

NOVEMBER 2020

# AgriSuccess



***GROWING  
SUCCESS  
WITH A  
NICHE CROP***



# *FCC KNOWLEDGE*

---

Take your business management skills to the next level.



Articles



AgriSuccess



Videos



Podcast



Events



e-Newsletter

---

Discover all the ways to learn at **[fcc.ca/Knowledge](https://fcc.ca/Knowledge)**



## AgriSuccess

With pride in agriculture and a positive yet realistic outlook, AgriSuccess is dedicated to helping Canadian producers advance their management practices. Each edition aspires to present content that is:

- engaging
- motivational
- innovative
- actionable

Published four times annually in January, March, June and November.

Est. 2004, Edition 90

Editor, Kim Sheppard

Original photography by JodieAldredPhotography.com and HuszarVisuals.ca

Photography and articles may be reproduced with permission. Please contact us at [agrisuccess@fcc-fac.ca](mailto:agrisuccess@fcc-fac.ca).

Cette publication est également offerte en français. Consultez [fac.ca/](http://fac.ca/) AgriSuccess.

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.

Subscribe for free: [fcc.ca/AgriSuccess](http://fcc.ca/AgriSuccess)

-  @FCCagriculture
-  Farm Credit Canada
-  @FCCagriculture
-  Farm Credit Canada
-  Farm Credit Canada



### PRODUCER PROFILE

#### Growing success with a niche crop

A measured, strategic approach has allowed the Davis family to serve a niche for a single vegetable with relatively flat market demand.

## 12

### FEATURE

#### Mental wellness is everybody's business

Self-awareness and community support can help alleviate mental health issues while supporting farm business.

## 14

### FEATURE

#### What to consider for next steps in growth or diversification

There comes a time at every farm operation when the conversation to expand or diversify the business comes up. How, when and, most importantly, why would you do this?

## 15

### FEATURE

#### Resilience by design

This four-question framework can pinpoint financial risk in your operation and show you a path to managing it.

## 3

### YOUR MONEY

#### Raising cash from equity: measure twice, cut once

By strategizing with your lender about your current needs and your future goals, you can make the best long-term choice for your business.

## 8

### UP AND COMERS

#### Bright minds from the University of British Columbia

Cara LeGault and Franco López Campomanes are connecting urban agriculture with sustainability, toward a healthy collective future.

## 11

### GAME CHANGERS

#### The future of food

Stay ahead of the game by following the trends and knowing how to respond from a business perspective.

## 18

### CASE STUDY

#### Brother buy-out plan

A thriving farm partnership between two siblings takes a turn after an injury. Do they shift roles and responsibilities, or does one buy out the other?

## 20

### ASK AN EXPERT

#### Dealing with ambiguity during a global pandemic

Uncertainty is a theme for many businesses right now. In challenging times, how does one plan strategically?

## 22

### AG INNOVATION

#### Why 5G connectivity matters to agriculture

The next big leap forward in wireless connectivity, speed and capacity is called 5G, but what does this technology offer our industry?

## CONTRIBUTORS

---

### **KIM SHEPPARD, EDITOR**

Kim is an Ontario-based communications specialist with a deep background in animal agriculture and a broad focus on Canadian agriculture and science communications. She provides writing and editing services within academia and across agricultural sectors.

### **TREVOR BACQUE**

A freelance writer and editor based in Alberta, Trevor is also the current president of the Canadian Farm Writers' Federation.

### **KIERAN BRETT**

Kieran is an Alberta-based writer who's been covering agriculture-related topics, from production to finance to marketing, since 1989.

### **PETER GREDIG**

Peter has a background in agricultural communications and is a partner in mobile app development company AgNition Inc. He farms near London, Ont.

### **KEVIN HURSH**

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

### **MATT MCINTOSH**

A freelance journalist and communications professional specializing in science and agriculture, Matt also works with his family on their southwestern Ontario grain farm.

### **OWEN ROBERTS**

Owen is a freelance journalist in Guelph, where he also works at the University of Guelph as senior editorial contributor and manager of the SPARK program.

### **LILIAN SCHAEER**

Lilian is a professional writer and editor based near Guelph, Ont., providing freelance communications services across the agriculture industry.

### **BERNARD TOBIN**

Bernard is an Ontario-based writer. Raised on a dairy farm, he's been writing about agriculture production, policy and management for more than 25 years.

# RAISING CASH FROM EQUITY

## MEASURE TWICE, CUT ONCE

BY KIERAN BRETT

*The best solution will solve today's cash flow question and build in some flexibility for tomorrow.*

It's a call no Canadian farmer wants to make: contacting a lender to discuss options to cover an unforeseen short-term cash flow crunch.

It could be the result of disappointing production, expenses markedly higher than budget, an event like COVID-19 or unexpected loss of market access. Whatever the cause, you need to get some cash flow flowing and sooner rather than later. It happens.

For many farmers, there's a stigma attached to taking a step back in paying down debt, but it shouldn't be viewed as a fail. No one wants to have to take out a new loan on an asset that they've worked hard to pay off, but that equity is a resource that can be used to access emergency capital. Pride shouldn't stand in the way of doing the right thing to keep the business running optimally.

"Agriculture faces a lot of risk – much of which is outside the producer's control," explains Michelle Sandercock, credit learning specialist with FCC. "Unforeseen things can occur that you sometimes can't avoid. If this happens, I would argue it's good business practice to head it off before it becomes a bigger issue."

If a producer in a healthy equity position needs to raise short-term cash to ride out a storm, that can be arranged. It might be better, however, to discuss with your

lender not just the immediate situation but your longer-term vision. The right loan could help today and tomorrow.

"We'd want to have a solution set up and in place for the long term," Sandercock says. "We would also want to present a solution that would minimize cost to the producer. If the customer is paying administration fees on several loans, it might save money to have just one. Within that, you could look at different ways to manage interest rate risk."

If cash flow lending is looked at too narrowly and too short-term, it could come with an opportunity cost. If the farm's current needs and future goals are both considered, the producer might get to their ultimate destination quicker.

"Land is sold all year round now and you might need to get going on a purchase while you're in the tractor," Sandercock says. "If something comes up and they want to act quickly, they can do that. We want to set the producer up for success."

She invites producers who need or want to boost their cash flow to open a discussion with their lender. The best solution will solve today's cash flow question, yes, but also build in some flexibility for tomorrow.

"Take the time to think about where you want to take your business and set it up properly to support that goal." ■

# ***GROWING SUCCESS*** *with a niche crop*

BY BERNARD TOBIN



Mary Jane, Bob, Corey and Emily Davis

When Bob and Mary Jane Davis planted their first crop of leeks in 1988, they had no idea where the “green onion on steroids” would take them.

More than 30 years later, on a busy day their Canning Produce Inc. processing facility at Paris, Ont., processes almost four times the total leek crop they grew that first year. They’re now the largest leek grower in Ontario, harvesting 80 acres annually and shipping to three major grocery chains from late July through to March.

### Well-considered strategies

It’s the story of a measured, strategic approach that has allowed the Davis family to serve a niche for a single vegetable with relatively flat market demand. Throughout their journey, Bob and Mary Jane have employed their entire family. A love for number crunching, innovation, customer service and a commitment to quality makes growing, packaging and marketing the onion-like vegetable a successful farm business.

Bob and Mary Jane took over the farming operation from Bob’s parents in 1984 when the primary crop was sweet corn, and purchased the farm from them in 1998. The idea of growing leeks emerged when a local grower retired, giving the couple an opportunity to take over a small production contract with a local wholesaler. “In the beginning we started the leek harvest after the sweet corn harvest in late September. Harvest would last one week and everything would be done by hand,” Bob recalls. They already had a cooler for sweet corn so leeks were a good fit for their operation.

They quickly set their minds to expansion, but there wasn’t much room to manoeuvre. Leeks are a very small crop and they were wary of flooding the market or muscling in on other growers who typically supplied the wholesaler market from mid-August through mid-October. After local leeks had worked their way through retail, the grocery stores relied on supply from the U.S. and Mexico until the next Ontario harvest.

The Davises determined the best way to grow was to eliminate imports by strategically extending the availability of Ontario product. That’s when Bob hatched the idea of two harvests. They would build a greenhouse to start leeks under glass and produce an early harvest beginning mid-July. This would let them supply the market for a full month before other local growers had crop available. A second harvest was planned for October, after other growers had sold their crop. This would allow the Davises to supply the market through the remainder of the calendar year.

“Leeks are a very small market. We just can’t plant an extra 100 acres. It’s not like corn; we wouldn’t have anywhere to sell it,” Bob says. “We don’t put any leeks in the ground that we don’t have a market for.”

### Research and innovation

The business continued to grow through the 1990s as the Davis family displaced more imports with their local leeks. To increase production, Bob knew he had to add mechanization to increase efficiency for the high-management crop. In 1990, the farm doubled leek production, powered in part by a used peanut harvester that Bob dismantled and rebuilt as a leek harvester. They also built their first wash line.

This commitment to innovation has continued for three decades as the Davises regularly travel to Europe to visit leek farms and gather growing, harvesting and processing know-how. The challenge of storing leeks for extended time periods, however, was one they had to tackle themselves.

“We traveled extensively through Europe where most of the leek production is located, but nowhere did we find anybody storing it for more than three or four weeks. We wanted to attempt storing it for three or four months,” recalls Bob.

Learning cold storage required significant trial and error, but the Davises soldiered on. In 2001, a new pack house and cold storage facility was built and sweet corn production ceased. The following year the farm was incorporated and Canning Produce Inc. was born.



Howard Anderson



Richard Franklyn, Andrew Brown

Throughout their journey, Bob and Mary Jane have maintained a sharp pencil to remain profitable while taking a measured and sustainable approach to growing their leek business. “It’s not like cash cropping where you put it into the ground and take it off in the fall. We’re in the crop every single day once it goes in the ground, managing it, looking at it, seeing what it needs,” Bob notes.

### **An expensive, labour-intensive crop**

In 2007, Canning Produce switched to offshore workers to meet the farm’s growing labour requirements. Ten Jamaican migrant workers now join the farm each summer to get the job done.

With few chemical control options, weed control is done primarily by hand and the hungry green, stalky vegetable can require up to five fertilizer applications. An intensive management approach is also driven by a dense crop population to optimize all inputs, including fuel, machinery, fertilizer, labour and chemicals.

“It’s a very expensive crop to grow, maintain and look after all summer long and then it has to go into cold storage. That’s why we don’t plant any leeks that are not basically pre-sold,” Bob says. “We have a history with the chain stores, and we know what to expect with them.”

Chain stores also know what to expect from Canning Produce. “Our goal is to supply the Canadian market for as much of the year as possible so that the Canadian consumer can have a safe and local leek supply,” Bob says.

With a strong focus on customer service, Canning Produce delivers on that promise in part thanks to CanadaGAP® certification to ensure food safety and traceability across all vegetable production practices. “We’ve been certified here for about eight years now, and ever since we started, we elected to be audited every year. We only need to be audited once every four years, but we want to stay on top of things and keep a good safe product going into the stores,” Bob explains.

### **Family transition plans**

Bob and Mary Jane are also proud of the role the entire family has played in the success of the operation. Mary Jane notes that her job has changed as the business has evolved, especially since

the arrival of offshore labourers. “When they arrived, I got out of the field. I enjoy doing all the office work now.”

The four Davis children have worked on the farm all their lives. Their career paths have taken them away from the farm, but they each still play a role. Brad, the oldest, manages information technology at a major insurance firm in Waterloo, Ont. “He helps whenever we need an extra hand, especially in the fall driving the harvester, and his wife Chantal drives the delivery truck part time,” Bob says.

Stephanie is a partner at a Waterloo accounting firm and acts as one of the farm’s financial advisors as well as the accountant. Jeremy is a special constable with the Ontario Provincial Police tactical unit at Queen’s Park and helps on the farm whenever he’s needed. Corey, the youngest son, completed a university degree in chemistry before returning to the farm full time in 2012.

Corey is now the farm manager and Emily, his wife, is learning the many office procedures. The family is in the early stages of succession planning that would see Corey and Emily take over the farming operation in the years ahead.

### Know your costs – and your market

When other farmers ask about the keys to Canning Produce’s success, Bob is quick to point to the importance of business acumen. A lover of spreadsheets, he says it’s critical to know your costs: “You have to be aware of what you’re doing — where the money’s going, inputs, expected costs and expected revenue. Without that you’re flying blindly. No company does that and stays in business for very long.”

Knowing your market is also key. The Davises’ understanding of the Canadian leek market, specifically supply and demand and retailer needs, has allowed them to take a measured and sustainable approach to growing their business and servicing a relatively narrow niche market.

Bob and Mary Jane are also big believers in keeping family involved in the operation — it’s not always easy to accomplish but it is very rewarding.

It’s also important to enjoy what you’re doing. “You have to want to produce the best products you can,” Bob says. “I love growing leeks, I love growing the plants in the greenhouse, I love planting them out in the field, and I love the beginning of harvest ... And I enjoy driving the delivery truck when I can. I still do that.” ■

*“You have to be aware of ... where the money’s going, inputs, expected costs and expected revenue. Without that you’re flying blindly. No company does that and stays in business for very long.”*



Bob and Corey checking crops

# Bright minds from the University of British Columbia Faculty of Land and Food Systems

BY OWEN ROBERTS



## Cara LeGault

**Program:** Applied Biology

**Major:** Sustainable Agriculture and Environment

### Why did you choose this path?

Growing up in an urbanized part of Kitchener-Waterloo, Ont., I always wanted to be more connected to where my food came from. I certainly had never imagined a career for myself in agriculture, but the plant and soil

biology degree here felt like something I was really interested in. I wasn't focused on the career side at that point. In my first year, I found the deteriorating perception of local and global agriculture and food systems became increasingly apparent. That's when I chose my major. I believe a healthy, collective future relies on urbanized areas being reconnected with growing food and that the ecosystems we rely on need more attention. I hope to play a role in advancing Canada's agriculture and food systems to protect the environment and harmonize producer and consumer interests.

### Where do you see yourself in five to 10 years?

I don't see my future represented as one concrete place or success story. I never want to stop learning, growing and improving. There are so many career possibilities because everyone needs access to food, and we have a lot of work to do when it comes to protecting and restoring the land we grow it on. I can see myself working with regenerative agriculture in a setting that incorporates intergenerational education, agroecological research or influencing agricultural policy.

### What tips do you have for others?

Leaning into uncomfortable or scary situations always leads to growth, even if you fail. I took a risk in moving across Canada to pursue a degree I was unsure about, with no real support system in place. I learned you are ultimately the one in control of how you show up for yourself and those around you. I feel I have something to learn from every chance and risk I take, and I'm thankful for all the opportunities to grow and improve. That's my other piece of advice: make every opportunity an opportunity to learn something. Ask questions and ask for help. Everyone has something to teach and something to learn.



THE UNIVERSITY  
OF BRITISH COLUMBIA

## Faculty of Land and Food Systems

The University of British Columbia's Faculty of Land and Food Systems is a world leader in integrated research, education and service to address critical global issues around human health and a sustainable food supply.

- 1,700 undergraduate students enrolled in four programs that lead to a bachelor of science degree: Food, Nutrition and Health; Applied Biology; Global Resource Systems; and Food and Resource Economics



Cara LeGault



Franco López Campomanes



## Franco López Campomanes

**Program:** Applied Biology

**Major:** Plant and Soil Sciences

### Why did you choose this path?

My grandfather was a farmer in Peru and he did a great job of transmitting his passion for agriculture to me, even though I grew up in the city. I'm passionate about teaching people what it really takes for us to have a dish on our tables. When I came to Canada, I

noticed both countries had a problem with food waste. However, food waste here was not linked to a lack of resources or technology like it is in Peru, but rather to the massive waste that occurs at the household level. Immigrating to Canada solidified my desire to improve the connection between people and their food, using more sustainable agricultural practices. I believe agricultural research has a great opportunity to address major environmental and social issues in our current food system.

### Where do you see yourself in five to 10 years?

I see myself using an interdisciplinary approach in urban farming research. Studying at UBC for the last four years taught me that agriculture is part of a vast food system that encompasses social, environmental and economic scopes. I see great potential in urban agriculture being a medium through which we can address, locally, major issues such as global warming, food waste and food insecurity. It's crucial that people realize the intrinsic value of food. It can be the basis of our culture and identity.

### What tips do you have for others?

Be curious and try different things! The food system is unbelievably interconnected, and agriculture is continuously evolving and needing more interdisciplinary collaboration. If you're passionate about something, make sure you put your heart into it. I've learned that while it is important to show the skills and knowledge you have, it's also important to remain humble and be willing to learn. Don't be afraid to ask for help or opportunities; you would be surprised how many doors open when you ask! And finally, always be grateful to those who helped you along the way – and when possible, do the same for others. ■

- Offers seven research-based graduate programs (MSc, PhD), three professional master's programs and a new one-semester Graduate Certificate Program in Aquaculture
- 2020 Academic Ranking of World Universities by academic subject ranked the faculty first in Canada in agricultural sciences, and third in food science and technology in Canada

### Unique learning sites:

- UBC Farm's Centre for Sustainable Food Systems
- Certified organic farm on Vancouver campus

- Partners with community, Indigenous programs, industry, eight UBC Faculties, and local and international academics
- Dairy Education and Research Centre in Agassiz
- World-leading research in animal welfare and animal reproduction
- 500-animal herd
- Dietetics students embedded in B.C. health organizations
- The only dietetics program in B.C.: 300 instructors supervise students in hospitals, health and residential care centres, private practice and community and government organizations



## *Get next-generation software for the next generation of farming*

Track your fields and finances with **all-new** AgExpert software.  
Try it for free at **AgExpert.ca**.

# THE FUTURE OF FOOD

BY KEVIN HURSH

Evidence of shifting food trends is all around us. In addition to results from consumer surveys released by various organizations, you can see the trends reflected in the advertising of retailers.

Large grocery store chains are promoting local and Canadian-produced food while also promoting the fact that they are promoting local. The Canadian dairy industry has tapped into the trend by running a major promotional campaign highlighting the safety and sustainability of Canadian milk.

For producers, it's important to follow and understand the trends since they can have a direct effect on business. For instance, with grain production, buyers are increasingly wary of glyphosate applied to crops pre-harvest. Richardson International, a major buyer and processor of Canadian oats, has joined other buyers in no longer accepting oats where glyphosate has been used as a harvest aid.

For many producers, this makes oat production much more challenging, but those watching trends in consumer preferences were not surprised. Further restrictions on glyphosate in many crops would seem likely. Being a trend-watcher can help keep you ahead of the game.

Even when you're well aware of changing preferences, the ramifications can be difficult to decipher. During the early onslaught of COVID-19, the meat supply from many large processors was temporarily restricted and consumers turned to local and regional abattoirs. Is that interest in smaller abattoirs a business opportunity?

Surveys indicate consumers are very price conscious and will be even more so if food prices escalate. Small abattoirs are unlikely to be viable unless they can extract a price premium. Therefore, to capture a change in preferences, a new local or regional abattoir needs a strong business and marketing plan.

It's also important to quantify the market reach of each trend. Will plant-based protein products such as Beyond Meat capture a significant share of meat consumption? How important is this trend for producers of both grain and livestock? Opinions differ, but the trend has resulted in an opportunity for some field pea producers.

A number of pea protein fractionation plants are being established and these will provide a new market for the crop. The new large Roquette plant at Portage la Prairie, Man., offers a price premium for peas produced following specific protocols.

While some producers will benefit from access to a pea protein plant, the magnitude of the trend needs to be kept in perspective. The vast majority of Canadian peas will continue to be exported whole to countries around the world and that will be the main determining factor for prices.

It's important to recognize food trends and evaluate their longevity, but it's even more critical to realistically evaluate how your business is likely to be affected. ■

## TIMELY KNOWLEDGE AND CAREFUL PLANNING ARE KEY

- 1 Follow the trends.  
Be aware of what buyers and consumers are asking for and see if this will be a new requirement for doing business or whether it provides a business opportunity. FCC Ag Economics provides regular updates and unique perspectives on national and global events that impact Canadian agriculture.
- 2 Realize that some consumers are willing to pay more for food that meets their expectations while others shop for the lowest price.
- 3 Prepare a strong business and marketing plan – know your goals and your audience and buyers before making significant new investments.

# MENTAL WELLNESS IS EVERYBODY'S BUSINESS

Taking care of your mental health is a critical part of self-care – and it's an important step in not only helping others address personal issues but supporting the farm business as well.

BY MATT MCINTOSH

## How mental health affects the farm

Feeling unwell can have real repercussions for how farm businesses perform, says Deborah Vanberkel, a Kingston, Ont., dairy farmer, registered psychotherapist, and owner of Cultivate Counselling Services.

"People can range from healthy normal functioning for them to mild or moderate issues. Moderate to severe is the red zone," Vanberkel says.

The symptoms a person exhibits in that zone vary considerably. Common signs of mental strain include high anxiety, panic, racing thoughts and trouble sleeping, difficulty eating, irritability and lasting mood changes. Other behavioural changes could also include general restlessness, withdrawing from social engagement, changes in otherwise good routines (such as ceasing to exercise regularly), and task avoidance.

For Vanberkel, the latter point can be particularly problematic given the diversity of tasks required for farms to operate smoothly and efficiently. Many symptoms contribute to an inability to problem-solve.

"If a truck needs to make a delivery at an irregular time, and it stumps you, that might be an indicator. Even that small task that seems so easy to decide becomes huge and daunting," Vanberkel says. "It's hard on the person afterwards because they don't know why such a simple thing was so overwhelming."

## Recognizing problems and how they can be fixed

Farmers generally have many things on their mind at once, which can make it difficult – though by no means impossible – to gauge how they're doing. It's when decisions become difficult that Vanberkel says trouble can be easier to recognize.

Given the diversity of personalities, preferences and circumstances, remedying the situation starts with

understanding what constitutes a healthy mental state for the person in question.

"Figure out what works best. Identifying a problem doesn't mean you have to see a counsellor. It can mean self-care or access to different types of support," Vanberkel says. She lists conversations with friends, attendance at religious services, or devoting even small amounts of time to leisure as options.

"Are you able to go for an ATV ride? Can you invite family over? It doesn't mean you need a vacation. It's prioritizing yourself by taking breaks and figuring out what those look like for you."

There are also some overarching wellness strategies. According to FCC's *Rooted in Strength* publication, these include regular exercise – particularly for those generally confined to the office or tractor cab for long periods – and remembering to assess how you're feeling from time to time. Setting dividing lines between work and leisure (like not answering email while on holiday) and being disciplined about setting time aside to disconnect at the end of the day can also help.

Figuring out what works can take time, so Vanberkel believes practice is critical.

"How did you get good at your job? At your sport? You practised it. When you change a behaviour and thinking pattern you have to practise."

## Self-awareness helps support others

For Kim Moffat, a counsellor for Canadian Suicide Prevention Services and former counsellor for Manitoba's Farm and Rural Support Services, a change in performance is one of the primary ways of recognizing someone might be suffering mental strain.

"If you have someone who normally gives 110 per cent but jobs are piling up, that's an indicator," she says. Other indicators include seeing the person less frequently, increases in physical



issues like headaches and avoidance behaviours such as substance abuse or too much screen time.

As with diagnosing our own issues, self-awareness can help us recognize and assist others who might be struggling. An easy and effective way to broach the subject, according to Moffat, is simply asking how the person is really doing. “It’s important to listen and not feel like we have to weigh in with an opinion. Lend an ear and be a good support,” she says.

Vanberkel agrees. “You’re allowed to say, ‘I don’t know what to say right now.’ Be non-judgmental and listen to people,” she adds.

Support options vary. If you feel comfortable, engage in deeper conversation – but if you don’t, offering to help someone connect with resources is beneficial too.

Regardless of the delivery mechanism, help lines and other resources like the Do More Agriculture Foundation ([domore.ag](http://domore.ag)) can be valuable tools for those initiating the conversation.

“Even if you’re the person who is not sure how to approach someone, you can call [help lines] and ask for advice,” Moffat says.

### Stay realistic

While they know farm operations don’t pause for mental health challenges, Vanberkel and Moffat both believe making mental health a priority can make a difference in weathering wellness crises. According to Vanberkel, everyone involved needs to understand what mental health is, that definitions and support strategies differ, and that talking openly and often can be helpful all around.

“Make mental health a priority before getting to a crisis,” Moffat says. “When something does become a crisis, stay realistic. Find out what the person needs and what you can actually do.” ■

## HOW MENTAL HEALTH IMPACTS CANADIAN FARMS

The 2019 Mental Health and Farm Business Management study conducted by FCC and Farm Management Canada surveyed farmers across the country about their mental health challenges and triumphs, and how each impact their businesses.

Highlights regarding day-to-day business management:

- Producers who have an optimistic mindset are more likely to regularly implement key business management practices, including a written business plan
- 88 per cent of producers who follow a written business plan report doing so contributes to their peace of mind
- 20 per cent of respondents take more time to make informed and timely business decisions when stressed
- Highly optimistic producers are more likely to indicate positive behaviour when coping with stressful circumstances such as the general unpredictability of agriculture – itself identified as the top stress factor nationwide

To read the full report visit: [www.fmc-gac.com/healthymindshealthyfarms](http://www.fmc-gac.com/healthymindshealthyfarms)



# What to consider for *next steps* in growth or diversification

BY TREVOR BACQUE

There comes a time in farm operations when the conversation to expand or diversify the business comes up. The inevitable questions commonly include how, when and, most importantly, why?

But what does a farm CEO need to consider before answering these questions? Asking an advisor like Mark Verwey, BDO's partner and national agriculture leader in Portage la Prairie, Man., would be a good start. He's been advising farm clients for more than 25 years on everything from estate and succession planning to tax planning and wealth management.

From Verwey's perspective, one of the first considerations is to have your financial house in order, since a growth or diversification phase is often a capital-intensive proposition.

"It's important to meet with your financial institution well in advance of any decision, to try and arrange pre-authorized financing," he says. "This will allow you to move quickly should an opportunity arise."

*Have your financial house in order since a growth or diversification phase is often a capital-intensive proposition.*

A lender will examine the strength of your operation before approving additional financing, so be prepared to talk about three ratios: debt-to-equity, debt-servicing and working capital.

Similarly, diversifying may be a great decision, but don't go in blind. Verwey suggests farmers have a solid business plan to cover key areas such as production, labour, technical expertise and marketing opportunities.

"You must avoid going into a project that you love without having the technical expertise nor potential to make it profitable. That's what you call a hobby," he says. "Bottom line is that acting from the heart can be dangerous without the proper financial analysis."

Operations aside, the pandemic of 2020 was a fluid situation, and farmers had to consider many factors that could impact their business model.

"COVID-19 has exemplified how uncertain farming can be, the need to be financially aware of your operations and the need to be prepared for these uncertain times ahead," Verwey says. He adds that Canada's farmers always face challenges, including recent geopolitical issues with China, price fluctuation, weather and farm subsidies.

Feeling stuck at the starting line? Search [fcc.ca](http://fcc.ca) for our March 2019 story about Beverly Greenhouses, one of Ontario's largest commercial cucumber operations run by brothers Jan and Dale VanderHout. One of many ways they diversify is through energy, generating baseload electricity for internal use and recycling heat to keep the greenhouses at optimum temperature. Diversification may be easier than you think. ■



# Resilience by design

BY KIERAN BRETT

Looking ahead to 2021, some Canadian farm producers are wrestling with their relationship with risk. While 2020 was the year of COVID-19, recent years have also focused attention on risks associated with climate change, trade-partner disagreements and changing consumer demands.

How can producers deal with risk in challenging times? Eric Olson, national lead of farm management consulting with accounting and advisory firm MNP, says many clients wonder about this topic. Olson advocates an approach to risk management planning that starts with asking, exploring and answering these four questions.

## What is your tolerance for risk?

“The reality is, the business of farming is risky,” Olson says. “Farmers are used to risk and have more tolerance for it than most people in society. Among farmers as a group, though, different people have different comfort levels. That’s a good place to start the discussion.”

## What is the risk you’re most concerned about?

It could be a major drop in market prices, a no-crop year for grain farmers or a serious disease outbreak for livestock producers. And it could be more than one risk coming up at the same time. Is this risk part of a regular cyclical downturn, or is it a once-in-a-generation disaster? How likely do you think it is to occur, and how bad would things get if it did?

## What tools are available?

Different sectors and provinces have different risk management tools for farmers to access. Being aware of what’s available is important. Would the tools address the risks you identified? Tools include programs like AgriStability, crop insurance or forward-pricing to reduce price risk.

*“Different people have different comfort levels. That’s a good place to start the discussion.”*

## How would you cover a revenue shortfall?

“The shortfall is the difference between your expenses and what the risk management tools will bring in,” Olson says. “That is what you need to be able to fund out of your operation.”

The discussion then turns to cash flow and working capital. If the farm has enough liquidity, or can sell surplus assets readily, it can weather whatever risk the producer envisions. If the funding shortfall can’t be met, the farm business would have a big problem. This gap can be addressed in the coming years, with resilience-building prioritized in farm decision-making. In the short term, being able to access a line of credit or other emergency financing can help the business get through tough times.

“We want to empower our clients to make good decisions with all the information at their fingertips,” Olson says. “Things are challenging for many farmers right now, but they can take steps to bullet-proof their operation over time.” ■

# PLANNING FOR **HEALTHY MINDS AND HEALTHY FARMS**



*BUSINESS  
PLANNING  
MATTERS*

**88%**

of farmers say having a  
business plan contributes  
to their peace of mind

**3 of 4**

Canadian farmers  
experience medium  
to high stress

**only 21%**

follow a written  
business plan

**TOP THREE SOURCES  
OF FARMING STRESS**

- Unpredictability in agriculture
- Heavy workloads
- Financial pressures

**Farmers under 40** are more likely to  
report high stress levels, due to family  
conflicts and farm transition uncertainty.

Source: Healthy Minds, Healthy Farms report and [fmc-gac.com](http://fmc-gac.com)

## HOW TO START **TALKING TRANSITION**

Uncertainty around the future of the family farm is a tough challenge for young farmers. Get the ball rolling on transition planning by:

- Reading FCC's Business Essentials Transition series and becoming familiar with resources to set you up for success in every stage of transition ([fcc.ca/Transition](http://fcc.ca/Transition))
- Filling gaps in your farm knowledge and skills
- Taking a workshop focused on transition for young farmers

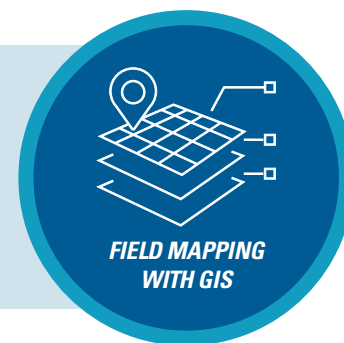
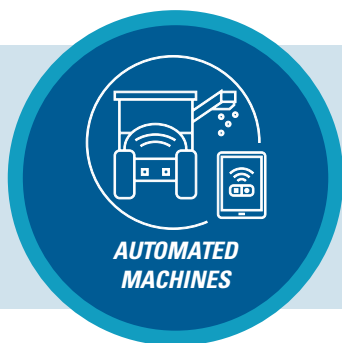
Source: [fcc.ca](http://fcc.ca) and [FamilyFarmSuccession.ca](http://FamilyFarmSuccession.ca)



# TECHNOLOGY ON THE FARM

Most farmers feel precision ag technologies give them more control over their operation.

What are the  
**TOP 3**  
technologies  
in use on  
Canadian farms?



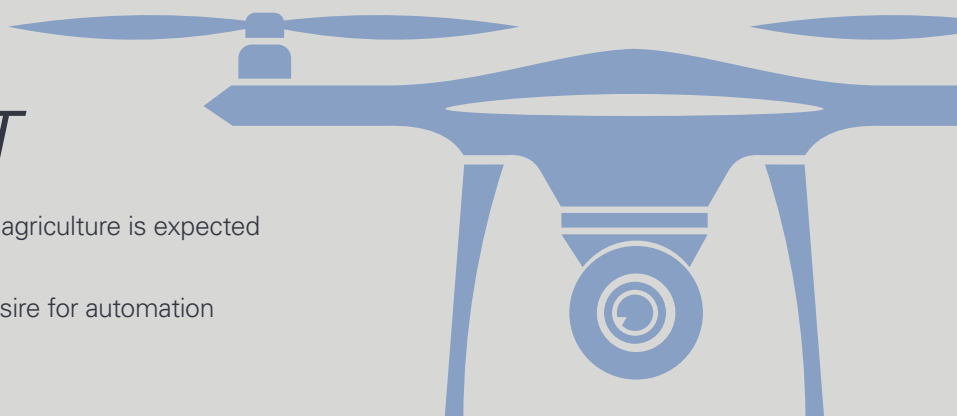
Source: Emily Duncan and Sarah Marquis, University of Guelph; Ontario Farmer, June 30, 2020 (print edition)

## ELECTRIFYING THE FARM FLEET

The market for electric vehicles and robotics in agriculture is expected to exceed US\$3 billion a year before 2030.

What's driving the trend? Precision farming, desire for automation and labour shortages.

Source: IDTechEx.com



## THE FUTURE OF GROCERY STORES

How we shop for groceries is fundamentally changing. The future will be a mix of in-store and virtual experience. Many aspects of shopping will be automated and artificial intelligence will tailor personalized shopping for every consumer.

Source: forbes.com



# BROTHER BUY-OUT PLAN

THE FOLLOWING FICTIONAL CASE STUDY WAS CREATED BY MNP

James and his brother Keith farmed together for more than 25 years after taking over and expanding the family grain operation.

Their business was structured as an equal partnership. Both parents had passed away recently and each of the brothers inherited two farm properties. Aside from this land, additional properties had been purchased outside the partnership with the brothers named as joint tenants. All the equipment was owned by the partnership.

In their early 50s, the brothers were hitting their stride and the business was positioned for further expansion. Both James and Keith had young adult children working part time on the farm, but there was no clear indication any of them wanted to take on farming full time.

A fork in the road came after a back injury James suffered while working in the shop. What they thought would be a quick recovery turned into surgery and a lengthy recovery period. It became apparent James wouldn't be able to work at the pace and physicality he once enjoyed.

At first James suggested he would take on more administrative tasks, but sitting in the office was torture. He began to consider options and decided to study for his real estate license.

When James told Keith his plan, Keith was supportive but suggested they review the situation after six months. After only three, it was obvious it was not going to work. Tensions were rising. There were numerous arguments about his level of commitment to the farm. Finally, James said he wanted out.

They agreed to think it through for a week and then discuss how they might move forward. When they reconvened, both brothers brought a list of ideas.

## James:

- Stepping away was the right thing for him and his family
- His wife supported his decision and his children did not want to be involved in the farm
- The process should begin immediately and there should be as much flexibility and good will as possible
- His exit should not force Keith out of business

## Keith:

- Had come to terms with James's decision and wanted to keep going with the farm on his own
- His oldest son expressed interest in gradually becoming more involved
- He would have difficulty fully buying James out and hoped for a compromise on land ownership

After they laid their cards on the table, both James and Keith felt better about their decisions. The uncertainty hanging over them was addressed and while there was lots to figure out, they had a clear end result in mind. The goal would be to create a five-year transition plan.



An initial meeting with their accountant raised some significant red flags and provided a reality check.

### First, the good news:

- The business was in good shape with manageable debt load
- Both brothers owned the two properties they inherited outright
- The equipment, building and inventory were owned by the partnership

### Then, the challenges:

- The partnership agreement was 25 years old and very simplistic, and had no provision to cover what would happen if one person wanted out or died
- All land aside from the inherited properties was purchased outside the partnership but the brothers were named as joint tenants – a major concern
- No valuation on the business or assets had ever been done

The brothers were asked to do some napkin math to estimate a value for the business and land – and the results were miles apart.

The joint tenant arrangement meant that if one brother died, the other would get title. A better scenario would be designation as tenants-in-common whereby if a brother dies, his share of the property would go to his heirs or estate. They had started the joint tenancy before either brother was married and had never revised it.

The accountant advised they would need a plan to address capital gains exposure, and laid out some simple steps and hard questions for them:

1. **Valuation:** Everyone involved needed to agree on what the equipment and business were worth. The accountant could help with the business valuation. It would be a big number.
2. **Buy out:** It didn't make sense for Keith to simply buy out James's share in the partnership, as he would be using after-tax personal dollars. He could consider creating a company to eventually purchase the partnership and land using the small-business tax rate. If owned by Keith and his wife, this would help with future tax planning.
3. **Update wills:** Both brothers needed to do this immediately and create a working document outlining the transition plan in case something happened to either of them before the transition was complete.
4. **Decide how to handle the land** held as joint tenants and whether Keith would buy James's land or sign a long-term rental agreement.

It was a sobering first meeting and they still didn't have a plan for handling the land held as joint tenants. Both brothers had always thought they'd work together until they retired. There was goodwill on both sides, but with no roadmap to address James's exit, they would have to work through the process step by painful step. ■

---

*MNP is a leading national accounting, tax and business consulting firm in Canada.*  
MNP.ca

# DEALING WITH AMBIGUITY DURING A GLOBAL PANDEMIC

*Uncertainty is a theme for many businesses as we navigate the many ramifications of a global pandemic.*

***In times like this, how does one plan strategically?***



**Rob Hannam**

**Client Director**

Synthesis Agri-Food Network  
Guelph, Ont.

I've found it surprising that certain farm businesses are reluctant to do strategic planning. I've had multiple folks say they were going to do formal planning this spring, then delay it until they know how things will turn out. That got me thinking why, in such an uncertain time – when strategic planning is so important – some are delaying. It comes down to scenarios and solutions.

**Scenarios:** When people are doing strategic or business planning, they feel the need to predict the future. COVID-19 taught us we cannot predict the future, but we can prepare for it.

If you were a food company, maybe you sold through grocers, speciality stores, direct to consumers or restaurants. You either got lucky or unlucky as restaurant business almost closed overnight. Conversely, if you sold to grocery stores and had a product you could keep producing, you won. Many food companies diversified their customer base while remaining competitive on price, and spread their risk on supply to have more options for sourcing raw materials.

**Do it now.** Don't wait. Look at several possible scenarios, both the challenges and opportunities that may arise.

**Solutions:** Given all the uncertainty, what could you produce, that you are good at, that is going to be needed and desired in the future? How you could grow your crops and livestock in a way that either increases its value or decreases your risk? Be a solution provider.

**Maiden Manzanal-Frank****Founder and President**

Global Stakes Consulting  
Red Deer, Alta.

**Brent VanParys****Business Transition Services**

BDO Canada  
Woodstock, Ont.

The world has been altered, leaving business plans, stratagems and operational guides irrelevant and unhelpful.

The post-pandemic world accelerates the evolving role of agriculture in our society. Farms were already on the forefront of rapid change and experienced major technological innovations in their practices and operations before the pandemic. Instead of resisting the ambiguity brought about by change, farmers must embrace it with the view of mining opportunities along the way.

The old six-month strategy sessions are over. You need to quickly assemble your team to read the current market environment, assess the short- and long-term impacts to your business and your industry, and see where opportunities lie so you can thrive, not just cope, in the new scenario.

Beyond resilience, look to the future market and the potential for growth where there is real traction. Look to your future customers without neglecting the current. Design a clear strategy forward, knowing your capacities and the gaps that need to be filled. Review your strategic direction in three to six months, given the volatility of the situation, with the caveat to continue to refine your direction as things change (supply chain, labour, price volatilities, customer preferences and pandemic-related restrictions). This is the future of the strategy process that you, as farm owners and executives, should quickly master.

To succeed in today's world, you must know how to pivot to seize the moment.

I find the most effective way to deal with change and uncertainty is to create clarity. Understanding where the farm is going and how it will get there.

A strategic business plan is a very practical tool that should be in every farmer's toolbox. The value is not so much in the plan but the planning. Collaborating in this promotes good communication and, most importantly, aligns the farm team around goals and actions.

Business planning is particularly valuable for farms with multiple owners or several generations of family members to get everyone pulling in the same direction. A skilled facilitator can bring out the wisdom and creativity of the farm business team to answer three important questions:

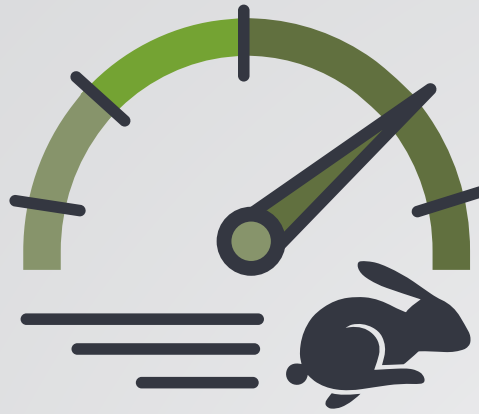
"Where are we now?" is a critical assessment of the farm's current situation.

"Where are we going?" is a forward-looking expression of what the farm is trying to achieve.

"How will we get there?" reflects the strategies and actions the farm will take to reach its goals.

Answering these questions will create clarity about the direction of the farm for the next three to five years. Expansion, contraction, diversification, automation, integration – there are many options. Making a business plan focuses the farm team, enabling it to make good decisions on major investments, people, succession arrangements and risk management.

The 10 things you should include in a business plan as well as some resources to get started can be found by searching "10 steps to a solid business plan" at [fcc.ca](https://fcc.ca). ■



# WHY 5G CONNECTIVITY MATTERS TO AGRICULTURE

BY PETER GREDIG

The evolution of wireless connectivity has allowed us to do more and more with our smartphones. The next big leap forward in speed and capacity is called 5G, but what does this technology offer us beyond making it easier to stream video to your phone or tablet? What about agriculture and 5G?

Let's start with an explanation of how 5G is different from what we have now, then consider why this may be important for agriculture.

## What is 5G?

The term 5G refers to the fifth generation of cellular networks, which began deployment in 2019. Most Canadians currently use 4G LTE, and some may still get only 3G connection, depending on where they live.

Devices in a 5G cell are connected to the internet and telephone networks via radio waves that come from local towers and antennas. There's nothing new on this front – it's similar to the way 3G and 4G LTE work.

What is new is the boost in bandwidth and download speed that 5G can bring. Without getting too deep into connectivity speed jargon, 4G LTE download speeds max out at one gigabit per second – 5G has the potential to reach speeds as high as 20 gigabits per second. The key word is potential. It will take time to get the 5G networks to the point where these impressive speeds will be commonplace. But even lower-performing 5G is still a big step up in terms of speed.

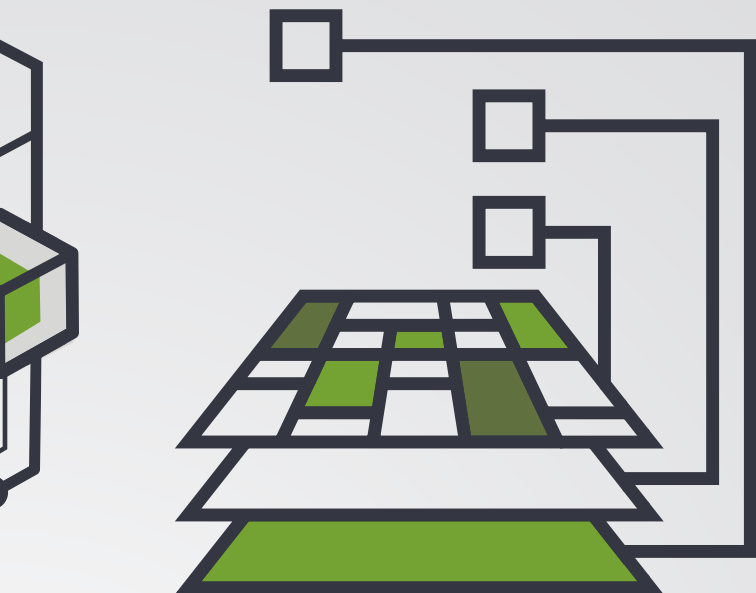
And it's not just speed. Latency is a measure of how long it takes an action request or data to travel from one device to another and return. The promise of 5G is to get that lag time down to one millisecond: essentially instantaneous.

5G offers more bandwidth, higher speeds and less latency. That's the good news. The trade-off is that because it uses higher-frequency radio waves, the range of these waves is shorter so more towers are needed. The initial rollout of 5G will have towers that use a range of frequencies delivering three different speeds. This will ensure coverage across the cell for each tower. It will take years to fully switch to the highest-performing 5G capabilities.

## What about 5G in agriculture?

Theoretically, 5G will help agriculture make better use of the internet of things, artificial intelligence and robotics. It's all about data and how fast it can be processed. We hear more and more about connected sensors in barns, greenhouses, fields and on equipment – this is part of what's called the internet of things where anything and everything will be collecting data and connected to the internet. The 5G-enabled sensors will be able to collect and aggregate the enormous amount of data being collected and, in real time, push it through artificial intelligence algorithms to enable complex real-time decisions.

A robotic weeder is a good example. The sensors on the weeder are looking for weeds while recognizing that the crop must not be disturbed. The sensors are gathering a lot of data that needs to be processed to let the robot decide what is and isn't a weed. A 5G



*If agriculture is to fully benefit . . . data must move and be processed instantaneously.*

connection enables the weeder to make decisions and work faster. If you think about any robot or autonomous vehicle moving at high speed, decisions have to be made instantly for safety reasons.

The bottom line is, if agriculture is to fully benefit from the internet of things, artificial intelligence and robotics, data must move and be processed instantaneously. And 5G is touted as the best way to accomplish this.

### When will we get 5G?

Some telecom providers have initiated a 5G rollout in major urban centres like Toronto, Ottawa, Vancouver and Montreal. This initial launch will see the 4G network augmented by 5G capability. It will take time for fully dedicated 5G coverage to expand beyond densely populated urban areas because more towers need to be installed. Rural Canadians may have a significant wait before full 5G capability is available to them. The other speedbump is that

you'll need a new phone to use it. There are some 5G-enabled smartphones and tablets, but not all are supported by Canadian carriers. If you're buying a new device and want to be 5G enabled, check with your carrier to make sure it's on the supported list.

While the promise of 5G to enable the artificial intelligence and robotic revolution in agriculture is exciting, many rural Canadians are still waiting for functional mobile connectivity and basic internet service for their homes. It will be at least a couple of years before we really start to see 5G availability and functionality in rural areas.

### What about high-speed satellite delivery?

Rural Canadians may have access to high-speed internet for their homes from satellites well before 5G mobile becomes established. New providers of satellite internet services are eyeing rural Canada as a good potential market for their services. The good news is that you can access satellite internet anywhere – it's not limited by the number and location of towers. The downside is that satellite internet speeds are significantly slower than what 5G is promising and historically, the cost has been higher than other options.

Satellite services require a dish to be installed on or near your house that exchanges signals with a satellite and communicates with your router to create a wireless environment. It doesn't provide the speed or mobile service that 5G promises, but it's definitely worth looking at. ■

# FARMLAND VALUES POST MODEST INCREASE MID-2020

Average farmland values in Canada are once again showing modest increases for the first half of 2020, although the full impact of the COVID-19 pandemic has yet to be weighed.

The national average increased an average of 3.7 per cent for the first half of the year, in line with mid-year results over the past five years.

“Given the global economic situation during the first half of 2020, Canada’s farmland market is showing remarkable resilience in the face of adversity and uncertain times,” says J.P. Gervais, FCC’s chief agricultural economist. “Changes to production and marketing plans induced by the pandemic have had a definite influence on profitability, yet the demand for farmland remained robust.”

## Pace of increase slows

Most provinces showed lower 12-month increases compared to last year’s average, with the exception of Alberta and Saskatchewan. In general, the pace of increases over the past six months was slightly higher in western provinces and slightly lower in central and most eastern parts of the country.

Low interest rates, the limited supply of farmland in the market and confidence among producers in the farmland market appear to be the main drivers behind the 2020 mid-year increase.

“Despite supply chain disruptions that have impacted some sectors, such as red meat, the pandemic has so far not significantly affected the agriculture land market,” Gervais says. “In fact, the grain, oilseed and pulse sectors have performed well in the first half of 2020, supporting the slightly higher rate of increase in western Canada.”

Continue to exercise caution, Gervais says, especially where the growth rate of farmland values has significantly exceeded that of farm income in recent years, and maintain a risk management plan that protects you from unpredictable circumstances. ■

## Average increase in farmland values

	<i>January 2020 – June 2020</i> <i>(six months)</i>	<i>July 2019 – June 2020</i> <i>(12 months)</i>	<i>January 2019 – December 2019</i> <i>(12 months)</i>
<b>B.C.</b>	3.0%	3.2%	5.4%
<b>Alta.</b>	4.9%	8.5%	3.3%
<b>Sask.</b>	4.2%	7.9%	6.2%
<b>Man.</b>	2.3%	3.6%	4.0%
<b>Ont.</b>	0.4%	3.7%	6.7%
<b>Que.</b>	2.6%	6.3%	6.4%
<b>N.B.</b>	6.5%	8.3%	17.2%
<b>N.S.</b>	0.0%	0.3%	1.2%
<b>P.E.I.</b>	0.4%	22.1%	22.6%
<b>N.L.</b>	N/A	N/A	N/A
<b>Canada</b>	3.7%	7.1%	5.2%

For more agriculture economic knowledge, forecasts and insights, visit the FCC Ag Economics blog post at [fcc.ca/AgEconomics](https://fcc.ca/AgEconomics)

# FORKS UP

for Canadian ag

**Canada's Agriculture Day  
is February 23, 2021**

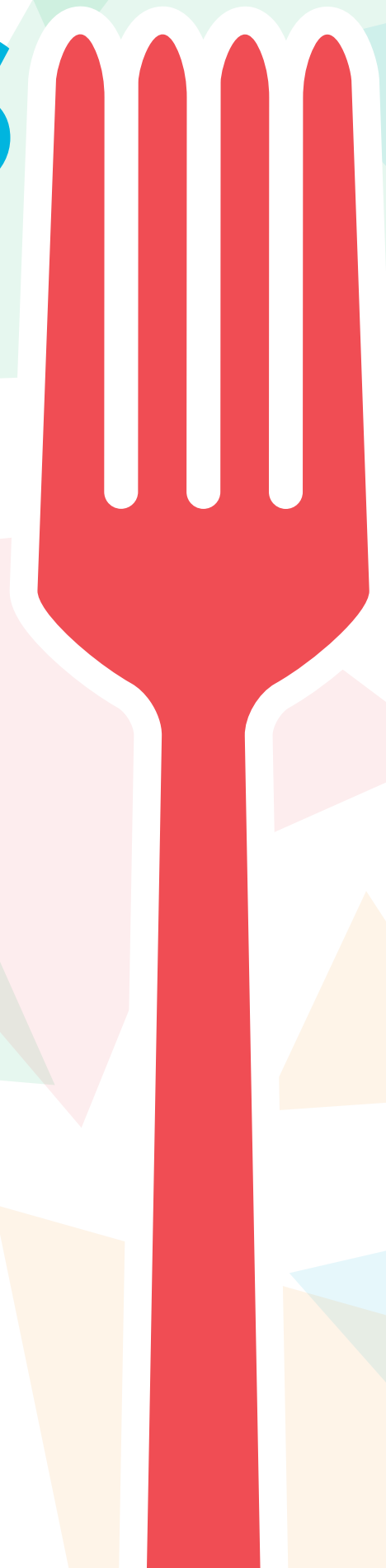
Let's raise a fork and celebrate  
the food we love.

Share the love on social and  
use **#CdnAgDay** when you do.

**AgDay.ca**



**CANADA'S  
AGRICULTURE  
DAY**



DREAM. GROW. THRIVE.



## You're behind Canadian food and we're behind you

You're a foundation of our nation, a key to our future,  
and we're behind you every step of the way.

[fcc.ca](http://fcc.ca)

---

For subscription changes call 1-888-332-3301

---

**Return undeliverable copies to:**  
Farm Credit Canada  
1800 Hamilton Street  
Regina, SK S4P 4L3

**Publications Mail Agreement  
No.40069177**