

ALUMNI NEWS

Realize *your* vision



SUMMER 2015



CTEAM 2015-2017 Open For Registration!

The dates and curricula have been set for CTEAM and we are now accepting registrations.

CTEAM, taught by world renowned instructors, will be held in four modules held across Canada over two years. The new CTEAM 2015-2017 module dates and locations are:

Module 1 - November 30 – December 4, 2015, Abbotsford, BC

Module 2 – March 14-18, 2016, Calgary, AB

Module 3 – December 5-9, 2016, Niagara Falls, ON

Module 4 – March 6-10, 2017, Ottawa, ON

As an AME alumnus, you know firsthand the endless benefits that CTEAM provides to graduates. CTEAM is Canada's only national farm management training course and is the only course in which participants' own farm data is used to create a strategy and develop a plan specifically for their farm.

INSIDE THIS ISSUE:

2. Potential Market Opportunities
3. CTEAM Members Face Off at Outstanding Young Farmers Competition
3. AME Paper at IFMA
4. CFAME Grads' Success Story
4. Whither TPP?

If you know someone who might be interested, please encourage them to register today! If you refer someone to participate in the next CTEAM course, we will send you a \$100 gift certificate for a dinner out on us to be used at: Earl's, Moxie's, Cactus Club, Joey's Restaurant or The Keg!

Introduction to Risk Management Course

The next session of our Introduction to Commodity Risk Management Using Futures and Options begins soon!

January 19–21, 2016

This course is geared toward any farmer or agribusiness manager whose product or raw material prices are based on commodity and/or foreign exchange markets.

Key areas for learning:

- Risk and Management
- Mechanics of Futures Trading
- Hedging with Futures
- Cash-Futures Price Relationships
- Uses of Futures and Basis for Sellers of Commodities
- Trading and Hedging with Commodity Options
- Technical Analysis
- Developing a Marketing or Purchasing Plan

Register now so you don't miss out!

To register or for more information visit www.agrifoodtraining.com/introduction-to-price-risk-management



Potential Market Opportunities

We have been contacted about two potential investment/market opportunities that may be of interest to alumni. Check them out below:



Haskap Berries

Haskap berries originated in Siberian Russia and the northern islands of Japan. The Haskap berry looks like an elongated blueberry with deep indigo skin. They contain extremely high levels of anthocyanins, vitamin C, phenolic compounds and other antioxidants. Foodies love them and are giving them good publicity. Haskaps have an intense, delicious flavour, often described as a blend of blueberry and raspberry with a hint of black currant.

LaHave Natural Farms, just outside of Mahone Bay, Nova Scotia is commercializing Haskap products in Canada under the brand name, haskapa. We visited LaHave on a recent trip. It is an impressive operation, with an already extensive array of preserves and juices and an equally extensive line of products under development. It would appear from the short visit that they have much more demand than they can fill with their current extensive plantings. They have distribution through Pete's, Sobeys and several smaller outlets.

From a grower perspective, Haskaps offer some interesting opportunities. They grow very well on steep slopes, they have no natural pests (except birds) or diseases, they are relatively easy to grow and harvest, they are harvested in late June and July, and they withstand Siberian winters, so Canadian winters are downright balmy! LaHave didn't

lose a bush in last year's bitter Nova Scotia winter. Interestingly, the market for processed products is so strong that there is hardly any fresh product sold. This means they can be harvested, immediately frozen and then processed or shipped for processing in the frozen state.

We briefly looked at some budget numbers that are quite impressive, with potential revenues in the 10's of thousands of dollars per acre when they reach maturity in their fifth year.

LaHave has ambitious plans to expand the markets for this product. They raise and sell proprietary varieties that do well in Canada and are suitable for processing. As the only commercial operation of its kind in North America, LaHave can buy back frozen berries from farms anywhere in Canada. They also have an interesting aspect of their operation that offers people the opportunity to invest in an orchard in Nova Scotia that LaHave will manage on the owners' behalf. The management processes appear to be quite transparent.

If you would like to know more about haskapa, there is a wealth of information on their websites, haskapa.com and lahavenaturalfarms.com or via @haskapa on twitter, facebook and Instagram. Alternately, you can get in touch personally by calling Lynn at 902-527-2139 or email lynn@lahavenaturalfarms.com.



Sprouting

Another aspect in "healthier" foods is the use of sprouted seeds – grains, beans and other types of seeds. Seeds are dormant with the outer shell and enzyme inhibitors protecting the interior until they have the chance to sprout. Reported research suggests that sprouted seeds may have increased fiber content, protein, and vitamins than in their dormant state and are easier for humans to digest.

Sprouts can be eaten in the raw state (everyone has seen them at salad bars) or dried or baked and used in cooked products. Some bakeries use a flour made from sprouted wheat and grains. As well, other sprouted grains are used as toppings and inclusions in baked goods to enhance taste and enhance nutrition values. Most of the enhanced nutrients are preserved when sprouted in this way. In a commercial setting, sprouting is accomplished by soaking grains or seeds etc. in water in very large trays for a controlled period of time, about 8 to 12 hours, then dried. The soaking allows the seed to crack and start to germinate and the drying stops the process.

Tim Gilks is a graduate of AME's futures course and has many years of experience in procurement, including VP of Purchasing and Commodities at Tim Horton's. He is now President of OJAI Commodity Consulting. He is immediately looking for facilities that can sprout buckwheat and millet, but sees a growing trend in the baking industry to use sprouted grains.

If you have an interest in learning more, you can visit Tim's website at www.ojaitrading.com or contact him directly at (905)-483-6757 or at gilks_tim@ojaitrading.com.



CTEAM Members to Face Off at Outstanding Young Farmers Competition (OYF)

In our last newsletter, we reported that Mike and Amy Cronin were named Outstanding Young Farmers in Ontario for this year. Amy and Mike are CTEAM alumni, as well as graduates of our futures and options course.

Just after going to press, we discovered that Mark and Cori Pawluk, from Birtle, Manitoba were named Outstanding Young Farmers of Manitoba. Mark is a CTEAM and futures and options grad. Mark and Cori operate Pawluk Ag Ventures which includes 5,700 acres of grains and oilseeds, an elevator company that has rail access, as well as cleaning and processing facilities. The elevator provides cleaning and trans-loading services for customers in the food, malt, and animal feed industries. Processing flax seed for the human and pet food markets keeps the plant busy year round.

The Pawluks and the Cronins will compete for the national OYF title in Edmonton in November, where the local arrangements for this year's OYF meeting are being chaired by Rob and Angela Semeniuk, two more CTEAM grads who were OYF winners in Alberta a few years ago.

We at AME are extremely proud of the accomplishments of Mark and Cori, as well as the Cronins and Semeniuk. This brings the number to at least eight CTEAM grads who have won either regional/provincial or national OYF awards after taking CTEAM.

AME Paper at International Farm Management Conference (IFMA)



Many alumni will recall that AME did a project last summer with Farm Management Canada that gave us feedback on CTEAM and what differences it made to its graduates over its history. Larry and Heather adapted that report to a paper presented at IFMA in July in Quebec City.

First, Quebec was astoundingly beautiful in July during the Quebec Summer Festival. The conference was a congregation of good minds as well as successful farmers from 30 or so countries. It was a joy to be there. Farm Management Canada as well as Le Centre de référence en agriculture et agroalimentaire du Québec (CRAAQ) did a marvelous job of hosting and developing a very informative program.

The paper started with a description of CTEAM and can be summarized as follows from the abstract:

The sources of uniqueness in CTEAM are: it attracts already-successful operations; neighbours are discouraged from taking the course at the same time; it encourages a wide mixture of enterprises; it is national in scope; participants use their own data, especially in the financial management component, and participants can tailor the program to their own farms through application to their individual strategic and operating plans.

In the survey component, it is clear that graduates are younger, have higher levels of formal education, and relatively larger operations than the general farm population in Canada. Several conclusions come from the survey responses including:

- Graduates feel that their profitability is higher as a result of the course
- They feel that their management confidence is higher
- They feel they have significantly higher opportunities for expansion
- They feel they have significantly higher opportunities for networking
- The most valuable aspects of the program include:
 - Financial ratios, Planning, Networking, Quality instructors and the process of developing and following through on a written plan
- They use strategic planning, financial analysis, succession planning and marketing at significantly higher levels than the general population
- The course has provided a significantly positive return on investment for their operations

The overall conclusion is that the factors deemed by the authors of the course to make it unique have resulted in benefits that are perceived to be quite positive by graduates and that the course has been instrumental in lifting the management skills of graduates to a higher level.

Our session was very well attended and attracted a lot of questions. Afterward, people who provide or want to provide similar programs in several other countries got together to form a loose association of like-minded people to look for synergies among our programs. Representatives were there from Poland, Holland, Slovenia, Ireland, Britain, South Africa and Chile to name a few. The group will be in touch with each other shortly to establish ways we can work together, including sharing learning material and providing opportunities for class participants and/or alumni to network among the various countries.

Whither TPP?



CFAME Grads' Company Sold with Handsome Profit



By Larry Martin

One of the best and longest running learning experiences of my life just came to an exciting end. Ridley, Inc. is one of North America's leading livestock feed companies and is co-owner of Master Feeds in Canada. I've had the pleasure of being on its board of directors since 1997 and at least 12 of Ridley's senior managers have been through our CFAME program.

After a rough period with its previous majority owner, we brokered a sale of about 75% of the shares to Fairfax Capital of Toronto in 2008. Although the start was rocky, the company began to see continuous improvement in its performance. It invested well in acquisitions that helped with differentiation; began to focus on higher value and higher margin products and services; invested in automation and information systems and embarked on a Lean Manufacturing program. It also invested heavily in a worker safety program that clearly improved safety, but also reduced lost time injuries, lost time compensation and insurance costs by magnitudes.

It was a pleasure to watch many of the plans developed in CFAME/EDP actually be implemented profitably in the company. Especially under Fairfax's thoughtful and strategic governance, the company's governance and management were done in ways that are consistent with the kinds of things we try to teach in CTEAM and CFAME: honing and focusing strategy makes you better; managers manage, boards govern; people are strategic resources; written plans give focus and are achieved; what's measured gets done; sharing strategic information helps people understand what needs to be done and helps them do it.

From 2008 to 2015, Ridley paid its shareholders \$5.25 in dividends and its share value increased from \$8.15 to \$40.75. Congratulations to a great group of managers for a job very well done.

It's been fun to watch the "debate" about the Trans Pacific Partnership (TPP) and agriculture. Unfortunately, it generates way more heat than light. On one extreme, the Andrew Coynes (a Canadian journalist) of the world take the position that Canada should just end supply management. He uses arguments such as, to understand the cost of supply management to Canadian consumers, all you have to do is look at the tariffs. This is ridiculous because any casual analysis of reality shows that marketing boards have rarely, if ever, used the full extent of tariffs for domestic pricing. In addition, it totally ignores the pricing behaviour between the farm price and retail price, which is exceedingly complex, especially for milk with literally hundreds of products made from raw milk.

At the other end of the spectrum is Bruce Muirhead, supply management's academic supporter from the University of Waterloo, who loves to take facts completely out of context. One of my favorites is that doing away with supply management would not result in lower consumer prices because milk prices in New Zealand are as high, or higher than in Canada.

This argument conveniently ignores that New Zealand is two islands in the middle of the ocean, with the natural protection of thousands of miles of transportation costs and legal protection for its domestic industry. Canada is not a distant island. He also conveniently waits until milk prices have dropped to conclude there is a world-wide glut of milk, and that the dairy industry outside of Canada is in terrible financial shape, conveniently ignoring that the past four or five years were likely the most profitable in the past century.

That's the heat vs. light part. Neither particularly addresses the potential reality of what could happen if a trade treaty is actually established and neither seems to want to address the consequences to other industries of things like Japan's roughly 75 per cent

tariffs on red meat imports, as well as that much protection again in non-tariff barriers. And they certainly don't address the real question that arises from the fact that no country is asking for an end to supply management or Canadian protection. Rather, the request is for an increase in market access. The latter can be achieved by a reduction in tariffs or an increase in tariff-rate quotas (TRQ's) or some combination thereof. The real questions are what are the potential amounts of change in the levels of protection, what would be the impacts of those changes and what is the optimum combination to retain protection and encourage opportunity in the Canadian industries?

Based on the European trade agreement, it appears that Canada is willing to give up additional TRQ's. This means that we would allow in a significant additional amount of foreign product with no tariff at all, and anything above that quantity faces a tariff of 150 – 299 per cent depending on the commodity. Those tariffs are generally more than enough to keep foreign product out of Canada, especially with a US\$.77 dollar. Therefore, some decline in tariffs would have little or no effect on the supply managed industries.

Even though the TPP negotiation is currently at an impasse, it appears that the pressure for reduced protection will eventually bring about some kind of change in Canada's dairy and poultry protection. It would be nice if the debaters actually addressed what is best for the supply managed industries in the long term: is it better to allow occasional erosion of tariffs to zero by giving away chunks of our domestic market to foreign countries, or is it better to bring down tariffs to, say, 75-150 per cent over time to give the industries the opportunity to adjust? There are likely a number of other policy issues that could be put into effect that need to be discussed and designed.

This discussion would provide leadership instead of brinkmanship.