

In this month's Dispatch, we ask how other industries' consolidation experiences may cast light on production agriculture. We focus especially on the way that consolidation is streamlining, and sometimes disturbing, the craft beer, banking and church/religion 'businesses.' Alleah looks at the recent explosion of craft beer technology and production; Lance deals with the dramatic decline in community banks over the last three decades. Finally, Bill looks at the church's difficult experience with consolidation. As always, let us know your thoughts. We appreciate your support and insight!

Consolidation: Learning from the Craft Beer Market

By [Alleah Heise](#)

The craft beer industry has seen substantial consolidation in the last five years, even as start-ups continue to emerge. While just three large companies occupy 70% of the market share, the "support local" movement and our growing appetite for beer create favorable conditions for the start-up and sale of smaller craft beer businesses.

When examining whether consolidation is a viable option, microbreweries face similar issues as agriculture. Access to financial resources and expertise, a direct link to the consumer, and an interesting, well-told story all breed brand loyalty and a case for ongoing growth. What, then, are some trends that we can take from the craft beer industry and apply to agriculture?

Have a strategy. Many local breweries eventually reach a point where they must determine their strategy. Do they want to continue to focus on their local community or do they want to develop processes and procedures that support brewing beer for a much larger regional or even national audience? Does selling a partial interest create a revenue stream that promotes the ability to scale the business?

Speed is key. If there is an opportunity to consolidate – either in buying or selling – do not wait. Arriving last at the party rarely is a good thing, especially when beer is involved! All that is left is clean up. The same is true in pursuing microbrewery consolidation. Those that were first to sell were able to create their own terms and proactively set the market.

Create alliances. An emerging trend has regional breweries joining forces to gain market share. Creating new holding companies where small brewers can share the cost of operations, marketing, and other expenses allows them to be more competitive in affordably getting their product to consumers while maintaining their individual identities.

As agriculture continues along the consolidation curve, we can draw many insights from the craft beer industry. Seeing their strategies and decisions is likely to get our own creativity brewing.

Consolidation: Lessons from Banking

By [Lance Woodbury](#)

The number of community banks in the US has decreased from 14,000 to about 5,000 since 1985, and some say the number will likely end up between 2,000 and 3,000 in a few more years. Consolidation has been driven by the need to meet regulatory requirements, implement better technology, offer more products and services, or meet the succession needs of the owners.



Agriculture has seen its share of consolidation in the hog and poultry sectors, the cattle feeding and meatpacking sectors, and the dairy sector has been particularly affected in recent years. As we look at cattle producers and row crop farmers and the coming consolidation, what are some of the lessons we might take from the banking industry?

1. **Get your financial and production information in good shape.** Whether acquiring or being acquired, being on top of your numbers can help you move quickly. How much growth can you handle without creating too much risk? If you are selling your business, having your numbers easily accessible helps you know when it's time to sell, and can offer you flexibility in approaching or negotiating with multiple buyers over a longer time period.
2. **Understand your strengths and weaknesses.** Whether it is your location, your staff, the contiguity of your land, the quality of your soils, or the number of landowners, spend some time articulating what you bring to the table. If you are a seller, it helps position the business for value. If you are a buyer, you become clearer about how the purchase will accelerate your performance or diversify your business.
3. **Be early rather than late.** If you remember 2008, there were several forced acquisitions among banks. Forced transactions reduce the time for analysis and remove the control, flexibility, and arguably some of the value from the seller. A voluntary approach by both parties makes for a smoother transition.

Every industry goes through consolidation at some level, and agriculture, with its current low prices and high average farmer age, will see more of it. Use lessons from other industries to be ready for what we know we will experience.

Faith and Family Business

Consolidation: The Experience of Religious Congregations

By [Dr. Bill Long](#)

One usually doesn't think of the church as providing many lessons to production agriculture. But if we put our ear to the ground and realize some stark realities about American churches, we see that challenges they face, often unsuccessfully, in transmitting faith and a lively sense of community to the next generation are mirrored in the farm experience.

Two stories from my personal knowledge illustrate the pressures on churches today. My niece is marrying a Methodist minister later this year. He serves not one, but four congregations. The largest of these has twenty-five worship attendees while the smallest has six. They are all within a thirty-minute drive of each other. Might consolidation make sense? Yes. Do they want to consolidate? No way! The comforts of memory, combined with the difficulty of imagining an alternative scenario, lead many congregations to prefer death to life.

Then, on the other hand, in my community are a number of new church "start-ups." They all seem to be called things like "Abundant Life" Church or "Relevant" Church or something similar. Stocked with young people who sing choruses unknown to those in the smaller congregations, these newer churches *seem* to be thriving. But one wonders if these have sprung up more out of weakness than strength, and whether they will soon face the issues of the four-point Methodist circuit.

The church in our day is, in many instances, not passing down its legacy successfully to the next generation. Issues of community style, of memories attached to a place, of unwillingness to let go of power, of impatience with the pace of change—all of these are perhaps mirrored in the struggle of farm families as they pass down their legacy, and property, to the next generation. If there is one lesson the church teaches, it is that it is very difficult, but almost always worth it, to pass down the "faith." Would the farming community say "Amen!" to that?

