

The Landmark Post

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WELCOME

If you are a new reader of the Landmark Post welcome to our annual newsletter. There is a '20' year theme running through this issue to mark the start of our business in 1987. Today, not only have we survived in the precarious IT industry, but we are growing, and now support over 2,000 UK sites ranging from small farmers, to large estates with every conceivable type of rural and property business in between.

Our client base is strong in the rural business sector and our KEY Property program has made an impact in the property management software market reflecting the overall importance of property to the economy. Many of our new clients come through recommendation from existing users and we would like to thank all of our clients for their tremendous support throughout our 20 years. If you have not heard of us before then please see the February seminar piece on the back page and, if you are interested, visit our website www.landmarksystems.co.uk

CELEBRATING 20 YEARS

Attending shows and meeting clients has not been the easiest task this year following the cancellation of the Royal Show, Game Fair, Dairy Event and numerous ploughing matches.



However, our efforts were not all thwarted and we entertained over 200 clients for evening drinks on our stand at Cereals. In September we moved to London and held a reception at Saddlers' Hall for professional contacts.

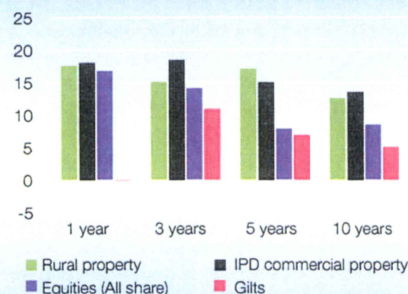
Has technology been a positive influence over the last 20 years, asks Nigel Parsons, Managing Director of Landmark Systems. And what developments lie ahead for the next 20 years?

When comparing 1987 and 2007 we are immediately drawn to the huge technical advances that have been made in those 20 years, but the challenges on the ground are not so different. We have recently been surrounded by serious animal health issues and the jittery financial and property markets. Compare this to October 1987, when we suffered the great storm and Black Monday in the City. **Has technology had anything positive to contribute over the same period?**

In the mid '80s ADAS stated in their useful guide to *Computing in the Farm Office*; "Financial accounting could certainly be carried out by a computer on farm but such a procedure is very unlikely to be justified economically and only on perhaps 10-15% of commercial farms". Thankfully for us, and for our clients, they were wrong. No-one can question that technology has played a very real part in the development and diversification on a wide range of farms and estates. Inside this issue there are some interesting examples. Ten years ago, when we launched KEY

Accounts, the emphasis for recording was still based on gross margin analysis, often with overheads being viewed as 'unavoidable costs'. Today, there is a much greater need for access to, and analysis of, net costings. This demand has been fuelled by the reining in, wherever possible, of overheads and by falling commodity prices. Clients want production costs per tonne or litre, rents per square metre etc. and drilling down to the "nth" degree is the basis of management. Return on capital (ROC) is still where our property owning client base looks to get a business reading.

Farmland and other asset classes – annualised total return, % pa



For the owner/ occupier ROC plus the increasing value of farmland provides an interesting comparison against the equity markets (see graph).

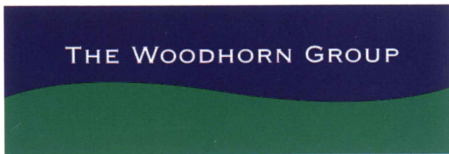
Will technology continue to keep pace with the demands of Landmark and its customers over the next 10 years? We will see better communication systems benefiting all businesses. Nationally, broadband communication and

increasing delivery speeds will become not just the norm but a complete necessity. At an individual level communication between systems locally, different offices and remote sites via improved networking will increase efficiency and integration. The physical size of the computer will dramatically decrease and together with increasing processor speeds and capacity the integrated phone, computer wristwatch etc., are not that far away.

However, new technology encourages some needless development – where are the tangible business benefits of Microsoft Vista over XP, for instance? Companies such as ours have to be clear to utilise technological improvements only to provide justifiable user benefits. The temptation is to introduce increasingly complex software with yet more 'bells and whistles'. Let us remember that however good technology becomes, human interaction and a level of understanding of the principles is important. Imagine the consequence of posting a purchase invoice mistakenly as a credit without any underlying knowledge of book-

keeping? In the same way as, without a basic knowledge of geography, if you type Newcastle into the GPS system you could arrive in Tyne & Wear, Staffordshire, Wales or Shropshire! Our job is to assist you with your recording and decision making whatever the challenges – physical, financial or technological. We look forward to the next 20 years.

In this issue we are looking at two farms where the previous generation pioneered the change from manual to electronic accounting over 20 years ago.



The Church Commissioners have been letting land to the Pitts family since 1882. John took over Woodhorn Farm from his father Roger in 1989: "He trusted me enough to move off the farm and to encourage us all to embrace new ideas, which included technology." "My memories of the original computing system are intrinsically linked to the horrendous noise of the printer as it churned out reams of paper. The machines were cumbersome and the software was complicated. Prior to that the accounts were run bureau-style by Laurence Gould, appointed by my father, and along with the obligatory mass of paper there was also a time lag. Now their role is primarily one of consultancy. "The difference is that we manage all of our accounting and recording ourselves but their independent view is beneficial in preparing budgets and reviewing actual performance – it helps reduce complacency," admits John. He was an early adopter of organic dairying with his predominantly Holstein Friesian herd and 1,500 acres support the 350 cows and followers. Other enterprises include arable crops, commercial property letting, storage and recycling.



Earth Cycle products are now an established range.



Karen Cutting using KEY Accounts.

The recycling has grown into a mainstream enterprise in the last two years, processing 25,000 tonnes of green and wood waste annually from Household Waste Recycling Centres, horticulture, landscape gardeners and industry in general. In 2000 John successfully launched a range of soil conditioners and compost products under the Earth Cycle brand. Customers include farmers, gardeners and sports grounds.



Has the use of technology helped John to run this diverse and expanding business?

"Yes, what you need is a good secretary and a good accounts package, I have both. I believe in delegation. I don't ask Karen to drive a tractor and I don't know my way around the software but I know what information I want and how I want to use it. My father was also a delegator.

"He was a 'business man farmer' who did not believe that you could run a successful business from the bottom of some field, remember he pre-dated mobiles! He was managing the business with help on one day a week in the office from his secretary Elizabeth Roe who was the National Farm Secretary of the Year in her time." Karen Cutting is John's PA; she runs two sets of business accounts on Landmark's KEY Accounts alongside an Earnie Payroll program. It was her

enthusiasm for KEY that led to the change from HNL in 2000. "Karen comes into the office two days a week – it shows the workload taken on by a computer that we don't employ more office hours with a much larger and more diverse business. The administration roles themselves are similar but the biggest single change is in the massive amount of paperwork linked to legislation. Computers have enabled us to deal with this growth in red tape, without spending even more time in the office," explains John.

The focus for management is monthly and quarterly cashflow and credit control; any anomalies are picked up by Karen. She enjoys the easy tracing of data, finding a particular cost or supplier is a great deal easier than in the past, due to multi-year reporting. The Woodhorn accountant is Graham Latham, an ex-Grant Thornton man who receives the accounts by email at half yearly intervals. John compares this to the hugely complex paper records of the past: "It is the exact opposite. Now we can check the figures half yearly and make any decisions pre-year end. The key to containing accountancy costs is providing Graham with the correct information in the correct format. KEY Accounts enables us to do that." And what of the future? New to the system is a direct invoicing facility from Landmark to link the compost site to the office. John insists that all new technology should provide portability of data and remote access to suit the increase in multi-site operations.



The view to Tangmere Church.

Flawborough Farms

FLAWBOROUGH FARMS is just south of Newark on Trent and is run as a partnership by John, Emma and Thomas Hawthorne. John took over from his father, Guy, in 1991, having

returned home from university in the mid '80s to work on the farm with the promise of increasing pig yields. He fulfilled that promise and has increased the size of the farming operation to include a 1,000 acre home farm, a further 4,000 acres of multiple-contract farming operations and Emma's new enterprise, Flawborough Equine. This offers recuperation, livery and spa facilities for about 25 horses. "My father was a founder member of Severn Trent Water and on the National Executive for Flood Defence, so running the 500 acre farm with a 300 sow pig breeding and fattening unit was not his only priority," says John. Guy Hawthorne was a great statistics man and John remembers him 'always in the office'. He spent long hours number crunching and through the decades of manual, bureau and on-site computer recording he had one day a week secretarial help.

The move to a bureau for pig management recording and cash analysis in the '70s created frustration because of time-lag and huge amounts of paper; to compensate for the inefficiency he ran his own parallel exercise at home. He was a natural user for the then new HNL Pig Management Program and purchased it along with a very early computer called the 'Super Brain'. Guy describes this early hardware as: "a marvellous steam driven contraption in a peculiar oval shaped box which very slowly produced great big sheets of paper!"

Pig management was an obvious starting point for Flawborough to move into electronic recording, as John says: "Anything with weekly repetitive figures is perfect." Guy enjoyed very personal support from HNL and although the program was only recording the sow statistics he was doing his own spreadsheet for the outcome of the progeny. Accounts soon followed and Guy purchased a second computer in 1981 which, with John's arrival on the farm, enabled him to ease back on his punishing workload.

John had inherited a fascination with the statistical side of farming and he began producing all the pig reports, where possible using the DOS written HNL accounts program. He bought the Farmplan accounts program when HNL was unable to upgrade him to a Windows system and in 2001 he was attracted to the functionality of the new KEY products. He uses the top of the range KEY Advanced accounts program for the Flawborough enterprises and his father-in-law's farm accounts, with full stock control, sales invoicer, electronic banking and cheque writing.

Has the use of technology helped John to run this diverse and expanding business?

"Yes, but you must know what you want from a computer." Lesley Noon, the farm secretary, is employed three days per week to do all the inputting and reporting for the farming, contracting and equine enterprises, in addition to the advertising and customer records. "A farm secretary's job is harder work now as there is more to do," admits John.



He does not want standard reporting or indeed standard service from accountants. "I only enter once," he says. "There is no point in setting up a spreadsheet before the software can produce a report. If it cannot do it then I don't bother!" He does miss doing the inputting himself as looking on a monthly basis makes it less easy to spot trends and changes. The use of technology has changed in the 20 years since John came into farming; on the plus side the cost has reduced: **"The first computer cost us £5,600 plus another £900 for the fax,"** he recalls. **"There is definitely less paper and the reporting is better and, importantly for anyone learning the system, the data entry is easier, by that I mean more forgiving and open. If you made a mistake in the past you had to live with it – now you can undo."** He remarks on the increase in bureaucracy but finds that form filling is made for electronic technology.

John is firm in his approach to accounting services. He insists on providing the accounts in KEY and in a way that he can use to budget, monitor and forecast. "It is important that your accountant accepts and produces figures back to you in a way that you want them. Technology has helped to cut accountancy bills over the years with Deloitte (formerly Spicer & Peglar) and now with Duncan & Toplis, but he would like to reduce the reliance on paper still further.

The contracting side is also simplified when the farms or the agent, in this case Browns, use the same software. "This makes life easier as reports are familiar when I look at them," he comments.

On the negative side, John would say that the computer does not create him more time out of the office. "We have it all at our fingertips, so it is easy to do things for the sake of it, but I am not sure that we are any the wiser," he says, laughing! And what of the future? John relishes the thought of electronic invoices from his suppliers to relegate the buff envelope and reduce the physical handling of paper and entering of data.

OUT ON THE TOWN

As part of the '20' year celebrations LM staff, their partners and past employees left the countryside on 12 July and headed for London. The first stop was a circular sightseeing cruise on the Thames. There were many 'landmarks' pointed



out and it was surprising how many bits of history were revealed along the way – we now know where Jim Harrison went to school! Back on dry land we were kindly hosted by Stephen O'Brien MP for a fascinating tour of the House of Commons and a formal English Tea in the Strangers Dining Room. The Palace of Westminster was a unique

and wonderful backdrop for some "thank you" speeches, singing and much laughter at some of the memories which make up the fabric of Landmark. We topped off the day by crossing to the South Bank for some heated political discussions fuelled by an evening of cocktails, tapas and a Latin American style supper.

Landmark has a new accounting consultant. Mark Thatcher joined us in April to bring additional skills to our training and support team, having been a Director of a local accounting practice for the past four years. His skills add an extra dimension to our services, where we strive to encourage the best use of our software on-site, and to maximise the efficiency of transferring relevant data to the accountant. Here, we asked Mark for his views on our market sector...



their businesses must be second to none. The energy and commitment shown to take on board alien accounting ideas and processes, as well as running an extremely demanding business with unsocial hours, is very refreshing to see. Some use the services of a farm secretary for day to day inputting, but still drive forward the reporting demands and make informed business decisions based upon those reports.

Why am I surprised?

After seeing the agricultural technology in day-to-day use, and the data transfers between packages coupled with the demands for more advanced functionality, I quickly realised that rural business based clients were far more computer literate than the myriad of clients I had previously served as an accountant. I have spent my fair share of fee-earning time forced to dig through scrappy records to support a bland computer system entry, instead of working on the tax efficiency of a business. It is wonderful to find Landmark clients taking on the wisdom of a pre-year end visit, bringing their records as close to the year end accounts as possible before their accountants even see a transaction!

Just accounts figures?

Part of my accountancy training was to look at matters that do not appear on a profit & loss account or a balance sheet. How can that help a business? A year end account is historic data which satisfies compliance matters but, in my

SEMINAR ADVANCE NOTICE

Fine tuning IT for the Farm & Estate

Are you using technology to benefit your business, to assist your advisors and to keep up to date with modern regulations? If this is a subject area that interests you one of our planned seminars for February will be of interest.

Over the past few years there have been huge advances in the development of software using the later versions of Windows, together with integration between standard office software and specialist software. Likewise the availability of improved technology has increased the flexibility of software and encouraged more user friendly applications. With the changes in business structure and the development of farm and estate diversifications have you reviewed the tools available in the modern world?

Have you noticed that the type and format of information required by professional advisors has altered in recent years, and vat legislation is being more strictly enforced?

By drawing together speakers from organisations that can inform you first hand of the changes, including customs & excise, leading accountants and consultants, we aim to provide a lively forum to discuss new trends, technology and regulation requirements. The free of charge seminars are planned to run between February 5th and 14th 2008 at a range of locations across the UK to include Lincolnshire, Yorkshire, Shropshire/ Staffordshire, Cambridge, Hampshire and Oxfordshire. The events will run from mid-afternoon and finish early evening with discussion over drinks and canapés. For further information call Helena Hanson on 01798 877100 or email febseminars@landmarksystems.co.uk

view, has a limited role in the management of a business. Key Performance Indicators (KPIs), however, are activities that are recordable, occur at the very beginning of the business activity and, by control, can lead to an increase in business activity. I am very keen on discussing and developing these concepts with any clients that would be interested.

The burning question

Leaping out of the accountancy world and into Landmark was a combination of many factors. The hardest task was to say farewell to my clients. For me business is about building relationships, and I had a great many clients for whom I had worked with over a 15 year period, and many I talked to on at least a weekly basis.

"Can I replicate this service to clients in my new role within Landmark?" is the question that I am able to answer with a very positive YES!