

real-life
farm management
stories

AgriSuccess



Ryan and Lauren Maurer aim high in identity preserved markets



6

FEATURES

- 13** **Doing more with less**
Farming's theme as we drive towards 2020
- 16** **Plan for the future**
Two agriculture management consultants provide their advice

COLUMNS

- 3** **The big picture**
Canadian agriculture defies predictions
- 4** **Your money**
Developing and maintaining a strategic plan for your farm.
- 6** **Young farmer profile**
Land and Sky Grains Inc., owned by Ryan and Lauren Maurer, is a farm with a vision.
- 10** **Ask an expert**
According to La Coop fédérée head Claude Lafleur, middle-sized producers are slowly being squeezed and will have to make a choice.
- 18** **Planning to succeed**
2020: Thinking out the future by keeping an eye on the past.
- 20** **Safety on the farm**
New threats emerge as agriculture changes.



13

NOVEMBER / DECEMBER 2010

On the cover:

Ryan and Lauren Maurer of Grenfell are Saskatchewan's Outstanding Young Farmers.

Editor, Kevin Hursh
Associate editor, Allison Fynamore

Original photography by Greg Huszar

Photography and articles may be reproduced with permission. Please contact us at 306-780-3976.

Cette publication est également offerte en français. Consultez www.fac.ca/agrisucces.

AgriSuccess has been honoured with industry and trade publication awards, including:

- Canadian Farm Writers' Federation award for periodicals; Bronze 2006, 2007, Gold 2008, Bronze 2009
- Canadian Agricultural Marketing Association (CAMA) Awards; Merit 2006, 2007; Excellence 2009

The editors and journalists who contribute to AgriSuccess attempt to provide accurate and useful information and analysis. However, the editors and FCC cannot and do not guarantee the accuracy of the information contained in this journal and the editors and FCC assume no responsibility for any actions or decisions taken by any reader of this journal based on the information provided.



from the editor



“Vision 2020” may be a bit overused (many of us have attended conferences with that name), but we’ve still adopted the term as the theme for this edition of AgriSuccess.

With the obvious tie to perfect eyesight, and with 2020 just 10 years away, we couldn’t resist. Since this is our last edition of 2010, it’s a great opportunity to look back over the past decade and look ahead to the next.

Of course, when you’re looking into the future, the vision isn’t perfect at all. There are always surprises. Who could have predicted the 9-11 terrorist attacks? How many economists foresaw the world economic downturn precipitated by the U.S. mortgage crisis?

These events affected the entire world and agriculture was certainly not immune.

While there will no doubt be more surprises – positive and negative – in the decade ahead, there are many established trends that will likely prevail. Technology will continue to advance. Consumers will become more demanding and discriminating.

More than ever, agriculture will be linked to the environment and to human health. Successful producers will anticipate the opportunities.

Success doesn’t necessarily depend on your forecasting abilities, but it is directly tied to your ability to set up management systems to deal with whatever the future holds.

We hope you enjoy the future gazing in this edition, as well as the stories from producers who are trying to position their operations for how the years ahead may unfold.

We’ll put a copy of the magazine in a time capsule and dig it up in 2020 to see what we got right and what we didn’t.

We always appreciate your comments and story suggestions. Tell us your predictions for the future. Just email kevin@hursh.ca.

Buying inputs?

Ask for FCC financing

Apply right at your input retailer

Once you're approved for FCC financing, you'll be ready for the next growing season. Take control now – and have the credit in place for when the time is right to buy. Purchase now and you can defer payment to 2012.

Call your local input retailer or FCC at 1-888-332-3301.

www.fcc.ca



Farm Credit Canada
Advancing the business of agriculture

Canada



Canadian agriculture defies predictions

Are we competitive on the world stage? Will we be competitive 10 years from now?

One of the advantages of some grey hair is that you learn to take long-range predictions with a grain of salt.

Back in the early part of this decade, there were studies highlighting the competitive advantage of the Canadian hog sector, particularly on the Prairies.

By the latter part of the decade, hog producers across North America were losing money and the Canadian industry was hit longer and harder than its American counterpart.

What changed? The list is long, but one of the main unforeseen factors was the rapid appreciation in the value of the Canadian dollar.

Thankfully, Canadian hog producers are having their best year in a long time, but the losses leading up to 2010 generated a major contraction in the industry.

Around the same time as the rosy predictions for Canadian hogs, many analysts were questioning the long-term future of the grain sector. Brazil was emerging as the top soybean producer in the world, bringing ever more acres into production in a region that can grow two crops a year.

Meanwhile, the former Soviet Union (FSU) was beginning to flex its muscles. That region has a huge and rich land resource combined with close proximity to many major grain customers.

If you listened to some of the experts, Canadian grain producers would never be able to remain competitive given their relatively high cost base and their freight disadvantages.

We now see that South America and the FSU have problems of their own. At the same time, world demand for grain continues to increase and Canadian producers have shown a willingness to specialize in higher value crops where we maintain a competitive advantage.

For the past 20 years or more, the demise of Canada's supply managed sectors has been predicted. The assumption was that Canada would have to drop import restrictions as part of a world trade deal.

One of the advantages of some grey hair is that you learn to take long-range predictions with a grain of salt.

While this concern continues to hang over Canadian dairy, poultry and egg producers, those who forged ahead with their business operations despite the uncertainty have done well.

Despite the limitations of future gazing, we still need to watch all the trends in agriculture and follow the analysis of experts as we try to ready ourselves for what 2020 will bring. This is our best bet for remaining competitive in both domestic and world markets.

BY KEVIN HURSH / *Kevin is a consulting agrologist and journalist based in Saskatoon, Sask. He also operates a grain farm near Cabri, Sask., growing a wide array of crops.*

Chart **your course**

What will your farming operation look like in 2012, 2015 or 2020? Will it be larger or smaller? Will your son or daughter have joined the operation, or will you have sold it and retired?

The passage of time will eventually answer these questions, even if you are content to drift through life. However, if you want to chart your own course, the best place to start is by developing a strategic plan for your farm.

Having a strategic plan isn't quite the same thing as having a business plan. A business plan focuses on setting and achieving short and medium-term goals for your operation, while a strategic plan provides the overall vision of how you want it to evolve over the long term.

"Strategic planning is an essential management tool that can be used to aid your farm business in reaching its goals," says Bob Ross, a cash crop farmer and management consultant with RLR and associates/consultants of St. Mary's, Ont. "If you are going to remain competitive, you've got to have one."

Ross says developing a strategic plan requires asking yourself some hard questions about what your farm business has to do to remain competitive in today's

business environment. Determining what your operation is capable of doing and what you want to do are other aspects of the process.

"Strategic planning provides tools for recognizing change, evaluating the capabilities of the business, and if necessary, modifying existing business strategies and developing new business strategies," Ross explains. "It makes day-to-day decisions more focused and more consistent."

Every farm operation can choose from a variety of possible futures so developing a strategic plan really comes down to making choices about what you want to do with your life and your farm.

Look at strengths and weaknesses to determine opportunities and threats. The next step is to develop your vision of what a successful farm in the future means to you. This will allow you to establish your farm's priorities and set clear goals.

"It's important to keep your strategic plan relatively simple," Ross says. "You only want to identify three or four main strategies and then develop an action plan for each of them. Name what you're going to do and define the expected outcome. Set out who's going to do it, who's accountable for the results and determine if it's going to occur in a short, medium or long-term time frame."

"This isn't a quick process if you are going to do it properly," Ross says. It can easily take 12 to 18 months to get it right. While Ross says it's difficult to devote the time to the process when you are feeling swamped by daily issues, it is absolutely essential if you want your farm to remain competitive.

BY LORNE McCLINTON / *Lorne has worked in the communications field for the last 20 years as a journalist, photographer, scriptwriter and corporate writer. He divides his time between Quebec and his grain farm in Saskatchewan.*



Plans need to **evolve**

Circumstances change, goals shift and a strategy that made perfect sense one day can put your farm on the path to financial difficulty the next. That's why it's important to treat your farm's strategic and business plans as living documents that will change and evolve with the times.

For example, 10 years ago, the price of a barrel of oil was in the low teens. Ethanol and other biofuels barely registered on anyone's radar. Today, it would be unimaginable not to take higher energy costs into consideration when drawing up a business plan.

It's impossible to foresee every event that can help or hurt your bottom line. That's why it is important to regularly set aside time to look at your plans and goals to see if they still make sense.

One place producers can turn to for help to develop their vision and create a strategic plan for their farm is the University of Guelph's AgriBusiness eCampus (agribusinesscampus.com).

This program allows producers to participate in a variety of management courses, including strategic planning, without having to leave the farm. Ontario producers are eligible for cost-share funding covered by the Business Development for Ontario Farm Businesses program of Growing Forward through OMAFRA.

And across the country, Farm Credit Canada organizes Workshops and Learning Tours that also delve into strategic planning and other business management topics. Visit www.fcc.ca/learning for a listing of learning events near you. **LM**

Improve your vision

Farm management courses are a great way for producers to learn how to increase their productivity or do a better job of marketing their products. According to Ron Witherspoon, a consultant with Interactive Management Group in Regina, farm management courses should also help producers develop their strategic vision.

"The whole agriculture industry isn't spending enough time on developing leadership skills and visioning where the industry should be going."

Witherspoon says. "A good CEO in a large organization is probably spending a third of their time researching and visioning where their industry is going to be five years from now. They are trying to determine what their company needs to look like in order to be successful."

Witherspoon says producers need to be constantly looking at their business practices and how to improve their abilities in order to cope with the massive changes that are coming. **LM**

A farm with a vision





The vision statement for the farm is on a gate sign for the world to see – Empowering Sustainable Agriculture. Skeptics may think those are merely fancy words, but the mission statement developed by Ryan and Lauren Maurer is more down to earth: to seek fitting and viable growth opportunities.

“The mission and vision are a road map,” Lauren explains. “It makes us stop and think where we want to be, where we need to be in the next one, five and 10 years to maintain viability.”

Their farm is Land and Sky Grains Inc., bordering the beautiful Qu’Appelle Valley near Grenfell, Sask. Ryan and Lauren quip that it took longer for them to agree on a farm name than to name each of their four

children. Their farm name is the image they want to present to customers.

Such care in marketing (check out their website at www.landandskygrains.com) is usually reserved for operations that are selling directly to local consumers.

Not so in this case. The farm has a wide array of crops on a seeded area that surpasses 9,000 acres and their customers are around the world.

They started farming as a couple in 1992 and from a modest beginning, aggressively expanded the operation.

While similar to many large Prairie grain farms, Land and Sky Grains Inc. is noteworthy for concentrating



on identity preserved food markets, meaning their crop production must adhere to specific protocols and be strictly segregated from other stored grain.

They have become big suppliers of wheat to Warburton's Bakery in the U.K. While that requires the use of certified seed each year, along with more record-keeping, Warburton's pays a \$20 a tonne price premium. In years of low wheat prices, that's a 10 per cent advantage.

Since they're major suppliers to the company, Ryan and Lauren have been invited to visit the U.K. to tour bakeries and meet some end-use consumers.



“As you get a reputation for quality and attention to detail, companies start coming to you,” Ryan explains. This year, they were approached by Prairie Malt to grow 1,100 acres of a special barley variety for a brewery in Japan. Unfortunately, with the extremely wet spring, they only got 300 of those acres seeded.

In past years, they’ve grown dill, coriander and caraway and they’ve shipped alfalfa bales to customers in the U.S.

“Consumer demands are going to become more and more specific,” Lauren predicts. “They want more information on where their food comes from and care for the environment is going to become increasingly important.”

As you get a reputation for quality and attention to detail, companies start coming to you.

Many experts also say that improved diets will play a major role in reducing diseases and lowering health-care costs. That is likely to increase the demand for specific foods.

The Maurers are positioning their operation to capture the opportunities that are likely to emerge.

BY KEVIN HURSH

Canada’s Outstanding Young Farmer Recognition Event

The national recognition event for Canada’s Outstanding Young Farmers is November 23 to 28 in Victoria, B.C. The Maurers are representing Saskatchewan. Here’s a brief look at all the regional honourees:

Gene and Shelly Covert of Oliver, B.C. focus on direct marketing of organic and conventional fruits, vegetables and wines produced on their 660-acre farm. Originally, the farm grew only onions and tomatoes, but it now produces over 60 crops. They started organic production in 2005 and planted their first vineyard the same year.

Ryan and Annette Mercer of Lethbridge, Alta. own Mercer Seeds, which grows, processes and retails pedigreed seed throughout Canada and the U.S. They’ve expanded into new crops including safflower and camelina, and have added new technology to their seed-cleaning plant so they can process for human consumption and pet food markets.

Lauren and Ryan Maurer of Grenfell, Sask. operate as Land and Sky Grains Inc., producing a variety of crops on more than 9,000 acres. Most of their production is targeted to value-added identity preserved markets.

Jan and Tracy Bassa of LaBroquerie, Man. are part of LaBass Holsteins Ltd. The farm has seen steady, planned expansions and now milks 470 cows and has 2,000 acres. There are six full-time and four part-time employees. A 100,000-square-foot addition in 2008 included a 50-cow rotary parlour.

Steve and Lisa Cooper of Zephyr, Ont. produce a wide variety of the vegetables using sustainable and organic farming practices. They have entered into a Community Shared Agriculture program. Families pay to receive a weekly basket of vegetables. There is also an on-farm store and agri-entertainment area.

Jean-François Lemeix and Mylène Gagnon of St-Valmieux, Que. operate Ferme Valmieux Inc., an expanding dairy and cereal operation. Their aims include increasing the production and efficiency of their herd and being self-sufficient in grain production for feeding cattle.

Josh Oulton and Patricia Bishop of Port Williams, N.S. bought their first vegetable farm in 2004 with a desire to provide healthy, nutritious food. They launched their Community Shared Agriculture model in 2009, where customers register as members to receive regular food baskets of organic produce.

Visit www.oyfcanada.com for more information.



ASK AN EXPERT

In the next decade, strategic management is **essential to success**

Claude LaFleur, CEO of La Coop fédérée has advice for producers adapting to an evolving industry.

From your vantage point as an agricultural economist and farm operator, what are the key determining factors in agriculture today?

The key factors of today will continue to have an influence in the coming years. These are the aging of the farm population and the polarization of farms into

very big and small sized units. Fewer farmers means bigger farms, and this polarization is already well advanced in the U.S., where 15 per cent of farmers produce 80 per cent of the food. The middle-sized farmer is slowly being squeezed out to the extent that farms have to make a choice between serving a market of proximity, or bulk commodity production.



What are the most important aspects that farmers should pay attention to in the next decade?

The first is technology – not the mechanical technology of production from the past, such as bulk tanks or the hydraulics of a tractor, but the technologies associated with knowledge. Just because you have a lot of land and a big tractor does not mean you are competitive. Farmers need to continually update themselves, be open to new concepts and seek out knowledge and understanding to be successful beyond 2020.

The second aspect is human resource management. Human resources are a farm’s most important asset – not just employees but also the farmer as manager. Working hard is still important, but it is no longer good enough. Farming needs to shift gears into a different mentality, to continuously learn and also become “normal work” with benefits, vacations and the like.

Third, a farmer needs capacity to develop and support the farm’s growth as an enterprise. This doesn’t mean just to produce more but to produce in different ways. There needs to be sufficient volume of production to support appropriate technologies, and a “zone” of differentiation to be competitive. Whether we like it or not, we’re in a market economy. That could mean new technologies for economies of scale, or becoming organic, or forming a co-op with other farmers. Either way, think about the strategic direction for the farm, manage it well and leverage support as much as possible.

What can farmers do to prepare for these changes?

First and foremost, they need to prepare themselves. During the course of a lifetime, a farmer will have to make five strategic choices. These are not necessarily in sequence but more like five petals on a rose – each petal must be present in order for the flower to blossom.

First there are the human resources – what type of employees, how many, which skill sets and so on. Then there is the business model that the farm operates under, which is not just about being a sole proprietorship or a corporation, but should include consideration for things like proper scale – you don’t need the biggest tractor for a small task.

Third, there’s the growth factor. Will that be more acres or more specialty crops on less land? In either case, the farm will need a critical mass to access appropriate technology, and will need to exhibit some form of competitive advantage, something that makes it different from others. Next is the farm transfer. Will there be another generation, and if so, who, by when, by what process and under what conditions? Finally, there is the choice of partners. Is that your spouse, your children, or a non-relative?

Regardless of which choice you make, you must constantly reflect on the strategic direction the farm is taking because you don’t have a lot of room to make mistakes.

In addition, farmers need to have a holistic view of how the farm functions, and how it’s progressing. Do you delegate or are you involved in everything? And how is the farm organized – the manpower, the family, the contractors – who is responsible for what? As well, what systems are in place to help it function efficiently such as accounting, transportation and other services? Finally, there’s the infrastructure: water, electricity, buildings, manure-handling equipment and so on.

Whatever arrives in 2020, it’s important to manage these elements well and leverage support as much as possible. A great partner, good employees or an expert advisor – you can’t do it all alone.

CLAUDE LAFLEUR directs one of Canada’s largest enterprises in the agri-food sector, *La Coop fédérée*, an umbrella group for 88 co-operatives in Quebec, Ontario and Alberta, with \$6.5 billion in combined revenue.



Pull out all the stops

Finance day-to-day expenses with AdvancerPlus

Need funds to buy inputs and supplies? Want to take advantage of last-minute deals? AdvancerPlus is a short-term loan that's always there to cover your day-to-day operating expenses. Pull out all the stops and get financing that keeps up with you.

To find out more about AdvancerPlus, call your nearest FCC office at 1-800-387-3232.

www.fcc.ca



Farm Credit Canada
Advancing the business of agriculture

Canada





FEATURE

Doing more with less

Farming's theme as we drive towards 2020

When epic rainfall caused millions of acres to go unseeded in Western Canada this year, alarm bells rang – not just for the pain inflicted on producers, but also because the disaster meant wheat output here would be the lowest in 40 years.

In balance, other grain-producing nations have traditionally filled the gap when such natural tragedy struck. Climate change, though, has impacted the

entire planet. Russia, for example, was facing a choking drought, at the same time Western Canada was drenched.

Meanwhile, the world is racing towards record population levels. Reputable institutions, such as the United Nations Food and Agriculture Organization predict farmers will need to double production to feed the planet for the next 40 years.

Fast forward to 2020. With mounting pressure on agriculture to perform at its peak, and the continuing population increase, how long can the harried food production system compensate when star performers falter? No one really wants to find out. But it's on the minds of everyone who casts a glance forward, tries to put this year's problems in perspective and imagines management approaches that will drive farming a decade from now.

Besides considering production approaches that will feed the world, farmers also need to figure out how they'll get a crop in and out of the ground, given the wild swings in weather that have lately become the norm. At the same time, they need to be mindful of global political pressures around technology, particularly genetically modified food.

Increasingly, consumers are demanding healthy and safe food choices combined with traceability. This also promises to change production demands.

Overwhelmingly, experts agree agriculture will need to do more with less. That prediction takes many forms: more yield with fewer inputs, more production with less land and labour, greater sustainability with less environmental impact, and higher quality for less money – not to mention more progress, in less time than ever before.

To Dr. Mary Buhr, dean of the College of Agriculture and Bioresources for the University of Saskatchewan, that means, among other things, more emphasis on technology.

“Depending on how fast the world population increases, the chances of genetically modified crops being accepted as the only way to effectively produce

food fast is increasing,” she says. “The politics around this situation are huge, but I sense a softening from those opposed to these crops.”

Indeed, in July, the European Commission, the biggest global opponent to genetically modified crops, proposed a plan that would see member countries individually decide whether or not to plant and trade this form of technology. If accepted, the proposal would have major implications for export-intensive nations such as Canada, and it would send strong signals about the future in the field and the lab, where researchers are developing technologies that will address global concerns about the sustainability of the environment and the population.

One such technology would promote more variation in tolerances. For example, it's becoming clear, farmers will need wheat varieties in Western Canada that do well in climate extremes. But they'll also need varieties that can handle a wide range of pest tolerance, new kinds of pests and government regulations, says Buhr.

Dr. Nancy Tout, head of Regulatory and Biological Development for Syngenta Crop Protection Canada, Inc., says the more-from-less era will be marked by a special attention to sustainability. Research programs will increasingly focus on protecting yields and crop quality, improving land and water resource efficiency in agriculture, and reducing agriculture's carbon footprint.

Syngenta, with one of the world's most expansive agricultural research and development forces (5,000 strong) is focused on effective drought-resistant traits,



novel chemistries, integrated growing systems, crop enhancements and seed care practices. Tout says going forward means paying attention to classic areas – such as biotechnology and novel chemistries with new modes of action – and bringing together technologies to meet farmers’ needs.

Through it all, keeping an eye on the environment while helping farmers achieve profitability will be key.

“Regardless of the output of agriculture (research and development) over the next 10 to 20 years, sustainability will remain as the common thread that will weave its way through the future of agricultural research,” she predicts.

Health will be another factor. While profitability drives farmers and sustainability motivates society, consumers will be moved by technologies that can help keep them healthy or make them healthier. That ability will drive the acceptance of new technologies and influence what farmers grow.

“We’ve been talking for a long time about these (technologies), and in 10 years we’ll see a wider range of transgenic plants with added genes, or plants that are engineered to shut down certain genes, such as those for people with allergies to soy or wheat,” says Dr. Peter Pauls, a plant breeding pioneer at the University of Guelph.

He’s convinced plants will be active as bio-factories, producing therapeutic agents, vaccines and others features that can be expressed in their leaves, and harvested. In fact, the wheels are already in motion. Last year, the university signed an agreement with a company called Plantform to take the bio-factory science developed in laboratories to the marketplace.

So how does a producer stay on top of all this? “It’s a mentality,” says cash crop and poultry farmer Mark Brock of Hensall, Ont. “You need to be well read, pay attention to what’s going on and be proactive.” Indeed, he’s a regional director for the newly formed Grain Farmers of Ontario, and, at 37, the second-youngest member on the board.

Brock also describes himself as a “firm believer in moving ahead,” being familiar with new technology so when developments come along, it’s easier to introduce them into his family’s operation. For example, he’s used a yield monitor for the past 10 years to help him make more informed management decisions, and like most crop producers, he has added auto-steer in his tractors and combine, in part to make work easier for employees.

In that light, he says skilled labour will be one of the biggest challenges going forward and that producers will need to take measures to that make farm work attractive.

But he’s also convinced new employees will embrace farming’s fighting spirit, particularly with its growing mandate to feed the world.

“This might inject more youth into farming,” he says. “Getting people into farming to help feed the world is kind of a sales pitch, but big business is using it, so maybe farmers should too.”

BY OWEN ROBERTS / *Owen, a native of Mitchell’s Bay, Ont., teaches agricultural communications at the Ontario Agricultural College, University of Guelph and is director of research communications for the university. He is also a freelance journalist and broadcaster.*





FEATURE

Plan for the future

According to two of Canada's leading agribusiness consultants, producers should plan for the unexpected, work with peers and stay on top of national and international market trends as the calendar moves towards 2020.

Al Scholz, management consultant and owner of Saskatchewan-based A.N. Scholz & Associates Inc., has been active in the country's agriculture and food industry for 25 years. He says the last decade in Canadian agriculture was impossible to predict: financial difficulties in the beef and pork industries, major mergers in livestock processing, consolidation of western Canada's grain industry, a rise in global

poverty, record low borrowing rates and growth of biofuels. Scholz says these issues were history-makers during the last decade.

Going forward, he says, Canadian agriculture will see the biggest changes from the world marketplace. "Globalization will continue to deform our marketplace," he says, pointing to emerging competitors, erratic growing conditions and stock market speculation – issues that will twist the economic landscape for Canadian agriculture. As well, increased consumer power could influence farm policy, especially when urban-driven campaigns like buy-local initiatives continue to have an impact on

the marketplace. He says commercial producers need to be more proactive and inform consumers about the benefits of modern agriculture.

Scholz also recommends that farmers take the time to sit down and do some serious planning. It's essential to have a solid strategic plan – goals set out for at least the next five years – and a foundation of knowledge experts, like a qualified farm advisor to help formulate and review the plan on a regular basis.

“Most farmers still do not have a well-designed strategic plan,” Scholz says. “This is crazy. Every successful business in every other sector knows the axiom: if it doesn't work on paper, it certainly won't work in the field. Farmers have to create a plan that builds on their strengths and anticipates change, which will take them successfully into the future.”

For professional agrologist Darrell Toma, planning is also the key. Toma is a certified management consultant and part owner of Alberta-based Toma and Bouma Management Consultants. With 30 years of experience helping businesses with strategic development, Toma knows the benefit of long-term planning.

He references the global recessions of 1981, 1991, 2000-01 and 2008. “One would say there's a recession almost every 10 years,” he points out, saying this indicates Canadian agriculture should consider the real possibility of another recession in the upcoming decade. As well, he urges producers to think strategically and use scenario planning. “Most people only plan a week or a month ahead, but try to think in the distant future to avoid financial risk.”

“Look at what will happen when the price of oil goes back up to \$130 a barrel,” Toma advises. “What happens if I'm a high energy user, like a greenhouse operator? And what happens if the cost of natural gas goes up too?” Interest rates are another variable.

Even with the benefit of hindsight over the last 10 years and more, long-term planning can be challenging, Toma acknowledges. But he points out that it's essential for producers to take the time to make long-term plans and work with others, whether it's professional consultants, agriculture peers or other entrepreneurs.

“Farmers need to build thought from outside their own community,” Toma says. “They have to learn to get together in a group. It doesn't have to all be agriculture – business problems tend to be similar. So plan it. Then do it.”

Toma predicts that over the next few years, Canadian producers will filter into four main types of farmers: commodity farmers, niche producers, part-time farmers and qualified supplier farmers.

“Farmers need to get together,” he says, whether that means a small group of dairy farmers working together to hire a common veterinarian or several grain producers hiring a qualified consultant. “If you want to get the best ideas, get a group of farmers to try to collaborate with outside help.”

BY ALLISON FINNAMORE / *Allison specializes in cultivating words. Based in New Brunswick, she is an agriculture and business communicator with nearly two decades of experience. She contributes to publications nationwide and works to help industry promote farming and rural living.*



2020:

Thinking out the future

On a daily basis, it's often difficult to see the forest for the trees. But if you look along the trails that thread between the timbers, you can see where we've come from – and where that path might be leading. For agriculture, there are some important perspectives to keep in view en route to 2020.

We've been waiting for the world of the Jetsons for some time now, and 2020 probably isn't going to appear to be so much different from today. But there have been some big advances in integrated circuitry – computer chips in everything from robotic milkers to GPS-linked combines – and these, along with biotechnologies, are going to continue to move forward rapidly.

The major issue won't be with the technologies per se but the disparity between those who use them and those who don't. It's not just a question of large farms and efficiencies of scale – small farmers can effectively apply technologies to enhance quality and maximize margins. But appropriate use of new technologies in the next 10 years will be a crucial factor in the future of any farm.

The one goal that farmers have met and exceeded in recent decades has been the increase in agricultural exports. Canada produces more of many commodities than it consumes and so will have to continue to export. No problem with an increasing world population, but can we make money at it?

Agricultural exports have kept the volume flowing, but in a global market where governments regularly

intervene, farmers have often been price takers. To prosper in the export market, world trade agreement or not, the same rules will apply – keep costs down and be nimble when marketing opportunities present themselves.

Appropriate use of new technologies in the next 10 years will be a crucial factor in the future of any farm.

Local is “in,” and it's not just about food miles. Local is about quality, about niche markets and about a skill set that is different from bulk commodity production. There are domestic opportunities with aging baby boomers, a burgeoning culinary market for new Canadians, and new perspectives and technology that make urban agriculture the most exciting niche market in decades.

Local means having retail skills, a marketing plan and being adaptable. What do you (profitably) do with 500 pounds of fresh blueberries when thunderstorms keep customers away? Providing them to local restaurants to make smoothies would be one idea. Whatever the response, the ability to think differently will be essential on the road to 2020.

BY **HUGH MAYNARD** / *Hugh is a specialist in agricultural communications based in Ormstown, Que. A graduate in farm management from Macdonald College (McGill University), Hugh is a seasoned journalist and broadcaster.*



When you break glass ceilings, you deserve one of these

The FCC Rosemary Davis Award honours women who are leaders in Canadian agriculture – producers, agribusiness operators, teachers, veterinarians, researchers, agrologists – you name it. If you or someone you know fits this description, let us know before January 17, 2011.

Apply or nominate at www.fccrosemarydavisaward.ca.



Farm Credit Canada
Advancing the business of agriculture

Canada



New safety threats are on the horizon



Technological improvements and better management practices have reduced many traditional farming dangers. New threats are emerging, however, as the very nature of Canadian agriculture continues to change.

“Data over the last 20 years shows a gradual decline in farm fatalities and serious injuries,” says Don Voaklander, a professor of epidemiology at the University of Alberta and director of the Alberta Centre for Injury Control and Research.

Dr. Voaklander is also director of Canadian Agricultural Injury Reporting (CAIR), a federally funded program that monitors, compiles and crunches national numbers on farm-related deaths and injuries.

Voaklander credits improvements in equipment guarding and rollover protection systems and the widespread use of kill switches for falling farm fatality numbers for that type of accident – down minimally from 16 or 17 per year two decades ago to the current rate of 14 or 15.

He also credits federal and provincial programs aimed at raising safety awareness, particularly among young producers. Voaklander, who grew up on a mixed farm north of Edmonton, says farms are increasingly being treated like industrial worksites, with similar safety training and procedures.

He adds that more producers now marry non-farming spouses who instinctively keep themselves and their children away from animals and machinery. He thinks that may help explain why the number of farm fatalities among children 15 and under has declined more than any other age group in recent years.

That drop is offset by an increase in the number of deaths among older farmers – a trend Voaklander thinks will continue with the greying of the Canadian farming profession.

“The older people get, the more at risk they are to themselves and others,” Voaklander says. “We’re simply not as physically and mentally agile as we once were.”

“You often hear farmers say, ‘Yeah, we got old Uncle Willy out to drive the tractor for haying again this year,’” Voaklander says. “It sounds nice, but it can be dangerous.”

Like changing demographics, increasing farm size and specialization are also giving rise to new safety threats.

Marcel Hacault, executive director of the Canadian Agricultural Safety Association, says the number of grain suffocations has gone from “the bottom of the chart” 20 years ago, to one of the most frequent causes of farm fatalities.

“People used to use eight-inch augers and 1,300-bushel bins,” Hacault says. Now you see 13-inch augers and 50,000-bushel bins.”

He believes the same holds true with muscle and skeletal injuries.

“Specialization requires repetitive motions,” Hacault says. “Instead of spending two hours a day doing chores in the barn, a hog producer might now spend eight hours a day doing those things.”

It isn’t surprising that safety risks are evolving as agriculture changes. A culture of safe work habits can help you deal with both the traditional and the new threats.

BY MARK CARDWELL / *Mark is a writer and freelance journalist who lives in the Quebec City region. He is a regular correspondent for a dozen newspapers, magazines, trade and specialty publications in Canada, the United States and Europe.*



FROM FCC

Canadian farmland values continue to rise

The average value of Canadian farmland increased 3.0 per cent during the first six months of 2010, according to the fall 2010 Farmland Values Report released recently by Farm Credit Canada (FCC). This follows increases of 3.6 and 2.9 per cent in the previous two semi-annual reports.

“Across the country, land remained a stable and attractive investment,” says Michael Hoffort, FCC Senior Vice-President, Portfolio and Credit Risk. “Established producers looking to expand their operations, transfer of family operations between generations, new part-time farmers, investors and urban expansion each played a role in keeping prices strong.”

Land is one of agriculture’s most important assets. FCC’s Farmland Values Report, published each spring and fall, provides valuable information about changes and trends in land values across Canada. FCC has produced this one-of-a-kind report since 1984.

Farmland values remained stable or increased in all provinces except British Columbia, which saw a 0.9 per cent decrease. Ontario experienced the highest average increase at 4.3 per cent,

followed by Manitoba at 3.4 per cent and Nova Scotia at 3.1 per cent.

Saskatchewan and Alberta each saw 2.9 per cent growth. Quebec at 2.3 per cent and Newfoundland and Labrador at 0.7 per cent rounded out the list of provinces that experienced increased farmland values.

Values were unchanged in New Brunswick and Prince Edward Island.

“Continued low interest rates combined with good quality available land helped to drive prices in several areas,” Hoffort says. “Increases were tempered in some areas by ongoing challenges in livestock sectors, fluctuating commodity prices and weather-related issues.”

In addition to current data for each province, the Farmland Values Report shows trends over time and provides a narrative that details specific drivers of land values. The Report is a valuable decision-making tool for owners, renters, buyers and sellers of agriculture land.

The complete Farmland Values Report is available at www.fccfarmlandvalues.ca.

Know your numbers

Make the most of the market
with AgExpert Analyst

Make informed decisions with accounting software designed for Canadian agriculture – AgExpert Analyst. You'll analyze your cost of production, know your average selling price and do easy GST calculations. With AgExpert Analyst's reports, you'll see results for your whole operation. Because when you know the right numbers, it's easier to make the right decisions.

1-800-667-7893 | www.fccsoftware.ca



Farm Credit Canada
Advancing the business of agriculture

Canada

For subscription changes, email info@AgriSuccess.ca or call 1-888-332-3301

Return undeliverable copies to:

Farm Credit Canada
1800 Hamilton Street
Regina, SK S4P 4L3

**Publications Mail Agreement
No.40069177**