

ESUS Agri Ltd Case Study – Taking a 17,000ha Cereal and Oilseed Farm Romania from Crisis to Success

Irrigating Maize



In –field meeting



Harvesting



We advised a family office in the acquisition of a 17,000 ha cereals and oilseed farm in Romania. The farm was not generating enough cash to cover expenses, operations were a mess, and getting worse, but we could see the potential for a substantial upside. ESUS Agri MD, James Siggs, was called in. He implemented the ESUS Agri turnaround process over two years. Working with limited cash the company was turned around, production increased by 45% adding over € 5,5 million to the bottom line. ESUS Agri then exited leaving a renovated and motivated management team focused on delivering results.

Our recommendation to buy the farm (which had 2,000 ha under centre pivot irrigation) was made, not because the farm was in first class order, but because we could see the potential for a rapid improvement in yields and thus earnings without throwing huge amounts of cash at the problems.

Whilst the farm was making a small profit, it was not generating enough cash to service debts, finance the replacement of worn out equipment, or provide adequate working capital. This was impacting on operations so that tasks, such as seeding, could not be done in the optimum period because materials were not available; this in turn led to demoralisation of the managers who were being blamed for the company's lack lustre performance and thus a downward spiral had been created and reinforced.

In farming, the difference between success and failure is 15 days. When James arrived on 14 September 2014 the cropping programme for 2014/5 had not been finalised, seed not ordered, the two key tractors had been out of service for six weeks. Seeding needed to start on September 21.

James immediately started implementing the ESUS Agri turnaround process:

1. Identify the low hanging fruit and target these;
2. Identify the people blocking improvement and remove if possible;
3. Identify the internal winners and work with them;
4. Introduce focused management processes and systems;
5. Communicate, communicate, communicate;
6. Follow up, follow up, follow up;
7. Exit leaving a renovated and motivated management team focused on delivering results.

The 2015 harvest broke company records. 2016 broke all the records again, wheat averaged 6.6 tonnes/ha and oilseed rape 3.2 tonnes/ha, adding over € 5.5 million to the bottom line. The company now has a young team of managers, motivated and committed to delivering results.