes on the questions posed at the end of the case*

1. If these ice-cream businesses demonstrate sufficient potential, should their owners divert all of their milk output into ice cream production and buy milk from other farms if necessary? (The population of Ireland, North and South, is 6 million, Great Britain 60 million).

This question asks ‘what is the fundamental nature of this business: milk production or ice-cream making, or a synergistic combination? The answer must be personal for each farmer, combining the statistical assessment of potential with personal preference, risk tolerance and vision. To divert all milk output into ice cream production and sales, buying milk from other farms as necessary requires the business to develop a wider range of commercial skills of production, distribution and marketing. Even then, it will almost certainly remain a limited volume, high quality niche producer. At face value, the much larger GB population (hence market) allows more optimism for committing to ice cream production. But is a farm location then the best choice?

2. Should these farms diversify further or stick to milk and ice cream? What are the arguments for and against each option?

Once diversification has been accepted as a principle and proved to work, should other options be considered in future? Enterprise capabilities and resources need to be carefully considered. Given the family nature of many independent farms, the younger generation (or generations) may welcome the opportunity to remain a part of the business, but take it in new directions. Do they have the training, commitment and personal drive to succeed, or is would a new activity be just a passing hobby? Are there synergies between existing and new activities? What conflicts of priority and personality may arise? In respect of both questions, family vision and values have to be considered, recognising that in small enterprises personal preferences and judgements almost always outweigh dispassionate, externally-derived strategic logic.

*Factual update on subsequent developments*

Increasing proportions of land in the UK are owned and being farmed by large corporations, although they may use individual farmers as subcontractors. Operational scale is important. Smaller independent farms can survive because it is an attractive way of life for some families, especially those who own their own land, willing to work very hard and take new initiatives, such as developing niche markets. Newcomers without capital find it difficult to break into farming. However, there is little evidence that diversification activities actually supplant core farming activities, rather they are more likely to complement them.

Marshfield Farm emphasises its organic credentials in ice-cream, but continues to produce and sell milk and other dairy output. The proprietors continue to develop the distribution network, featuring their ice cream in a wide variety of quality outlets and restaurants. To position the Marshfield Farm brand as a premium product worthy of comparison with, say, Häagen Dazs, they use stylish branded cartons bearing the slogan ‘Pure Ice Creams in a Wicked World.’ In addition to regional distribution via other retailers, Linalla’s proprietors also operate their own retail outlet, capturing more of the added value directly.