

Farm for Profit and Nature at MSO

Chris Clark, a farmer and Partner at Nethergill Associates, has analysed over 320 farms businesses and he has worked with Pasture for Life on projects since 2021.

What is **MSO** or **Maximum Sustainable Output**?

There is a calculable point, the **Maximum Sustainable Output, MSO or 'sweet spot'**, where a farm business will be at its most profitable and nature will be optimised.

[Link to podcast here](#)

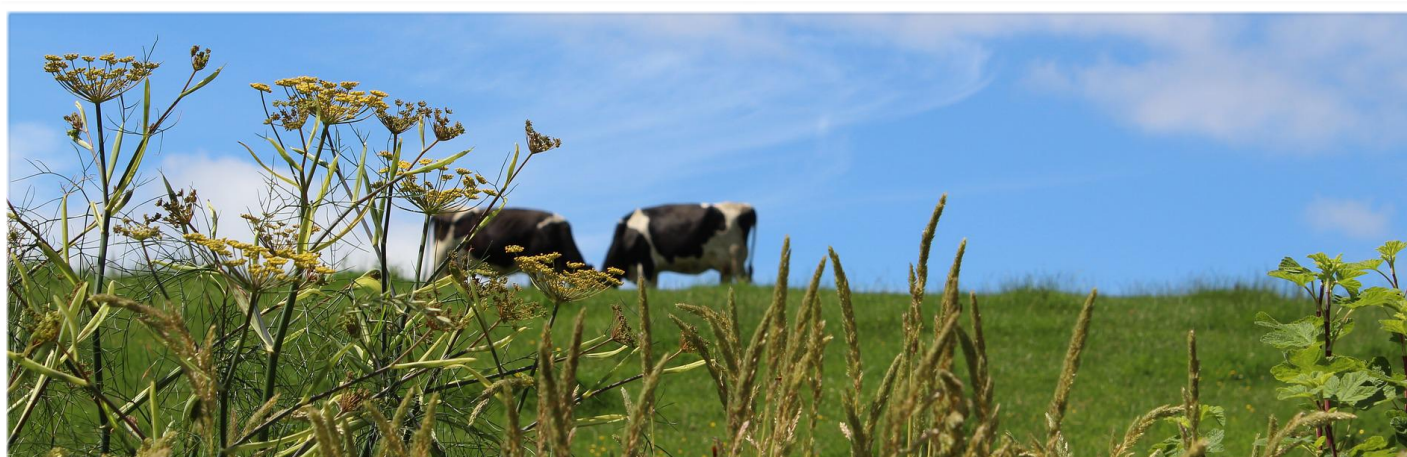


Why Farm at MSO?

With increasing concerns around climate change and biodiversity loss, there is a call for farming to restore, re-engage and protect nature. **Farming to MSO is a farming approach that is based on recent farm business reviews showing how farm business profitability can be improved while delivering a positive environmental impact.**

Farm businesses face various challenges: extreme weather, the rising costs, changes to future farm payment schemes and adjusting to new consumer demands. But our research **shows that farm businesses can improve resilience by working in partnership with the environment: farming to MSO.**

Our research at Nethergill Associates shows that farm businesses with high-input high-output systems often experience less profit or are even unable to break-even after support. If the correct balance between food production and environment is achieved landscapes will deliver viable farm businesses without disadvantaging nature in any way.



How is the MSO calculated on each farm?

Nethergill Associates reviews the farms financial data to produce a set of management accounts, it particularly reviews the variable and fixed costs and subdivides the variable costs into:

Productive Variable Costs (PVCs), eg. contract labour and home-grown fodder, **working with nature**, and

Corrective Variable Costs (CVCs), eg. livestock feed, artificial fertilisers, vet and med. **substituting for nature** From these, using mathematical formulae the MSO can be calculated for each individual farm: the point at which the business is at maximum profitability and nature is optimised.

The management accounting process also generates:

Cash flows

Management accounts

Breakeven points

Energy balances

Financial leverage indicators



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**North
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