

# WHAT IS A „MASCHINENRING“ AND HOW DOES IT OPERATE?



**In Germany exist about 240 Machinery Rings (MR). More than 200.000 farmers are members, nearly 50% of all farmers in Germany which own more than 50% of agricultural land.**

**The importance and distribution of this rural self-help-organisation which was founded nearly 40 years ago by Dr. Erich Geiersberger was permanently increasing, depending on the readiness of members to cooperate. Machinery rings are legally constituted as registered associations with an elected governing board. It has normally the size of a district.**

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The Machinery Ring neither possesses machines nor employs people for machinery operations. It only employs personnel for management who acts like a broker.

## **How does the Machinery ring operate?**

A Machinery ring matches a shortage of machinery and labour capacity on some farms with a surplus on other farms. For a Supplier, this form of „Contracting“ reduces the major costs of machinery ownership. Conversely the demander does not need to own the entire range of machinery required on his farm, thereby reducing his fixed costs. 50-60% of members use the Machinery Ring possibilities as demander, 30-40% as demander and supplier. The majority of Machinery Ring services are contracted by only 10% of members.

## **Ownership of machinery can be**

- A. farmers who want to gain additional income
- B. contractors who offer services on a commercial basis
- C. groups of farmers who own machines collectively (sometimes up to 20% of MR-members are involved in one or more different groups of joint ownership)

In case of a) and b) the driver of machines is the owner or employee of the owner but occasionally the demander can order the machine as well without a driver. Case c) is normally suitable for high investments: i.e. specialized and huge machines which need a high utilization rate. These machines operate in two shifts. Two up to three specialized trained operators for one machine are needed. Tractors with soil-preparation-machines can be ordered without operator.

## **All persons find for drivers or other jobs are**

daughters and sons of member farmers or even farmers themselves. The cooperation is voluntary, but membership of machinery ownership groups has constructed regulations.

## **To insure that the Machinery Ring works reliable, the following preconditions are essential:**

- Prices for every sort of work have to be known by all parties involved
- Payment of all machinery Ring services has to be done by cashless money transfer
- A central agency leaded by a qualified manager is necessary.
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## **Financing of MR can be realized as follows (proposal)**

- the annual fee per head
- annual fee depending on farm size
- rest is a commission depending on the total turn over

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**The manager is the heart of the organisation. He is coordinating all Machinery Ring activities as there are:**

- Preparation and updating of the machinery register.
- Coordinating the demand for services with the machinery and eservices available.
- Operational planning and control of daily work schedules.
- Arranging job contracts.
- Appointment of services and staff outside the ring.
- Supervision of accounts. Supervision of work performance.
- Provision of technical and financial advice to members and supervision of investment and feasibility studies.
- Planning and implementing new mechanisation systems.
- Administration of the Machinery Ring association.

**How can the member take advantage from the Machinery Ring services?**

- Access to a vast pool of machinery and labour.
- Peak seasonal demand can be mitigated, allowing minimum machinery ownership.
- More efficient utilization of the machinery you own.
- New technology can be brought in without the associated massive capital expenditure
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**The economic effects in general are:**

Low costs of mechanisation, higher productiveness of work, the possibility of earning money by working on other farms, altogether an improvement of incomes.

**The social effects are:**

Facilitation and assistance in work-summits, illness, accidents, cure and holiday, altogether more quality of life.