Food and AgriBusiness 2019

100% increase in concern about Brexit.

81% of Irish food and agribusiness SMEs do not have a clear succession plan in place.

74% of businesses are taking initiatives to reduce their impact on climate change.
We asked respondents how they feel about online selling, emerging technologies and how social media is impacting their business.

With the clouds of Brexit getting darker, we look at what food and agribusinesses are doing in preparation for this and provide a checklist guide to help with preparations.

We identified some of the key trends that are developing in the food sector and meet with an industry leader to get some top tips for Irish food businesses.

Sometimes the hardest conversations are the most important ones to have. We asked respondents if they are planning and implementing effective succession planning.

Do Irish food and agribusinesses see value in R&D investments? We asked respondents if they are investing in the short term for longer term growth opportunities.

After their hard work, we asked respondents if they are taking the necessary steps to ensure their own personal financial futures.
Foreword

Welcome to our Food and AgriBusiness Report 2019. This report is the result of many hours of detailed planning, research, analysis and thoughtful discussion by our expert teams. It is based on the insights provided by 200 owner-managers of food and agribusinesses from across Ireland.

The findings are clear, costs are rising, high-quality labour is in short supply, optimism is falling, climate change is firmly on the business agenda and Brexit now looms large on the horizon. JW Marriot said “good timber does not grow with ease, the stronger the wind, the stronger the trees”, now is a time to be agile, adaptable, brave and pragmatic in business.

Our Report confirms that succession remains a significant challenge for owner-managers in the sector. Less than one in five food and agribusinesses surveyed have a clear succession plan in place. Our ifac Irish Farm Report released earlier this year confirmed 86% of farmers do not have a clear succession plan in place; an interesting correlation that suggests business owners are not planning for their long term future. Successful intergenerational wealth accumulation and preservation remains an unplanned aspiration for the majority of business owners.

There are many reasons for this failure to plan for a future event which all business owners who build and retain viable businesses will eventually face. In ifac we will be intensifying our efforts to ensure our clients understand the many benefits of succession planning, and when the time is right, start their journey towards a sound business transition.

Entrepreneurs seek out unmet market needs, create profitable products or services which meet those needs and then work with ferocious intensity to gain market share and financial return for their ingenuity.

The businesses surveyed in this Report are substantial employers, creating jobs and delivering investment throughout the island of Ireland. We believe entrepreneurs in this sector need more support; to grow, to drive innovation, and to create strong durable, and successful businesses.

Unleashing the power and potential of food and agribusinesses that have the talent, attitude, and aptitude to drive the economy forward, and improve the lives and opportunity afforded to people who want to live and work in their local communities, is fundamental to Ireland’s future.

Our Report contains excellent advice for entrepreneurs regardless of their position on the path to building the next generation of admired businesses. Some key takeaways include; optimise your tax structure, seek out State supports, take a blended approach to finance, invest in your financial future, and don’t be afraid to work hard and smart, in pursuit of your business goals.

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ifac is forty-four years in business, it is a co-operative owned professional services firm operating from more than thirty locations across Ireland, with more than 400 people serving 19,000 clients; we are Ireland’s 9th largest Practice by turnover and largest by client number. We have been at the very heart of agriculture and food since 1975. We are here to serve you, meet your needs and exceed your expectations. Striving at all times to support you on your journey.

Thank you to the ifac and Amárach Research teams who worked on this Report, and most importantly to the participants who took time out from their busy schedules, to give their thoughts and reflections on the food and agribusiness sector in 2019. We look forward to your feedback on our Report and we thank you for your continued support.
Time of turbulence

From Brexit to climate change, trade deals and changing consumer behaviour, Irish food and agribusiness owners have much to contend with. Outside of dairying, many customers of agribusinesses who trade predominantly in Ireland are under pressure.

There is a 100% increase in businesses concerned about the impacts of Brexit, rising from 21% to 42%. While this remains surprisingly low, it reflects a range of Government surveys about the preparedness of this sector for Brexit and is corroborated by the relatively low number of businesses who now have an EORI number (circa. 51%). Increased costs, the potential of a hard border and loss of sales in the UK are all causing concern but there is still lingering hope among business leaders that a deal will be done at the last minute.

However, it’s not all negative with 25% of companies looking to employ more staff and 75% expecting to retain the same number. Despite an overall decline in confidence, 59% of companies are still optimistic about the future. In addition, those businesses who sought bank finance tended to be more successful than last year.
It is also clear that food and agribusinesses are taking their social responsibility seriously with 74% of businesses taking action on climate change. The main actions being taken centre on waste management and sustainable packaging.

The move to sustainable packaging is being driven by consumer demand for more environmentally friendly options and a reduction in the use of plastic. Sustainable packaging along with veganism and food provenance are the major trends impacting on food producers. It’s also noteworthy that private label is growing in importance as a route to market. Food producers need to be acutely aware of this.

Despite a range of supports being available to engage in R&D, many indigenous companies are not investing in this area. This is a missed opportunity as R&D and the associated Intellectual Property can enable companies to compete very successfully abroad.

Our Report includes a two page spread (pages 14-15) which sets out a range of tax measures, funding options and State supports available to companies in the sector. These supports are relevant for many businesses and at most stages of a company’s lifecycle. We urge you to investigate which ones could apply to your business. In the past year, just 25% of companies who participated in our research said they had availed of some level of State support.

Technology continues to play a greater role in business. Some of the technologies that are widely discussed including making better use of data analytics, sensors and robotics still have a low level of take-up. Social media continues to grow as a communication medium with Facebook dominating and Instagram making strides in perceived effectiveness.

When it comes to personal finance, only 49% of respondents have a pension plan in place. Given the effort that goes into running a business, pension planning and a secure financial future should be top of the agenda for all business owners.

It is also noteworthy that only 19% of companies have a clear succession plan in place. Documenting a clearly thought-out succession plan is a piece of work the other 81% of respondents should try and address over the coming 12 months. If you are among the 81% that has yet to begin this then now is a good time to start.

Finally, we admire and respect the entrepreneurs who create and build their own business. These businesses make a significant contribution to the Irish economy and their local community. We wish you every success over the coming 12 months and are here to support you on your journey.

I’d like to thank my own colleagues in ifac for their time and insights for this Report. Many thanks also to all the contributors who shared their thoughts with us.

KEEP IN TOUCH

We would be delighted to hear about your experiences the trends that are impacting on your business and how ifac can support you as you grow and prosper. Our team of sectoral specialists along with our tax, accounting, financial planning, business support and audit teams work with SME businesses as a trusted partner. We understand your sector and will engage with you in an ongoing and meaningful way. So keep in touch or email davidleydon@ifac.ie to be included on our mailing list.
Research Methodology

ifac commissioned Amárach Research to carry out an independent study of SMEs in the Agriculture and Food sector in Ireland. A benchmarking study was completed in 2018. This report builds on that earlier work.

Research Methodology
The final sample size was 200, giving an estimated margin of error of +/- 6.89% with a 95% confidence interval. The survey was conducted via telephone by Amárach’s in-house CATI service between July 3rd and 24th 2019. Enterprises were categorised by size — Micro (1–9 employees), Small (10-49 employees) and Medium (50—249 employees) with most of the sample being in the Micro and Small enterprise category. According to the CSO, across SMEs the number of active enterprises involved in Agricultural and Food exports in 2016 was broken down as follows; Micro (339), Small (155), and Medium (95)¹. Looking at the business demography of the food product industry (including beverages and tobacco) the breakdown of active enterprises is as follows: Micro (1,572), Small (306) and Medium (137)².

There was a good spread of SMEs from across the country, the geographic breakdown was: Dublin (10%), Rest of Leinster (25%), Munster (40%) and Connaught/ Ulster (25%). All respondents were either owners, managers or individuals at C-Suite level.

A sample size of 200 allows for a confident interpretation of the findings both at overall level and when looking at Micro, Small and Medium enterprises in isolation.

². www.cso.ie/px/pxeirestat/Statire/SelectVarVal/Define.asp?maintable=BRA11&PLanguage=0

Amárach Research are Irish Market Research and Data specialists, who carry out social, behavioural and policy related research. Established since 1989, we specialise in providing high-quality full service and societal research, consulting and analysis.

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Amárach holds the international quality standard for market, opinion and social research ISO 20252. We strictly adhere to all guidelines set out in the ISO 9001 and ISO 20252 protocols.
Demographic Breakdown

**SCALE**
- Micro: 43%
- Small: 40%
- Medium: 17%

**LOCATIONS**
- Dublin: 10%
- Connaught/Ulster: 25%
- Rest of Leinster: 25%
- Munster: 40%

**SECTOR**
- Food: 59%
- Agri: 41%

**TURNOVER**
- €1-3m: 15%
- €4-5m: 6%
- €6-10m: 7%
- €11-20m: 13%
- >€1m: 45%
- €20m+: 14%

**YEARS ESTD.**
- 1 to 5: 17%
- 6 to 10: 11%
- 11 to 20: 12%
- 21 to 30: 10%
- 31 to 40: 19%
- 41+: 31%

**FAMILY RUN?**
- Yes: 57%
- No: 43%
Key Takeaways

**Optimism**
Optimism levels are down 20% year-on-year to 59%, reflecting ongoing cost and employment pressures as well as Brexit uncertainty.

**Recruitment**
1 in 4 companies plan to recruit in the next 12 months with 59% of all employers saying it is somewhat or very difficult to find the right people to run the business.

**Digital**
66% of companies have no plans to sell online as online selling does not currently feel like a genuine route to market for many food and agribusinesses.
64% see Social Media as important or very important with Facebook remaining the most dominant platform.

**R&D**
48% of companies do not invest in R&D. On average, only 3% of turnover is invested in R&D.
13% of SMEs in the sector have patent protection.

**Trends**
Sustainable packaging, veganism and local provenance are key emerging trends for food businesses in Ireland.
48% of companies saw an increase in turnover.

100% increase in concern about Brexit
(42% expressing concern in our latest research compared to 21% in 2018).

62% have seen costs rise
81% report that margins are the same or falling.

1 in 4 companies (26%) now use State grants to help grow their business.

74% of food and agribusinesses are taking initiatives to reduce their impact on climate change
Managing waste and by-products is the most common action.

81% of companies do not have a clear succession plan in place.

Not for sale
55% of companies would not consider selling their business in the next five years.
Business performance, outlook and funding

Levels of optimism among business owners in the food and agribusiness sector have fallen when compared to how businesses were feeling this time last year. The dip in optimism is most acute outside of Dublin, with companies in the Connacht/Ulster region experiencing the sharpest decline.

When compared to 2018, fewer companies achieved an increase in turnover while more experienced increased costs and declining margins.

On a more positive note, 83% of businesses who looked for bank funding were successful, up from 78% in 2018. Encouragingly, the majority of businesses who participated in this year’s research are starting to take action to mitigate their impact on climate change with managing waste and by-products the most common action (51% of businesses).

BUSINESS OUTLOOK

Since the 2018 Food and AgriBusiness Report, there has been a 20% decrease in the number of companies optimistic about the coming 12 months.

While 59% of companies remain optimistic, agribusinesses and those based outside Dublin are driving this decline in optimism.

We are optimistic about the long term future for the sector. However, we are very concerned about the significant short term challenges both we and our customers are facing. Beef and grain prices are under significant pressure while Brexit is a cloud hanging over the entire sector. There appears to be a growing recognition that farmers need to be compensated fairly for the work they put in, something that wasn’t always acknowledged. Through this difficult period we will continue to work closely with our customers and get through this period of uncertainty and challenge.

John Grennan, Managing Director, J Grennan and Sons.

Agribusinesses and companies based outside Dublin show the greatest decline in optimism.
48% of companies have experienced an increase in turnover, marginally down from 2018. However, the number of companies who experienced a decrease in turnover shifted from 12% to 19%.

1 in 5 companies experienced a decrease in turnover last year.

62% of companies report that costs are still increasing, with an average cost increase of up to 5% affecting 51% of these companies. 33% of businesses experienced an increase in costs of between 5% and 10%. Key drivers of rising costs for companies include a competitive marketplace for staff leading to increased employment costs as we approach full employment and an increase in raw materials and other input costs.

Margin is one of the most important metrics in business. Companies were more likely to report that net margins have decreased. The average margin decrease was 7% in 2018 and 6% in 2019. For those companies who increased margin in the past 12 months, the average percentage increase was 6%.
Compared to last year, the number of businesses who tried to access bank finance is down by **30%**.

However, there was a higher rate of success for those who did apply with 83% successful in the past year. Outside of bank finance, the majority of food and agribusinesses (67%) use company profits as their main method to finance growth within their business.

The uncertainty for business which began on the day of the Brexit vote, the 23rd of June 2016, continues to have a major knock on effect on core business activities. It is important that food and agribusiness SMEs focus on key financial areas, such as protecting their cash flow and insulating balance sheets, as part of their Brexit Strategy. In terms of securing finance, there are two Government loan schemes available to support businesses with their financial needs, the Brexit Loan Scheme and the Future Growth Loan Scheme. The €300m Brexit Loan Scheme is primarily a short-term (1-3 years) cashflow support scheme to address the challenges imposed by Brexit. Uptake of this scheme has been relatively low to date (c.10% of €300m available drawn down) as businesses have been slow to invest until Brexit materialises. The €300m Future Growth Loan Scheme is a longer-term loan scheme (8-10 Year term) which offers a competitive interest rate and potential to borrow unsecured funds of up to €500,000. This Scheme provides for long term finance for strategic investment in a post Brexit environment.

**Noreen Lacey**, Head of Business Development, ifac.
STATE SUPPORTS

26% of food and agribusiness SMEs surveyed have availed of State support, with the majority (68%) receiving under €50,000.

These supports range from Innovation Vouchers and grants for feasibility studies up to Competitive Start funding or Priming Grants. A limited number of companies received over €200,000 through incentives such as the High Potential Start Up grant and various Capital Investment Initiative grants. Please see page 14 for a full breakdown of the State supports available to food and agribusinesses and how they can help you succeed at different stages of growth.

Funding from our Local Enterprise Office (LEO) in Kildare has been exceptionally helpful to us in growing the business. We availed of a number of business development grants, export assistance, website grants, Lean program, mentoring and a management development grant, which allowed us to accelerate the growth of our business. We are now working with Enterprise Ireland (EI) on international market development and availing of their assistance and market contacts. Using this help from EI we can further grow our business and expand internationally.

Padraig Hennessy, CEO, Terra NutriTECH.

FACTORS AFFECTING OUTLOOK: CLIMATE CHANGE

Another factor affecting business outlook is climate change. Over half (51%) of those surveyed view managing waste and by-products as a key action to help them deal with this challenge.

Other steps businesses are taking towards carbon neutrality include:
- Purchasing sustainable packaging (43%)
- Choosing environmentally conscious suppliers (31%)
- Investing in energy saving initiatives (28%)

Solar and renewable energy options are experiencing some uptake with 21% of businesses viewing these green energy options as an opportunity to help reduce their carbon footprint.

Our Report indicates that a significant number of businesses are moving in the right direction in terms of dealing with climate change. Programmes such as Origin Green, Ireland’s food and drink sustainability programme by Bord Bia, and Enterprise Ireland’s GreenStart give businesses additional support and parameters to help measure, control and reduce the impact their operations have on the planet and outline some of the necessary steps to help secure a sustainable future for the sector.

74% of Irish food and agribusinesses are taking action on climate change.

Some of the actions taken by food and agribusinesses to offset environmental impact:

43% purchasing sustainable packaging
31% choosing environmentally conscious suppliers
28% are investing in energy saving initiatives such as solar
Farming in Ireland is vital to the rural economy; in 2017 Irish exports were 13.6bn from the agri-food sector and provide 7.9% of national employment. The majority of the raw materials for the agri-food sector are sourced from Irish suppliers – 71%. This is why a financially and environmentally sustainable farming sector is vital to Ireland and in particular rural Ireland. Our Irish Farm Report showed that there are challenging times ahead, but if we have learned anything in our 40 year history of providing advice and guidance to farmers and their families, it’s that they are a resilient and determined group who work hard to adapt to and overcome every challenge they face.

Philip O’Connor, Head of Farm Support, ifac.
MAKE THE MOST OF STATE SUPPORTS
Despite an increase in the percentage of companies availing of grants from EI and/or LEO, there is still a reluctance to engage with what can at times seem like a time-intensive, difficult process. However, it is clear to us in IFAC that once a company fits what the various funds are looking to support the process is manageable and can be an excellent way to help scale and grow through advice and funding. We help many of our clients through the maze of grants and supports which are available. See page 14 for an overview of supports available depending on your stage of growth.

BANK FINANCE
There has been an increase in the success rate for those who applied for bank finance, up from 78% of businesses in 2018 to 83% this year. Working with a wide range of clients, we have seen the direct impact that detailed business planning and robust commercial forecasting can have in helping your bank to see the potential in your food or agribusinesses. This work is time-consuming but like State support applications, when done correctly, it can have a very positive impact on your business. It is important to realize that the process to procure finance is difficult and you need to clearly demonstrate the sustainability and accuracy of forecasted revenue as well as headroom in meeting repayments, not the available security.

ALTERNATIVE SOURCES OF FINANCE
While bank debt remains a key source of finance, there are alternatives also worth considering from peer-to-peer lending (e.g. Linked Finance), crowdfunding (e.g. Crowdcube, Fundit), the Credit Union for loans up to €250,000 and invoice discounting. As a business scales, options like private equity, venture capital and EIIS are also worth considering. For most alternative sources of funding, it is important to show some market traction (e.g. early customers), be able to tell a compelling story about your business and management team as well as setting out a clear vision of where you want to take your business that potential investors can buy into.

SOUND FINANCIAL MANAGEMENT
Good financial management is the bedrock for any growing business. Management accounts prepared on a monthly basis, where annual budget and cashflow forecasts are reviewed, can help guide the business and ensure that any potential issues are identified early. To support active cashflow management, tracking debtor days and setting targets for debtor days is vital. Implementing cost control measures across the business is important. Having clarity around rebate policy, margin management and quarterly sales targets all help increase sustainable revenue. Finally, review who is undertaking this role in your business, what else are they doing and are they asking the right questions.

MARKET OFFERING
To maintain and grow revenue business owners must constantly review their market offering. What’s happening in your sector? What trends will impact on your business? How is your customer changing? What opportunities are emerging? Keeping a relentless focus on the market offering is vital to long-term growth. Staying on top of market dynamics is a responsibility that can be shared within your business by encouraging your staff in a structured way at team meetings to actively share trends or new competitor activity that they see in the market.

ADDITIONAL SUPPORTS
Local Enterprise Office - Business Expansion Grant
Offered by the Local Enterprise Office the Business Expansion Grant is designed to assist businesses in the growth phase after the initial 18-month start-up period. The grant can support expenditure in a range of areas including consultancy costs, salary costs and capital items up to a level of 50%.

Lean Business Offer – Enterprise Ireland
Engaging with Lean Business principles can result in significantly increased performance and competitiveness if implemented correctly. Enterprise Ireland can assist with the implementation of Lean into your business with support at 3 levels, LeanStart, LeanPlus and LeanTransform. As your business becomes accustomed to the Lean principles you can begin the journey from LeanStart to the more advanced LeanTransform.
State agencies such as Enterprise Ireland, the Local Enterprise Office, Bord Bia, and others provide support from start-up phase right up to expansion. Initial endeavours can be supported through Feasibility Study Grants and Innovation Vouchers, and as you grow further assistance can be provided through the Agile Innovation Fund, Lean programmes and the Business Expansion Grant for example.

It can be difficult to identify which supports best suit your business needs and the best way in which to access them. We work with companies to help them navigate the various agencies and ultimately identify the supports that are most applicable to their business. Our advice is to review our supports guide, plot where you feel you are currently positioned, examine the options available to you, and list your top 5 below.

David Leydon
Head of Food & AgriBusiness, ifac

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<tr>
<th>Start-Up</th>
<th>Growth</th>
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<td>Start Up Relief For Entrepreneurs (SURE)</td>
<td>Knowledge Development Box (KDB)</td>
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<td>Key Employee Engagement Programme (KEEP)</td>
<td>R&amp;D Tax Credits</td>
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<td>Holding Company Relief (CGT Exemption)</td>
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<td>Specified Intangible Asset Allowance (SIA)</td>
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<td>Friends, Family and Personal Savings</td>
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<td>Venture Capital</td>
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Which supports will work for you?

1. [ ] Local Enterprise Office (LEO)
2. [ ] Enterprise Ireland (EI)
3. [ ] InterTradeIreland (ITI)
4. [ ] Bord Bia (BB)
5. [ ] Teagasc (TG)
6. [ ] Accelerators (ACC)

Indicative map of some of the most frequently used supports by Irish food and agribusinesses.
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**TAX**

- Entrepreneur Relief / Retirement Relief

**FUNDING**

**STATE SUPPORTS**
Exports and Brexit

Food and agribusiness SMEs continue to trade predominantly in the Republic of Ireland (ROI). There has been a drop in those who are selling to Great Britain (GB) and an increase in those selling to the EU. In our 2018 Report, finding the right distributor was the main challenge associated with selling outside the ROI while managing currency risk and volatility is now the main concern. As the latest Brexit deadline looms the number of companies who are worried about Brexit has doubled. Increased costs are still the primary concern, however there is also a rising concern associated with transport disruption, a hard border and a decrease in sales.

Exports

All businesses surveyed are trading in the ROI. 53% of businesses surveyed conduct some level of trade outside the ROI.

Of these, 29% trade with Northern Ireland (NI), 24% trade with the GB and 26% trade with the EU.

On average 82% of trade is within the ROI, with agribusinesses more focused on the ROI market (89%) when compared with food companies (76%). Scale for most businesses is difficult to achieve with an exclusively ROI market strategy so companies must look outward. Companies should avail of State supports where relevant. (See page 14).

Compared to last year, fewer businesses plan on increasing sales to NI and GB.

Those planning to increase sales to NI has reduced from 42% to 25%, a 40% reduction, with a reduction from 40% to 34% planning to increase sales to the UK (-19%).

Interestingly among companies who are not currently exporting, many still plan to begin exporting to NI (21%) and GB (16%) over the coming year. This reflects the ROI’s proximity to a population centre of 66 million people who speak the same language and with whom we have long commercial relationships. NI and GB are still the most accessible export destinations for Irish companies.
Brexit

Enterprise Ireland is focused on helping Irish companies excel at exporting. We have a range of supports available including our Market Discovery Fund and, for Brexit, our client companies can utilise the Enterprise Ireland Brexit Scorecard and avail of the Be Prepared Grant. This grant is designed for Enterprise Ireland clients who would benefit from further research and external expertise in examining their exposure to Brexit and exploring ways of addressing the potential issues Brexit may bear. The UK will always remain a pivotal market for Irish companies, with 34% of the goods exported in 2018. While it is difficult to plan for something that no one is certain of the outcome, Enterprise Ireland’s message to ‘Compete’, ‘Diversify’ and ‘Innovate’ is always prudent for all businesses in every sector.

Agtech

Agtech is a vibrant element of Enterprise Ireland’s regional focus. At this year’s National Ploughing Championships, we will showcase some of Ireland’s leading Agtech start-up companies at the Innovation Arena in association with the National Ploughing Association. Global Agtech was the third fastest growing sector in tech for start-ups in 2018 (Global Start-up Ecosystem Research 2019). Globally, agriculture is the least digitised sector, change is happening now, and level of technology and development in Irish agriculture is forging ahead at relentless pace.

James Maloney,
Senior Regional Development Executive, Enterprise Ireland.

Export Concerns

Currency risk and volatility has become the biggest challenge for selling outside of the ROI.

For those exporting to the UK market, Sterling has ranged from €1=85p in April to €1=93p at times in August. This is a significant challenge to the competitiveness of Irish companies selling into the UK and also gives UK companies an advantage when targeting the Irish market.

Managing currency risk and volatility 29%
Finding the right distributor 21%
Developing a value proposition that works in the territory 18%
Sales and Marketing 17%
Supply chain 15%
Brexit

100% increase in numbers concerned about Brexit.

As the 31 October 2019 Brexit deadline looms, businesses are becoming more concerned about the effects it may have on their business. There has been a 100% increase in concern about Brexit since we published our 2018 Report when the first Brexit deadline of March 2019 was still 7 months away. At the time we published our 2018 Report the sentiment from company CEOs and owners was that Brexit was unlikely to happen and a deal would be done. This has changed over the past year and the percentage of respondents concerned has moved from 21% to 42%. While this is still low, it must be taken in the context that many respondents are SMEs that trade and sell predominantly in the ROI market. There is still a sense of inertia among many businesses, as demonstrated by the number of businesses who have still to apply for an Economic Operators Registration and Identification (EORI) number:

While large companies and those with significant exports have engaged with Brexit (as evidenced by the Bord Bia Brexit Barometer) it is clear that many Micro, Small and Medium companies have yet to engage fully and deal with the potential implications of Brexit. This tallies with the recent Government report of 22nd August 2019, where agri-food businesses, particularly those in food production were noted as among the sectors with low levels of Brexit preparation.

Forward planning has definitely been key to our preparations for Brexit. The UK was a big percentage of our sales up until 2016. In mid-2016, we took the decision to look at markets away from the UK. We now no longer use the UK as a land bridge and all our shipping goes from Dublin directly to mainland Europe which definitely eases concerns with a no deal Brexit looking increasingly likely.

Donny Nolan, Director, ProDig Attachments.
IS YOUR SUPPLY CHAIN READY?
- Yes
- Some work done
- Work to do

Conduct a supply-chain audit and work out where you are vulnerable to transport delays, tariffs, or VAT at point of entry. Understand where your business depends on the UK, either for supplies, sales or as a land bridge for transport of goods to Europe. Engage with your transport and logistics provider. Coopetition and groupage is a cost effective method to deal with the logistical issues Brexit may bring and needs to be investigated as part of an alternative to the UK land bridge.

HAVE YOU LOOKED AT A RANGE OF SCENARIOS?
- Yes
- Some work done
- Work to do

Spend time with your financial controller or professional services partner modelling a range of financial scenarios – particularly the increased costs the business will incur from a hard Brexit (e.g. weakened sterling, transport costs, product development costs to lengthen shelf-life etc.). Additionally a difficult Brexit will curtail economic growth so your customers in both the B2B and B2C space will be under pressure – so plan accordingly.

WORKING CAPITAL IS CRITICAL – HAVE YOU ADEQUATE WORKING CAPITAL IN PLACE?
- Yes
- Some work done
- Work to do

Make sure you have adequate working capital in place so you can manage through a turbulent period and deal with increased costs associated with duties, import VAT and additional administrative burdens, along with currency volatility. Review the range of loans available from the Strategic Banking Corporation of Ireland (SBCI), in particular the Future Loan Growth scheme where unsecured loans up to 10 years are available.

HAVE YOU A CURRENCY STRATEGY IN PLACE?
- Yes
- Some work done
- Work to do

As sterling continues to fluctuate ensure your exposure to negative changes is minimised by hedging, and where possible, invoicing and receiving payment in euros. For price sensitive products sterling changes will impact on competitiveness.

DO YOU NEED A COMPANY STRUCTURE IN BOTH ROI AND UK?
- Yes and in place
- Yes but have to execute
- No

Review potential structural issues in terms of company set up, ensuring suitable entities in both ROI and NI / UK.

HAVE YOU GOT YOUR EORI NUMBER?
- Yes
- Some work done
- Work to do

Start work on obtaining Authorised Economic Operator (AEO) status. This will help Irish food and agribusinesses streamline their export processes in a post-Brexit environment. Companies that obtain AEO status or Trusted Trader status are regarded worldwide as reputable traders due to their high levels of safety, security and compliance. There are many benefits to this, among them: lower inspection costs, fewer delayed shipments and priority treatment if selected for checks. The first critical step is to register with Revenue and its Economic Operators’ Registration and Identification (EORI) system – see www.revenue.ie.

DO YOU UNDERSTAND THE NEW RULES AND REGULATIONS AROUND TARIFFS?
- Yes
- Some work done
- Work to do

Understand new rules for UK importing and exporting. This means bridging skillset challenges in your organisation around tariffs in particular. Tariffs are complex and you need to understand how your products are affected and how tariff changes will impact on your competitiveness – see Tariff Checker on intertradeireland.com. While upskilling is important, engaging a good customs agent who is well connected internationally is critical.

HAVE YOU REVIEWED YOUR UK CONTACTS?
- Yes
- Some work done
- Work to do

Review existing and upcoming contracts in the UK. Ask whether you should enter new contracts where you would need to take on extra headcount for example, given the risks that Brexit brings.

HAVE YOU LOOKED AT DIVERSIFICATION AND NEW OPPORTUNITIES?
- Yes
- Some work done
- Work to do

It’s late in the day to start diversifying but, nonetheless, it is better to start this process now once you have all the main Brexit related work in place. As we all know, market diversification takes time and significant effort. In certain sectors, opportunity will arise to displace some imports from the UK.

ARE YOU COMMUNICATING FREQUENTLY WITH ALL STAKEHOLDERS?
- Yes
- Some work done
- Work to do

Keep communicating with your own team, suppliers and customers during this difficult period and work through how your relationship will need to evolve.

HAVE YOU MAXIMISED STATE SUPPLIES?
- Yes
- Some
- No

Finally, make use of the Brexit services available from the State including: Brexit Planning Voucher (InterTradeIreland) and Market Discovery Fund (Enterprise Ireland).

Go to www.ifac.ie/BrexitSupports for a full list of Brexit related supports.
People

While the overall optimism levels may have decreased year on year, this has not translated into employee reductions as the majority of businesses surveyed either plan to keep the same number of employees or hire more employees this year.

Despite this expectation, recruiting continues to be a challenge for food and agribusinesses with almost 3 in 5 companies expecting it to be somewhat or very difficult to recruit the right people this year. To succeed in a competitive market for talent, where good salaries are almost taken for granted, it is increasingly important to offer incentives that are targeted and valued by employees.

For those looking to hire, there has been a slight reduction in the perceived difficulty in doing so (63% in 2018 to 59% in 2019) but businesses continue to cite a lack of available employees with the right skills and a lack of interest in the roles offered as barriers to growth. This recruitment challenge was reflected across the country with those looking for employees in Dublin experiencing the greatest difficulty (65%), highlighting the increasing competition for employees within the country’s capital.

Potential ways to address this challenge is to look at how incentives and targeted benefits (like remote working) can help attract and retain talent.

As a family business, we work hard to create a very good environment to work in. We have an international team with staff from six countries. We focus on providing good working conditions as well as investing in the team outside of just good basic salaries. We have seen the benefits of this active approach and are conscious that our business is dependent on the quality of our people.

Paul Finnegan, Managing Director, Finnegan’s Farm.
EMPLOYEE INCENTIVES

Only 1 in 3 food and agribusinesses are currently using incentives to retain employees, with Bonus Schemes representing the most popular benefit featuring in 24% of responses.

The ability for companies to broadly forecast the impact on the business of a bonus scheme (i.e. based on a percentage of total salary) and the tangible short-term benefit that employees can see, makes this an attractive incentive to implement.

It is clear from the responses that the size of the business is also closely connected to its ability to offer incentives to retain staff – only 22% of Micro businesses offered incentives in comparison to 61% of Medium sized businesses.

Non-family run businesses are more likely to offer incentives to staff than family run ones (38% vs 32%). Having well targeted employee incentives can help SMEs to compete with much larger companies to attract the best talent.

66% of businesses are not currently using any incentives to retain key employees.

Our people are at the heart of what keeps our business growing forward. We understand that to attract and retain the best people, we must listen and respond to their needs. We offer pension and bonus schemes, flexible working hours and various training/well-being initiatives, together with opportunities for career progression. We don’t take anything for granted and recognise the importance of regular check-ins with our people and keeping up to date with employment market trends.

Una Burgess, Head of HR, ifac.
**STAFF RETENTION SHARE OPTIONS**

Whilst having limited applicability the availability of staff retention share option schemes is something that cannot be overlooked. It is clear these schemes have many shortcomings and that changes are required. Business groups need to bring this to the attention of the relevant Government departments. Unless we move to more user-friendly share schemes the retention of valuable talent could become a bigger and costlier issue for the SME sector.

**Restricted Share options**

Otherwise known as ‘share clogs’. Effectively these are share options which have a certain vesting period written into the option in which the sale of the shares is restricted. Where the restricted period is 1 year there will be a 10% reduction in the tax payable on the issue of the share options. A 2 year restriction will give a 20% reduction in tax and so on until year 6. The maximum tax relief is 60% where there is a 6 year restriction on sale. This can be an effective tool, especially when a clause is written in which voids the share option if the employee leaves the business in the vesting period. This relief can be targeted at specific persons at any level of the business.

**Approved Profit sharing scheme**

Up to €12,700 worth of shares can be issued tax free (but not USC or PRSI free) by an employer to an employee. In order for the relief to apply the shares must be held and retained by a trust for 3 years. This scheme must be open to all employees and cannot target any particular employees. Due to the costs of creating and operating a trust for the scheme and the fact that it cannot be targeted at individual employees but must be open to all employees, the effectiveness of this incentive is limited.

**KEEP Scheme**

The KEEP scheme is a particular type of share option scheme which can be used to target key employees of a business. It will exempt from income tax any shares purchased by employees under qualifying share options. The conditions can be somewhat restrictive, albeit these conditions were eased in the last Budget. Similar to the other reliefs above the costs involved in setting up such a scheme can be prohibitive due to the need to value the business and shares being issued.

**The Challenge**

A fundamental issue of all the above reliefs and the effectiveness of any share based awards for SMEs is the challenge of when the value of the shares being issued can be realised. While a 5% shareholding in a business may have a value for tax purposes, if this shareholding cannot be sold or the value is never realised then is it worth it to your employee? Share based remuneration which cannot be cashed in will not be an effective means of staff retention if value can never be realised by that staff. You should review whether buy-back clauses after certain time periods or once certain targets are met, should be written into the share scheme to add effectiveness.

The use of staff share options can be complicated so requires some consideration, explains Robert Johnson, ifac’s Senior Tax Consultant.
**IFAC Advice for Business Owners**

**Retention - Know Your Audience**
It is key to understand what motivates your employees (current and target). In an ideal world, your staff will love what they do but providing additional benefits will help to support your staff retention strategy. Benefits like work flexibility, share bonus schemes and tax free vouchers help to build staff loyalty along with job security, progression opportunities and a positive workplace culture.

**Internal Communications**
Sometimes management take it for granted that their staff know what is going on within the business. The opposite is often closer to the truth. Regular (i.e. weekly) team meetings supported by monthly individual meetings with line managers and wider business sessions every quarter will help ensure that internal communications are an enabler for future business growth.

**Longer Term Vision**
Getting the balance between day-to-day business communications and sharing a longer-term roadmap for your business, will help to create a greater sense of purpose within the business. Effective business planning can include a 3 to 5 year vision of where you want to take your business. Think about this as a North Star for your business. Communicate this regularly to your staff and work to get their buy-in.

**Flexibility**
Remote working is a growing trend and in Ireland over 200,000 people work from home or from a remote work hub, at least some of the time. Food and agribusinesses can leverage this approach to attract staff that may not be willing to relocate. Equally, providing flexible working times can help with staff retention.

**Location and Lifestyle**
Dublin commuters are spending almost 250 hours stuck in their cars every year. For companies based outside the M50, your location can be seen as a real attraction, helping your staff to avoid hours wasted behind a wheel and achieve a better work-life balance.

**Supports Available**
- **Acumen Programme – InterTradeIreland**
The Acumen programme assists companies with the financial impact of hiring new staff to increase cross-border export sales. InterTradeIreland will support 50% of the salary costs in the first year to a level of €18,750 for a full-time salesperson.

- **Job Expansion Fund – Enterprise Ireland**
This fund is focused on achieving enhanced growth through increased employment. Enterprise Ireland provides grant support to a level of €150,000 to secure new employees.

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Food

Food businesses are not built in isolation. They rely on multiple routes to market and are impacted by a range of changing consumer trends that are often outside of their control. Through this research, Irish food businesses have shared some of the key trends that they expect will have an impact on their businesses over the coming year including veganism, sustainable packaging and food provenance. They have also shed light on the increasing role of private labels within the sector. These emerging trends and changing market forces can be seen as both threats and opportunities for Irish food businesses. The challenge for food businesses is to maintain ongoing day-to-day operations while keeping one eye on changing market conditions, to ensure that they can best manage their businesses.

TOP FOOD TRENDS

We asked respondents for their top 3 trends

<table>
<thead>
<tr>
<th>Top Food Trend</th>
<th>1st mention</th>
<th>Any mention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable packaging</td>
<td>15%</td>
<td>30%</td>
</tr>
<tr>
<td>Veganism</td>
<td>20%</td>
<td>24%</td>
</tr>
<tr>
<td>Local provenance</td>
<td>15%</td>
<td>23%</td>
</tr>
<tr>
<td>Free from (health benefits e.g. Sugar free)</td>
<td>9%</td>
<td>21%</td>
</tr>
<tr>
<td>Food intolerance e.g. Gluten free</td>
<td>9%</td>
<td>18%</td>
</tr>
<tr>
<td>Eco friendly</td>
<td>3%</td>
<td>10%</td>
</tr>
<tr>
<td>Organic</td>
<td>3%</td>
<td>9%</td>
</tr>
</tbody>
</table>


Sustainable Packaging is the most commonly mentioned food trend while Veganism and Local Provenance are also influencing Irish food businesses.

Top Food Trend

Sustainable Packaging is the top trend for Irish food businesses. It reflects a short term opportunity to differentiate by using sustainable materials but also a growing responsibility for food suppliers to respond to changing consumer concerns and a reality that Ireland must increase its plastic packaging recycling by up to 80 per cent by 2030 if it is to meet strict new EU targets (Repak, 2018).

The vegan way

Although Ireland is a market where only around 4.1%1 of people would identify as vegan, national campaigns have helped to push this trend to the fore of the public’s mind. In the short term it’s clear that food businesses are taking note of how emerging diet trends (including flexitarian diets and meat free days) are becoming more popular. This is a significant challenge for many in the agri sector.

Keeping it local

In the wider market context, local provenance represents an opportunity for Irish food businesses. As part of Fáilte Ireland’s Food and Drink Strategy 2018-2023, there will be increased opportunities for Irish food businesses to build on Ireland’s reputation for high-quality produce and authentic experiences.
We use both branded and private label routes to market. This works well for us as our private label partnerships provide us with significant scale while at the same time we are investing resources to build our own brands like Killowen Farm Yogurts. The opportunity is large as 70% of yogurt is imported while the main challenge is building the Killowen brand on a small budget.

Nicholas Dunne
Managing Director, Killowen Farm.

No matter how good you think your product is, choosing the right route to market will be a key factor in determining how successful your food business is. Here are a couple of steps to help you along the way.

Understand the current distribution landscape for your product e.g. how are potential competitors selling their products?

In which routes to market do you have a strategic advantage? Do you have a novel product, industry experience or contacts in the branded retail sector that can help get store listings?

What are the key emerging consumer behaviours? Emerging technologies, time-poor consumers or changing value systems can impact how consumers view and interact with certain routes to market.

What resources do you have to build efficient routes to market? Some food businesses will need to invest in upfront costs e.g. websites and ecommerce capabilities, while other routes will require the ability to absorb longer payment terms so cashflow management will be critical.

It is also important to remember that the fundamental needs of good value based on price and quality, availability of products in a timely manner so consumers don’t have to waste time, and good choice remain constant for consumers.²

Among Micro businesses, direct sales dominate (57%) but as businesses grow, branded retail, private label retail and food service routes to market become much more important. Growing food businesses can benefit from this multi-channel strategy to de-risk their business from an over-reliance on one channel.

To begin with, you will need to understand the current distribution landscape for your product.

While direct sales is the most common route to market, the growing interest in private label is noteworthy.

This increasing priority for private labels is double edged however. On one hand it provides food businesses with scale if national contracts can be secured and provides good cashflow potential if terms agreed are favourable. However, it can also reinforce the position of a food business as a price taker and limit the businesses medium-to-longer term ability to maximise net margins.

64% of food businesses expect this growth trend to continue over the next 2 years.

Q&A with Diarmuid Murphy
Simply Better Brand Manager for Dunnes Stores

David Leydon, ifac’s Head of Food and AgriBusiness, recently met with Diarmuid Murphy, Simply Better Brand manager with Dunnes Stores. Diarmuid has over 25 years of retail experience and now leads the Simply Better food collection.

David: Firstly, tell me about Simply Better
Diarmuid: Dunnes Stores Simply Better is our premium award winning food brand presented as part of the Dunnes Stores private label brands. The Simply Better brand is a cross category food collection spanning all major food areas from protein, cheese, yogurts, confectionery, coffee, frozen and occasion specific products with an extensive Christmas collection. At present we have over 380 products as part of the collection with plans to extend this further to over 500 products over the next 12-18 months.

David: What do you expect a food business to cover in an initial buyer meeting?
Diarmuid: An initial meeting with the Simply Better team should cover the background story of their food company and business, where, why and who started the business and what their brand values as a food company are. What does their brand stand for and how they ensure consistent delivery on this. They should also cover off their current position- so what they produce and for whom, their ability to scale up and down during busy and quiet periods and how flexible they are to change.

David: How long does the process, if successful, take from initial conversation to store listing?
Diarmuid: “Good things take time” is one of our philosophies. This is very important, a new product for the Simply Better collection can take anything from 6-9 months or even more. Time invested initially on product development, ingredients sourcing, packaging development and design always pays dividends in the long term and makes a product or range of products successful within the Simply Better collection.

David: What do you look for in a food producer?
Diarmuid:
1. Passionate food producers who deliver consistently and never compromise on product quality and standards.
2. Producers who are open and honest and never compromise on our agreed combined brand & product guidelines.
3. Producers who “under promise and over deliver”.
4. Producers who know and understand what good food is and deliver world class food products consistently.
5. Producers who understand their product range and where it fits in the market place.
6. Producers who are prepared to go above and beyond to source only the best ingredients and locally sourced where possible.

David: What is the best way to contact you / a buyer in general?
Diarmuid: Initial contact through email or phone and I would always recommend not sending through samples until an agreed meeting is in place or your product has been requested. Also Simply Better are active on social media and can be contacted @simplybetterds
IFAC ADVICE FOR BUSINESS OWNERS

GETTING STARTED
Like any business, some initial “desktop research” will help you get the basic data that you need to refine and progress your starting idea. Online resource centres like Bord Bia Vantage (www.bordbiavantage.ie) are a great starting point for small food businesses. This website caters for small to medium sized food businesses with a range of insights to help you grow your food business. From a more practical viewpoint, Teagasc (with food research centres in Ashtown and Moorepark) provide excellent supports when you want to take your food business from concept to reality. (See also page 14 for supports for different stages of business growth).

SCALING ADVICE
Your Local Enterprise Office (LEO), Bord Bia and market experts like IFAC, are always ready to work with emerging food businesses especially if you have ambitions to export. As you scale, it is worth remembering to prioritise value creation activities and outsource the likes of payroll to industry experts - saving you time to focus on driving your business forward.

STRUCTURE FOR GROWTH
Investing in the right structures for your business from the start can save you a lot of time and stress down the road. If you have multiple founders, make sure you have a shareholder agreement in place. Make sure that you create the right business structure and avail of relevant tax credits to help with early cashflows. If you invest in R&D and create some intellectual property, make sure you protect this appropriately. Setting up the right structures may not seem like a priority for your business at the early stages, but as you grow you will reap the returns for this early investment.

LEVERAGING EMERGING TRENDS
The emerging trends identified through this research reflect a close connection to climate change related issues e.g. Sustainable packaging. As a result, it is important for food businesses to understand their own climate impact, look at ways to manage or reduce it and communicate these initiatives to their consumer base.

GOOD FINANCIAL MANAGEMENT
Staying on top of cashflow and maintaining good management accounts are critical to building a sustainable food business. For example, selling your product is only part of the challenge, you need to be able to secure payment in a timely manner and have the ability to absorb late payments through proactive financial management. With a structured cashflow forecast system in place, you will be able to see where potential issues may arise and adjust your plans accordingly. Depending on the business, monthly or quarterly management accounts should be prepared.

FINDING MARKET BALANCE
Avoiding an over reliance on one route to market (and/or one retailer) is a key medium-term strategy for Irish food businesses. Short-term exclusivity should ideally lead to wider market penetration so keeping this ambition in mind from the start is important when agreeing initial contracts. With the continuing emergence of private label retail, food businesses also need to be aware of getting the balance right between building revenues in the short term and building brands in the longer term.

MANUFACTURING
When scaling your food businesses, you will need to decide whether you want to manufacture your product yourself or outsource production to a third party. By outsourcing, food businesses can leverage existing industry expertise, can understand what a potential set up would look like before investing and can generally deliver quicker turnaround times for new product development. It also allows the food business owner more time to focus on other elements of creating a new business like securing commercial agreements and brand building. Conversely, outsourcing production will reduce your in-house expertise, may limit your ability to achieve more significant economies of scale in the future and means your Intellectual Property (IP) is shared with third parties.

OUT OF HOME GROWTH
Ireland’s foodservice market (Out of home) grew by 6.1% and reached a value of €8.2 billion in 2018. A relatively strong economic backdrop means that consumers have more money in their pockets and are willing to spend out of home. This route to market is further supported by technological developments and the emergence of delivery platforms like Deliveroo and Just Eat which have changed consumer behaviours. Understanding which route to market gives you the strongest margin opportunity and provides the most efficient way to scale your business is key when building your go-to-market strategy.

SUPPORTS AVAILABLE:
Marketing Assistance Programme – Bord Bia
Focuses on improving the marketing techniques and capabilities of Irish food, drink and horticulture companies. Bord Bia will support eligible expenditure to a level of 50%.

Step Change Programme – Bord Bia
This programme supports small and medium sized food, drink and horticulture businesses that are undertaking a significant project that will impact strongly on the company’s growth. Bord Bia will support 60% of eligible activity.
The FoodTech Journey

Food and technology have journeyed together from way back with the early hunter-gatherers where emerging technologies like Fermentation processes were used to preserve foods. If we take a more recent example, look in your local supermarket and you will quickly realise that most of the food you see on the shelves would simply not be there without the influence of technology.

As consumers, the selection of food products that we can readily access is often taken for granted but it has required centuries of effort from researchers, scientists, technologists and nutritionists to make this possible (See graph for some key inventions over the last 210 years).

Brief History of FoodTech

1809  Preservation process using sealed containers (Canning)  Nicolas Appert
1854  Invention of mechanical refrigeration  James Harrison
1862  Pasteurisation process invented  Louis Pasteur
1945  Invention of the microwave  Percy Spencer
1951  Aseptic packaging (Tetra Pak) invented  Erik Wallenberg
1954  First “TV Dinner” (Ready Meal)  Betty Cranin
1983  GM crops created  Multiple Scientists
1995  Blast Chiller Invented  Baldwin G. Ledbetter
2013  Lab-grown meat produced  Mark Post
2019+  Advanced food tracking (Blockchain) and packaging  Multiple Drivers

The food industry continues to embrace new technologies and in recent years we have seen the emergence of FoodTech as a focal point to help summarise the range of changes that technologies are driving in the sector.

What is FoodTech?
In a broad sense, it represents the application of technologies across the entire field to fork ecosystem. It involves innovation connected to food nutrition, agricultural hardware, products, food substitutes, distribution channels, food marketing or business models.

Why is FoodTech picking up momentum?
So, what is new about the intersection of food and technology and why should Irish food businesses be excited or concerned by the growth of FoodTech?

1. Investment is increasing
FoodTech is experiencing an unprecedented wave of investment. According to Digital Food Lab, over €4.2B has been invested in the European FoodTech sector between 2014 and 2018 (H1)¹. Enterprise Ireland are one on the top European investors in this space with 9 deals in this period reflecting their appetite to support Irish FoodTech companies.

2. Reach of Technology is expanding
Every stage along the food process is now open to the effects of technology. From how raw materials / crops are grown (e.g. Urban Farming) to consumers (e.g. Drone deliveries), new technologies are creating opportunities to improve efficiencies or disrupt market leaders throughout the food lifecycle.

3. Adoption rates are improving
Driven by the omnipresence of the internet (89% of Irish households now have access to the internet²), producers, manufacturers and end consumers have never been able to communicate so readily. Social Media enables new FoodTech ideas to be shared easily and allows them to gain market adoption at a much faster rate than ever before.

¹. www.digitalfoodlab.com/reports/2018-europe-en/download
What is driving FoodTech in Ireland?
Based on recent Bord Bia research\(^3\), we know that Irish consumer behaviour is changing. Emerging trends include consumers placing an increased importance on healthy convenience, an increasing role for mobile apps and an increasing desire for more personalised experiences.

From a producer’s point of view, growing cost pressures and decreasing net margins reflect a challenging domestic environment. In this context, FoodTech can play a greater role helping food companies to innovate and differentiate through:

- **Sustainability Measures**
  By 2030, the world’s population is expected to reach 8.5 billion people so the food industry needs to identify new, environmentally friendly food solutions that can cater for this growing demand. One example of this is the rise of no or low packaging where FoodTech companies like Notpla\(^4\) are helping to deliver more sustainable solutions through plastic free technologies.

- **Improved Production Efficiencies**
  The increased use of robotics and the digitalisation of food production processes is changing how food companies operate. According to research from ING\(^5\), the number of new robots sold to the food and beverage industry in Europe has increased by 52% since 2013. Irish food companies should identify their appropriate level of investment in these technologies and understand potential payback periods helping to manage any potential short-term risk.

- **Packaging Innovations**
  The use of recycled and/or compostable material continues to gain mainstream traction in Ireland with companies like SuperValu announcing that 100% of their store bags will be compostable by the end of 2019. Other companies like NOLUMA are using FoodTech advancements to enhance food packaging to stop nutrient degradation through exposure to light\(^6\). This type of technology has application to food and dairy products.

- **Product Innovations**
  FoodTech is leading to the creation of new products and scientific ways of unlocking food sources that tie food consumption more closely to its health benefits. The trend is called “Bio-informatics”. Irish companies like Nuritas are to the fore of this trend, using artificial intelligence to unlock “extraordinary health benefits”. Irish food companies should be aware of these innovations and understand how they may be impacted.

- **Traceability and Security**
  Blockchain, a type of distributed ledger technology (DLT), and its application to food safety and traceability is gaining momentum in the global agri-food sector. While the technology is still at a relatively early stage of adoption, recent international studies from Accenture\(^7\) highlight the challenges and opportunities that this type of technology can deliver – the balance of value delivered versus costs of implementation will continue to influence its rate of adoption.

FoodTech is not a final destination.
FoodTech will continue to bring changes; some of these will be incremental while others will be game changers and have large scale impact within the sector. Like most change, adoption, will not be linear. It takes sustained effort to bring new FoodTech solutions to mass market acceptance.

For those that refuse to engage, FoodTech may be viewed as a disruptive force. Some of today’s emerging FoodTech businesses will be able to challenge current market leaders and unsettle the status quo.

FoodTech is here to stay and is a force for change to be aware of. At ifac we are looking forward to the journey and to helping our clients navigate the way.

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4. [www.notpla.com](http://www.notpla.com)
The reasons for the slow uptake of the online sales opportunity include the ongoing challenge of broadband, competition from online aggregators (e.g. Amazon), lack of in-house expertise, cost concerns and the market opportunity for online sales is not perceived as sufficiently large. However, in certain categories online selling has an important role and can deliver on the good return on investments.

Online sales are critical for our business with a large percentage of our farmer customers using www.cormactagging.ie to buy tags in the busy Spring period. Our customers comment on the ease of use and ability to complete their business with us when it suits them.

**Ursula Kelly**, Director of Operations, Cormac Tagging.

Social media continues to be a core part of the marketing mix with 64% viewing social media as important or very important.

This represents an increase of 3% viewing social media as important or very important since 2018.

**MOST POPULAR**

<table>
<thead>
<tr>
<th>Social Media</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook</td>
<td>73%</td>
</tr>
<tr>
<td>Twitter</td>
<td>43%</td>
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<tr>
<td>Instagram</td>
<td>37%</td>
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<td>Snapchat</td>
<td>10%</td>
</tr>
<tr>
<td>Pinterest</td>
<td>7%</td>
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<tr>
<td>Don’t use any</td>
<td>23%</td>
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</table>

**MOST EFFECTIVE**

<table>
<thead>
<tr>
<th>Social Media</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Facebook</td>
<td>76%</td>
</tr>
<tr>
<td>Twitter</td>
<td>9%</td>
</tr>
<tr>
<td>Instagram</td>
<td>15%</td>
</tr>
</tbody>
</table>

Facebook is still dominant with 73% using this platform. 76% perceive it as the most effective social channel.

Twitter usage has increased among food and agribusiness SMEs from 34% to 43% year-on-year.

Instagram is the big winner in terms of perceived effectiveness increasing from 9% to 15% year-on-year.

The story of Instagram

- Instagram was launched in 2010 as a social photo-sharing app.
- In 2012, Facebook acquired it for $1billion and has grown the platform to 400m+ monthly active users with over 1,826,000 of these in Ireland.
- Organic reach on the platform can be enhanced through influencer partnerships or media spend while new formats like Instagram Stories can be used to highlight and leverage your events.
- As a visual-led platform, Instagram presents an excellent opportunity for food businesses to tell and showcase the story behind their brands.

In the past year we’ve engaged heavily in Instagram. We find that highlighting our products in a photo and using the click to buy functionality is helping drive lead generation and ultimately sales.

An increasing number of our farmer customers are now on Instagram and it’s one of the channels we use to market our products.

Deirdre O Donovan, General Manager, O’Donovan Engineering.

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INVESTING IN TECHNOLOGY

New technologies emerge all the time. Some fail to deliver initially before eventually finding their place in the marketplace (see Monsanto version of the Gartner Cycle). Of course, some technologies also rise in a burst of hype but come crashing back to the ground without ever realising commercial success. This reality creates a challenge for food and agribusinesses in making the right choices about which technologies to invest in.

1 in 5
invested in technologies in the past 24 months

Top 3 Areas of focus

- Data Analytics 11%
- Sensors 7%
- Robotics 5%

Businesses need to have the financial flexibility and an openness to adopt a Test and See approach when it comes to new technologies. In the last 24 months, some companies have shown a willingness to engage with new technologies like Robotics, Sensors and Data analytics while they were less likely to invest in technologies like Wearable Technologies and Artificial Intelligence (AI). Food businesses (25%) are more likely than agribusinesses (13%) to have invested in these potentially game changing technologies.

Prohibitive costs (i.e. upfront investment requirements) and a difficulty in delivering practical applications from some emerging technologies (i.e. the trough of disillusionment) can limit companies willingness to invest.

Food businesses (25%) are more likely than agribusinesses (13%) to have invested in these potential game changing technologies.

Data analytics is the key to our business. We use high end satellite and multispectral imagery as well as drone technology to deliver insights for a range of stakeholders in the forestry sector.

Our strong data analytic foundation helps us understand the forestry environment and provides our clients with the information they need to make decisions.

Cian Gallagher
Founder, Aerial Agri Tech.
Companies like Instagram and Facebook are empowering businesses to sell more through their platforms. Brands with a business-to-consumer focus can benefit from targeted advertising opportunities and dynamic ad formats. For business-to-business brands, platforms like LinkedIn provide a more relevant option to identify and engage with potential new clients.

The importance of eye-catching imagery and attractive video content continue to grow on social media. This doesn’t mean that you must break the bank creating this content. For example, you can get a photographer to capture a lot of photos of your business, and clients in one go and use this catalogue of images to engage your online community over time. Mobile phone apps like Splice can also be used to create and refine video content in a cost-effective way.

Despite the ongoing rise of social media, “TV remains the strongest brand-building medium available” and “83% of all adults in the Republic of Ireland still listen to a radio on a typical weekday”. Print advertising continues to play an important role in reaching niche audiences and specific segment demographics with suitable targeted mediums in the agri sector in particular.

Organic reach on leading social media platforms is decreasing; this means that fewer and fewer people will see the content that you share unless you Pay to Play by spending money on social media platforms.

To help build your online presence, look at what supports are available from State agencies. For example, Local Enterprise Offices continue to offer the Trading Online voucher (value of €2,500) to help get a website in place.

According to the Reuters Digital News Report (Ireland) 2019, 61% of Irish consumers are concerned about what is real and what is fake on the internet. This represents a threat and an opportunity for businesses. By remaining true to your business values and communicating these consistently through digital media, traditional media and at shows and events you can build stronger connections with your customers.

Research and Development

The number of businesses investing in Research and Development (R&D) has decreased since last year. Almost 1 in 2 food and agribusinesses do not currently invest in any R&D.

Micro and Small companies have seen the largest year on year decrease in R&D investments with 48% of Small companies now not investing in R&D compared to 21% last year. This reflects a squeeze on these food and agribusinesses as they struggle to balance the allocation of scarce resources and the need to prioritise other business functions in a competitive environment. While food and agribusinesses can survive in the short term without investing in R&D, longer term success will be limited if they do not look to improve and invest in new products, services or markets through structured R&D investment.

3% of annual turnover on average is invested in R&D by food and agribusiness companies.

47% of food and agribusinesses do not invest in any R&D.

However this percentage varies across the scale of the business, only 43% of Micro businesses invest in R&D in comparison to 79% of Medium-sized ones. As a business grows, its ability to allocate resources (both dedicated personnel and financial investments) tends to improve so R&D can become a greater internal focus.

Food businesses are still more likely to invest in R&D when compared to agribusinesses, but the percentage of food businesses investing has decreased from 78% to 60% year on year. Having the ability to absorb R&D costs in the short term while waiting for your payback period to be realised is an ongoing challenge of food and agribusinesses.
Innovation has been the key driver in the success of our export focused business to date. By investing in patents, plant breeders rights and securing exclusive licenses we have created a barrier to entry to competitors and added value for our customers. In addition, understanding how to maximise our tax credits and focusing our company structure towards specialised activities has allowed us claim back some of our R&D costs and optimise revenue streams. These strategic considerations helped us reinvest in the growth of our business.

Pat Fitzgerald, Founder and CEO, Beotanics.

PROTECTING YOUR R&D INVESTMENT

Once a business decides to invest in R&D, they need to protect any potential value that is created using a range of mechanisms. Among food and agribusinesses, the appetite to invest in these protective structures is low as only 1 in 5 companies have trademarks and 1 in 10 have patents secured.

For those looking for significant investment from State agencies having your Intellectual Property (IP) protected is an important consideration.

It is important that companies recognise this opportunity to protect the value that has been created through their R&D investment so that they deliver a stronger return on their outlay and create potential barriers to entry for their competitors.

<table>
<thead>
<tr>
<th>TOTAL</th>
<th>FOOD</th>
<th>AGRIBUSINESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered Business Name</td>
<td>82%</td>
<td>89%</td>
</tr>
<tr>
<td>Licenses</td>
<td>38%</td>
<td>32%</td>
</tr>
<tr>
<td>Trademarks</td>
<td>23%</td>
<td>32%</td>
</tr>
<tr>
<td>Copyright</td>
<td>14%</td>
<td>18%</td>
</tr>
<tr>
<td>Patents</td>
<td>13%</td>
<td>18%</td>
</tr>
<tr>
<td>Design Protection</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>None of the above</td>
<td>13%</td>
<td>9%</td>
</tr>
</tbody>
</table>

1 in 5 companies have trademarks

1 in 10 have patents secured

For those looking for significant investment from State agencies having your IP protected is an important consideration.
The Knowledge Development Box reduces tax on profits earned by qualifying Intellectual Property (IP) income to a reduced tax rate of 6.25% instead of 12.5%.

Note: Marketing related IP does not qualify (i.e. brands, trademarks and image rights).

TAX MEASURES TO INCENTIVISE R&D

A R&D Tax Credit is an additional tax allowance equalling 25% of the relevant R&D costs of a company, explains, Robert Johnson, ifac’s Senior Tax Consultant.

An R&D tax credit is a great way to recover part of the investment in qualifying R&D activities as it offsets some of the corporation tax for the accounting period when it was incurred.

A qualifying R&D activity involves each of the following:

1. Systematic, investigative or experimental activity
2. Within an approved field of science or technology
3. Being one or more of the following:
   - Basic research i.e. theoretical
   - Applied research
   - Experimental development
4. Resolution of scientific or technological uncertainty
5. Achieve scientific or technological advancement

Eligible R&D expenditure, based on Revenue’s current interpretation is as follows:

- Salary and all other employment benefits - This must be time apportioned so timesheets are essential if this cost is to be claimed. Canteen or HR costs cannot be included.
- Plant and Machinery – What percentage of use contributes to R&D activity?
- Raw Materials/Consumables - What percentage of use contributes to R&D activity?
- Subcontracted R&D – You can only claim up to 15% (or max €100,000) of a company’s total R&D spend on outsourcing provided by a third party or up to 5% (or max €100,000) if that third party is a third level institution.
- R&D buildings
- Power consumed in R&D activities

MAXIMISE KNOWLEDGE DEVELOPMENT BOX RELIEFS

The Knowledge Development Box reduces tax on profits earned by qualifying Intellectual Property (IP) income to a reduced tax rate of 6.25% instead of 12.5%.

The IP income which qualifies is income which is derived from:

1. Qualifying patents
2. Copyrighted software
3. Protective certificates for medical products and
4. Protective certificates for Plant and Machinery

A qualifying patent must have substantive examination for novelty and inventiveness undertaken otherwise the Knowledge Development Box will not apply. European patents and other international patent offices are permitted once they provide substantive examination. A qualifying patent must be as a result of R&D activity undertaken by the company. IP for SMEs derived from processes etc. which are patentable but not yet patented, will qualify if they have been certified as ‘novel, non-obvious and useful’.

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**WHY IS R&D IMPORTANT?**

We live in an increasingly connected world where competition is no longer limited to your local area. In building a sustainable food or agribusiness, companies can invest in R&D to help insulate their business from competitors, avoid stagnation within their business and adapt to changing consumer trends. When successful, R&D can be a powerful way to create products or services that help to differentiate you in the eyes of your clients and consumers.

**MAXIMISE YOUR RESEARCH AND DEVELOPMENT CLAIM**

For R&D tax credits, keep a checklist of allowable costs. If a product is later deemed unfeasible, the costs incurred in developing it may still be allowable for the R&D credit. Most Revenue clawbacks of the R&D credits are due to poor record keeping so make sure that you have a strong system in place to document everything – your professional services partner should be able to help in this process.

**PROTECTING THE RESULTS OF YOUR R&D**

To maximise the return on your investment and for your own peace of mind, secure relevant protection for the results of your R&D. In Ireland, the Irish Patents office (www.patentsoffice.ie) can support with this process. You will need to decide what type of IP protection that you require (e.g. trade secrets for food companies with unique processes or Trademarks for business names, product or brands) and in what geographic location you want to secure your protection. Trademarks are valid for ten years and can be renewed on a ten-year basis while patents have a maximum lifespan of twenty years.

Managing a patent process correctly is expensive and complex. While the actual application costs are relatively accessible, it is recommended that you budget for professional time to help you submit a successful application. After 12 months the cost of protecting your patent increases considerably. The Patents Office in Kilkenny provide practical supports - www.patentsoffice.ie.

**BUILD THE RIGHT STRUCTURES**

When investing in R&D it is important to recognise that not all R&D projects are successful. The R&D tax credits highlighted separately will help to reduce any potential downside but starting with the right R&D structure in your business will improve your chances of seeing better results. Have a clear budget, agreed timelines and a person/team with allocated responsibilities to ensure accountability for the work. Regular reviews and clear communication for feedback will also help maximise your investment.

**SUPPORTS AVAILABLE**

- **Innovation Vouchers – Enterprise Ireland**
  Vouchers are valued at €5,000 and are specifically designed to help Small – Medium sized businesses access the expertise of Ireland’s public knowledge providers. The vouchers can be used to explore business opportunities or help to solve technical problems that may be restricting growth.

- **Feasibility Study Grant – Local Enterprise Office**
  This grant is focused on researching market demand for a product or service and examining its long-term viability in the marketplace. Funding of up to €15,000 is available to focus on areas such as; market research, technical development and consultancy costs.
Succession planning can be an emotional and financially challenging experience for many businesses. While this is particularly true for family businesses, succession is an issue every business must plan for. While the likelihood of having a clear succession plan in place increases with company size (30% of Medium companies have a succession plan in place compared to 14% of Micro businesses), our latest research shows that almost half (48%) of SMEs in the food and agribusiness sector do not have succession on their agenda.

55% of respondents do not plan to sell their business in the next 5 years, up from 41% in 2018. 1 in 5 businesses are considering selling. For entrepreneurs, planning ahead and having a clear understanding of the various tax reliefs available is important to secure the future for your business, your family and yourself.

Only 1 in 5 businesses have a clear succession plan in place.

Similar to 2018, it is more common for Medium sized companies (30%) to have a clear plan in place versus Small (20%) and Micro (14%) businesses. This is a significant gap in many companies and should be addressed.

**Succession Plan**

- Not on agenda: 48%
- On agenda but no successor: 14%
- Clear succession plan in place: 19%
- Successor identified but not tied down: 12%
- Don’t know: 7%

**Main succession challenges for food and agribusiness SMEs**

- Haven’t put thought into it: 33%
- Business not viable enough and wouldn’t encourage next generation to take it on: 26%
- No interest in business from next generation: 23%
- No clear successor in family: 12%
- Too sensitive a topic to discuss: 12%
- Other: 5%
**Thinking of Selling?**

There is less of a propensity to sell the business in the next five years.

- **6%** would definitely sell their business in the next 5 years.
- **20%** would or might sell their business in the next five years.
- **55%** would not sell their business in the next 5 years.

**IFAC Advice for Business Owners**

**Put a Plan in Place**

In a family situation, it is vital to discuss and agree on the future of the business taking into account the wishes and needs of all family members. Use an experienced facilitator where necessary.

Remember that regardless of your age or the size of your business, having a plan is the best way to protect your family’s future. While you may not intend to hand over for many years to come, your family could be left in difficult circumstances if unexpected events such as accidents or ill health occur and you have failed to think ahead.

While you may have an idea in your head about what you want to happen to your business when you make your exit, unless this is properly documented, there is every chance of creating expensive legal and tax problems for your successors as well as missing out on financial planning opportunities for yourself.

**Involves All Shareholders**

As with family members, where other shareholders are involved a shareholders agreement is a must.

**Assets**

Where asset levels have built up in the business, succession planning is essential. Retirement, illness or new opportunities can necessitate handing over assets sooner than might otherwise have been intended.

**Timescale**

Giving yourself a 7-10 year window will allow you to take advantage of the various reliefs and tax planning opportunities available. See page 40 for retirement and entrepreneur reliefs.

**Put a Tax Plan in Place**

A comprehensive tax plan will need to be put in place covering Income Tax, Corporation Tax, Stamp Duty and Capital Taxes for the company and the individual. This will involve getting a formal valuation.

**No Successor?**

Where assets have accumulated and you do not have a successor, consideration should be given to the sale of the business or accessing the asset value through cash extraction methods, termination of payment or liquidation.
Interaction of Retirement Relief and Entrepreneur Relief

Failing to plan ahead early enough before exiting your business may affect your Capital Gains Tax liability.
In Ireland, gains made from the sale, gift or exchange of assets such as land, buildings and shares in companies, are subject to Capital Gains Tax. Currently, the CGT rate is 33%, however, Retirement Relief and/or Entrepreneur Relief can reduce your liability if you meet the relevant requirements. It is important to understand the interaction between these reliefs, particularly if you will be aged over 55 when exiting your business, as in some situations, both reliefs may apply.

Retirement Relief
If you are 55 or older, you may be able to claim Retirement Relief when disposing of qualifying business or farming assets. The amount of relief that can be claimed depends on your age at the time of the disposal and who you are disposing of the asset to. If you are aged over 55 but under 66 and passing the asset to a family member you can claim full relief. However, if you are over 66, the relief is capped at €3 million which means any gains above this threshold will be liable for CGT. If you are aged over 55 and passing the asset to someone other than a family member, you can claim full relief if the market value at the time of disposal does not exceed €750,000. This is a lifetime threshold. If you exceed the threshold, Revenue will withdraw relief given on earlier disposals. The threshold is reduced to €500,000 if you are aged over 66.

Entrepreneur Relief
Unlike Retirement Relief, there are no age conditions when applying for Entrepreneur Relief. This incentive applies to entrepreneurs including sole traders and farmers as well as to shares in qualifying companies. It reduces the CGT rate to 10% on gains arising from the disposal of chargeable business assets up to a lifetime limit of €1m. The person making the disposal must be a “relevant individual” and the assets must have been owned for a continuous period of three years in the five years immediately prior to the disposal. Periods of ownership by spouses/civil partners cannot be aggregated nor can periods of ownership of assets before and after incorporation of a business. If you are disposing of a shareholding, you must be a director or employee of the qualifying company or group spending not less than 50% of your time in the service of the company or companies for three years in the five years immediately prior to disposal.

Buying back company shares
Gains arising where a company buys back its own shares, may also qualify for Entrepreneur Relief, subject to certain conditions. The company must be a trading company and the redemption, repayment or purchase must be made wholly or mainly for the benefit of the company's trade (or the trade of a 51% subsidiary) and must not be part of any scheme to enable the owner of the shares to participate in profits without receiving a dividend. The shareholder must be resident, ordinarily reside in Ireland and must have owned the shares for at least five years. After buyback, the vendor must not own more than 25% of the company and the shareholding expressed as a percentage of the company's share capital must not exceed 75% of what it was pre-buyback.

Liquidation
Entrepreneur Relief can also apply on the liquidation of a company, provided the company was carrying on a qualifying business.

The amount of relief that can be claimed depends on your age at the time of the disposal and who you are disposing of the asset to.

Adequate planning is essential if you want to extract cash from your business in a tax efficient manner, explains Declan McEvoy, ifac’s Head of Tax.
up to the time the liquidator was appointed and the liquidation was completed within a reasonable period of time.

Interaction of Retirement Relief and Entrepreneur Relief

Depending on the circumstances when you are exiting your business, it is possible that both Retirement Relief and Entrepreneur Relief may apply. Given that the timing of disposals and the lifetime limits of Retirement Relief and Entrepreneur Relief may have a significant impact on your CGT liability, it is vital to seek appropriate advice when planning and structuring your exit. Contact your local ifac office in the first instance for further information and assistance.

INTERACTION OF RETIREMENT RELIEF AND ENTREPRENEUR RELIEF

<table>
<thead>
<tr>
<th></th>
<th>Retirement Relief</th>
<th>Entrepreneur Relief</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age Requirement</strong></td>
<td>Over 55 years of age</td>
<td>None</td>
</tr>
<tr>
<td><strong>Minimum holding period</strong></td>
<td>10 years</td>
<td>3 years</td>
</tr>
<tr>
<td><strong>Spouse/civil partner aggregation of qualifying periods</strong></td>
<td>Yes for periods of ownership. Only on death for periods of directorship.</td>
<td>No</td>
</tr>
<tr>
<td><strong>Assets held personally and used by a company for the purpose of trade</strong></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td><strong>Groups</strong></td>
<td>All companies in a group must be 75% subsidiaries.</td>
<td>All companies in a Group must be 51% subsidiaries. A non-qualifying subsidiary (investment or dormant) will deny relief.</td>
</tr>
<tr>
<td><strong>The business of the subsidiaries together consists wholly or mainly of trading.</strong></td>
<td>All companies in a Group must be 51% subsidiaries.</td>
<td>A non-qualifying subsidiary (investment or dormant) will deny relief.</td>
</tr>
<tr>
<td><strong>Available on share buyback</strong></td>
<td>Yes</td>
<td>5 Year holding period for CGT treatment on buy-back but 3 years for relief</td>
</tr>
<tr>
<td><strong>Available on liquidation</strong></td>
<td>Concession — Yes, provided liquidator appointed 6 months after ceasing to trade</td>
<td>Concession —Yes, provided carrying on the business up to the date liquidator is appointed and liquidation completed within reasonable time (2 years)</td>
</tr>
</tbody>
</table>

Entrepreneur Relief can also apply on the liquidation of a company.
Personal Finance

SME business owners sacrifice much to run their business. Often they focus most of their time and resources on their customers and employees and not enough time looking after their own personal financial affairs. As a result, their own financial planning needs are neglected.

This survey of business owners in the food and agribusiness sector reflects this with 51% of respondents having no pension in place and 57% having no life cover.

The majority of food and agribusinesses are family run, so selling the business is less likely to be part of a retirement plan. Another Report finding is that a third of owners have given no thought to succession. What will happen to the business in the event of a premature death? A co-director’s plan is designed to provide funds for the purchase of a director’s shares from their next of kin. This will provide stability as the remaining shareholders retain full control of the company.

Just under half of those that we spoke to have a personal pension, with one in five offering health care for employees.

Worryingly, one in four business owners have no form of cover in place to protect their future financial security.

Martin Glennon, Head of Financial Planning, ifac.
By 2022 the government proposes to introduce an Automatic Enrolment Retirement Savings scheme. This will result in the mandatory provision of occupational pension benefits for employees who do not have access to an employer pension scheme.

Our Report shows that businesses are finding it difficult to recruit. Providing a pension can help attract and keep good staff. Mandatory access to the Auto Enrolment scheme will not be seen as an incentive by employees. In the interim, there is an opportunity for employers to provide their own occupational scheme to help hire and retain staff.

**AUTOMATIC ENROLMENT RETIREMENT SAVINGS**

**COMPANY PENSION**
Having a company pension scheme allows business owners to provide for their retirement in a tax efficient manner. It will provide them with a fund at retirement that can protect their lifestyle and give them options regarding succession. The success of a small business is never certain. Contributions to a company retirement scheme can act as a contingency plan. As funds are held in trust, you will always have something to show for your hard work, even if the worst happens.

**SERIOUS ILLNESS**
What impact will a serious illness for you have on your business? Only 21% of respondents have Income Protection in place. If you are unable to work for a long period, how long will the company be able to continue to pay you? Will you need to employ someone to help?

**INCOME PROTECTION**
The company can establish an Income Protection plan for the business owner and their employees. This benefit will replace a percentage of your annual income if you are unable to work due to an illness or injury. The benefit kicks in after an initial period of absence from work and is usually payable until you are fit enough to return to work or you reach retirement age.

**KEY PERSON INSURANCE**
Only 15% of respondents have Key Person Insurance in place. Usually we find this insurance is needed to repay company debt. However, a firm may have an employee whose knowledge, skills or overall contribution is distinctively valuable. Consideration should be given to the viability of the business through the loss of this key employee due to a serious illness or premature death.

**WORKPLACE WELLBEING**
Workplace wellbeing is a growing trend and expectation among staff. One aspect of this is the provision of Financial Wellbeing through benefits such as Health Cover for Employees. Our survey shows 20% of food and agribusiness employers provide this benefit to their staff. Other areas that can be considered is the provision of Financial Planning, Death in Service and Income Protection benefits.

**IFAC ADVICE FOR BUSINESS OWNERS**

Rialtas na hÉireann
Government of Ireland
Sound advice, independent solutions

Whether you’re looking to access funding, export to new markets or seize a new opportunity – our approach means that we have the expertise and access to independent advice at every stage.

Our process
We want to know what matters most to you. No one knows your food or agribusiness better, so by listening to you, we gain a deep understanding of your business, your challenges and your ambitions.

Building on this deep foundation and knowledge of your plans, we draw on our financial and sectoral expertise to help you make informed commercial decisions. Your insight will show us where you are now and our experience will guide you to where you want to be.

Our approach means that each client has access to a national team of experts with the knowledge and skillsets to help your business grow. We have significant expertise in tax, accounting, audit and financial services. This is combined with our commercial, marketing and food and agribusiness know-how as well as deep farming knowledge.

Our flexible approach means we regularly take the time to check in with you. We can routinely track, monitor and review performance and work with you to make adjustments when necessary, giving you the confidence and continuity to grow within an ever changing landscape.

Our process of ongoing monitoring and support means that your business is always one step ahead.

OUR APPROACH
ifac’s Food & AgriBusiness team will be the first point of contact between you, the local team and our national service and sector specialists. This approach ensures you have access to the right knowledge and specialist advice that best suit the needs of your enterprise.
We specialise in a number of key areas which provide you with expert advice and services to help your business grow.

<table>
<thead>
<tr>
<th>Strategic Management</th>
<th>Funding, State supports &amp; Corporate Finance</th>
<th>Tax Structuring, Succession and Advisory</th>
</tr>
</thead>
<tbody>
<tr>
<td>We bring multiple perspectives and competencies to your strategic planning process. We work closely with leadership teams to plot the right path for your business.</td>
<td>Whether it’s peer-to-peer lending, bank finance, equity investors, funding from Enterprise Ireland, LEO, Intertrade Ireland or an EIIS we have experience to help you navigate your way to success.</td>
<td>Our specialist tax team ensure your corporate structure works for your business and operates in the most tax efficient manner. Our significant succession planning experience helps family owned businesses navigate this challenge from start to finish.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Research &amp; Development</th>
<th>Commercial Management</th>
<th>Management Accounting</th>
</tr>
</thead>
<tbody>
<tr>
<td>When you invest in R&amp;D we are there to ensure you claim your R&amp;D tax credits or avail of Knowledge Development Box relief. Careful planning, preparation and documentation are needed.</td>
<td>We bring extensive experience and commercial knowledge from sales and marketing to digital development, e-commerce, export and distribution.</td>
<td>We bring disciplined financial management from both a revenue and cost perspective, variance analysis and margin for each line of business.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Audit and assurance</th>
<th>Financial Planning</th>
<th>Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our Audit team conduct external and statutory audits and collaborate with you to add value to your business by identifying problems and highlighting opportunities to improve.</td>
<td>Managing and looking after the wealth and succession plans of directors and founders.</td>
<td>Our payroll team will ensure accurate and compliant payroll management.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Making Connections</th>
<th>Food &amp; Agribusiness Team</th>
</tr>
</thead>
</table>
| After 40 years in the farming and agribusiness sector, the ifac team have unrivalled contacts and connections. | David Leydon  
*Head of Food & Agribusiness*
  
E davidleydon@ifac.ie  
T (01) 4551036 | (087) 9908227  
@ifac_ireland  
Lorcan Bannon  
*Food Business Specialist*
  
E lorcanbannon@ifac.ie  
T (01) 4551036  
Patrick Black  
*Food & Agribusiness Exec.*  
E patrickblack@ifac.ie  
T (01) 4551036 |

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We’re here to help

<table>
<thead>
<tr>
<th>Leinster</th>
<th>Munster</th>
<th>Connaught</th>
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<td>Bluebell, Dublin 12</td>
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