

NOVEMBER 2023

AgriSuccess



**STRATEGIC
ALLIANCES
SUPPORT A
FARM AND
ECOSYSTEM**





Time for a check-in?

In agriculture, we know the value of checking in. Checking the fields. Checking the markets. Checking the weather. But what about checking in on yourself?

Make sure your well-being is a priority and talk to somebody if you or someone you know needs help.

Where can you start? FCC has a mental health check-in online.

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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

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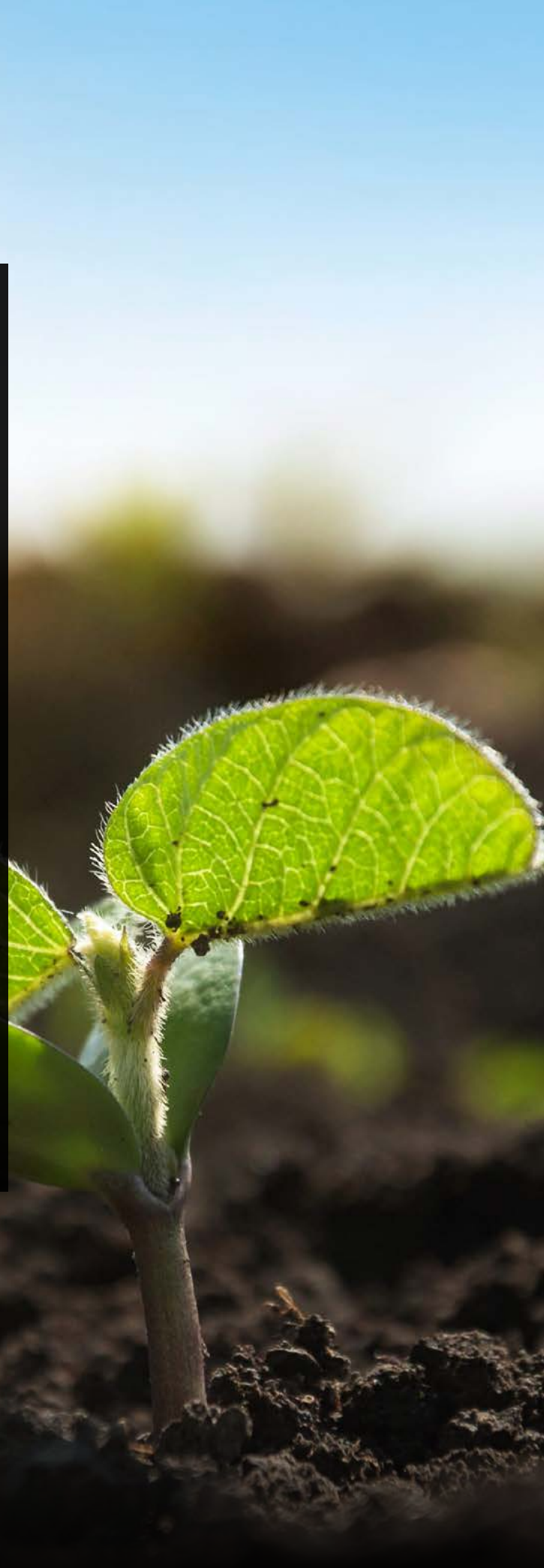
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ARE YOU ESTIMATING YOUR OVERHEADS WELL?

BY RICHARD KAMCHEN

As a farm operator, you need to keep a close eye on overheads for an accurate picture of your profitability.

Alberta cattle rancher Ryan Copithorne suspects many cattle producers aren't accurately measuring their overhead costs. And this likely translates to other types of farming operations as well.

"Most ranchers think they operate at \$1 per day grass costs in the summer and \$2.50 to \$3.50 per day wintering costs, but if they properly valued their overheads, they would find it is much, much higher," he says.

Overhead is another way of saying fixed costs, which when combined with variable costs, measures cost of production.

Fixed or overhead costs exist no matter what is produced on the farm. Rent is a good example.

"Cows can't afford to pay rent – in most cases, it's difficult to turn a profit on cows if you're paying land rent," says Copithorne, who also owns market analysis and risk management firm Cows in Control. "Land expense can be 20 per cent of the operating cost of a cow. You're competing against older operators who own their land outright and don't have this expense. This has been the challenge for young people."

Fully account for overheads

Justin Shepherd, senior economist with FCC, says that failing to fully account for overhead costs leads to inaccurate profit calculations and a false sense of how your farm operation is performing.

"Future investments always have a degree of uncertainty, so starting with incorrect data magnifies the risk," he says.

Get on top of it

Shepherd says financial literacy continues to grow among farm operators, who may even run into challenges from an overabundance of information when selecting systems that work best for their operations.

"Like all things in agriculture, there is a wide range of measurement and awareness of fixed costs. While there are slightly different methods used for calculating cost of production, the key is that a farmer has a consistent process so that they can compare current and future years' cost of production against their historical records," Shepherd says. ■

OVERHEAD COSTS TO WATCH:

- Property taxes
- Mortgage or rent
- Insurance
- Utilities
- Maintenance
- Depreciation
- Property improvements
- Licenses and permits
- Farm vehicle expenses
- Farm supplies
- Property security
- Farm administration
- Farm management software and services
- Membership dues and subscriptions
- Financing costs



IN THIS PHOTO: Cattle access water pumped into a trough through a solar system. Here, Glen is wetting a rag and Kelly is wiping down the solar panels to keep them in prime working condition.



STRATEGIC ALLIANCES

SUPPORT A FARM AND ECOSYSTEM

BY EMILY LEESON



Crystal clear water – that’s what Glen and Kelly Hall discovered years ago when they encountered the free-flowing spring at Timber Ridge, southwest of Nanton, Alberta. The couple was purchasing property in the area for themselves and for the ranch they managed. They were struck by the realization that the spring also fed their farm miles away. ‘It was an ‘ah ha’ moment for us,” Kelly says. “The water at the ranch was very pure and crystal clear, yet the water we were irrigating from along the Mosquito Creek was not.”

The watershed was a unifying factor – and something the Halls immediately wanted to help protect.

“We started to understand what a gift we had because we were dealing with a wide variety of elevation, topography, climate, soil and vegetation. As both properties grew, it gave us a view of what it really meant to be a farmer and a rancher and how each property could benefit the other.”



Today, the Halls continue to seek that wide perspective on their business. With their farm in Stavely and their sprawling 1,120-acre ranch on Timber Ridge, the Halls have garnered a reputation for their unwavering dedication to sustainable farming practices, environmental stewardship and the establishment of robust community partnerships.

Fostering deep roots

With over 35 years of experience in ranch and farm management, the Halls initially served as general managers for Bar None Ranches, a once-expansive operation that encompassed 10,000 acres of cultivated land, grassland and pasture.

“We learned a lot of the hands-on, everyday work, but also moved into regenerative mode,” Kelly says. With drought being a persistent reality, regenerative agriculture became a strong part of the way they focused everything.

Prioritizing soil health and water management systems became central to their efforts.

“We know that for healthy soil, we need to capture every single drop of rain and ensure that the soil is equipped for it,” Kelly says.

Keeping the watershed ecosystem healthy became paramount to their planning.

Building a community of allies

Through strategic partnerships with organizations such as Ducks Unlimited, Cows & Fish, the Foothills Forage and Grazing Association, and the Oldman Watershed Council, the Halls have demonstrated the power of community in building a resilient agricultural business.

A pivotal moment came when the opportunity arose to collaborate with the Alberta Conservation Association (ACA). As Bar None Ranches dissolved, the Halls were offered the chance to purchase some of the

properties. The Halls knew the importance of the diverse grassland, mixed forest and riparian habitats – including the free-flowing spring that Kelly estimates produces “an amazing amount of water.”

The Halls worked with Sheldon Atwood, president and CEO of Western Ranchlands Corporations, to draft a unique business plan aimed at a partnership between themselves and the ACA.

“We took the business plan to the ACA and said, ‘This is an important piece of property,’” Kelly says. The ACA recognized the value and potential of the land and committed \$1 million to the project. Today, the Timber Ridge Conservation Site offers grazing opportunities, a habitat for a variety of wildlife and a steady supply of clean water.

The Halls’ partnership with the ACA extends beyond financial investment, too.

“The co-tenancy agreement speaks to the shared ownership, but we also have a management agreement that we review on an annual basis to speak about what happens on a day-to-day basis,” Kelly says. This collaborative approach enables both parties to contribute their expertise and ensure the long-term sustainability of the land.

“The ACA has done numerous studies at the ranch and now we’re teaching the next generation of stewards, of conservation folks, of biologists,” she says.

Diversifying and sticking to the plan

The Halls use a variety of management practices. “This makes the whole thing work,” Kelly says. “If we can stack enterprises on this farm, that helps us stay alive, healthy and profitable.”

They manage a calf-cow herd and operate a custom feedlot. To sustain the cattle, the couple cultivates forage while adapting to

the prevailing conditions each year. Their flexibility helps protect the core of their business – the health of their land – by sticking to the principles they’ve found to be true.

“Our first principle is we never water directly from the source, not ever,” Kelly says. “Our second principle is that we always leave cover on our soil – whether it be cropland or grass or hay because the cover is like sunscreen.”

“Our third principle is high-intensity and low-frequency grazing,” she says. The practice allows the cattle to feed and the grass to grow and rest as needed.

Nurturing the future

“Our place is now a working, recreational and conservation enterprise,” Kelly says. “We want to share this place and we want this place to be a living lab for the future generations of agriculture and conservation.”

“We understand that preserving the watershed and looking after our grass also provides an opportunity for other people from society to learn, to hunt, to take pictures, to bird watch, to do whatever,” she says.

“It’s a win-win situation,” she says. Field days and visits from the community, post-secondary students and adjacent organizations offer the Halls the opportunity to help shape the future of their industry and, in turn, learn from new research, new ideas and new perspectives.

“Gathering those allies became really important in our education,” Kelly says. “We’re still not experts and there are times when we need to bring the experts to the table – whether it’s to talk to a banker or a mentor who says, ‘Don’t spend your money on sorghum-sudangrass this year, it’s too late, too dry and too hot’ – those kinds of people are critical to our operation.”

“Allies are a critical part of the growth of this

farm and ranch that we want to leave to our children,” Kelly says. “We continue to build strong relationships with all those people because then our sons can just step into the roles that we have started and continue to learn with them.”

Making unique relationships work

Todd Zimmerling, the president and CEO of ACA, worked to put together the partnership between the ACA and the Halls. While he admits that the Halls are “just good people to work with,” their relationship also exemplifies key elements for successful partnerships based on shared objectives. **He offers some key factors for success:**

- **Invest in relationships**
Building alliances and finding your community provides valuable support and opportunities for shared growth. “We hadn’t partnered with landowners on something like this before, but based on the relationship we built, we knew they were very committed,” Zimmerling says.
- **Share knowledge and learn from others**
“One of the great benefits is that our staff are able to spend time talking with producers and ranchers – the people who are on the ground working with cattle on the habitat that we’re looking to conserve,” Zimmerling says. “We’ve learned a lot about how cattle ranches operate and how to have those conversations with other producers.”
- **Embrace new perspectives**
“The relationship has allowed us to get a much better, deeper understanding of the community of landowners and producers we need to be working with – what’s important to them and what stresses they deal with,” Zimmerling says. “We now have a good sense of the real-life issues for family farms, and when we talk to a new landowner, we can ensure that we take that into account.” ■

HOW TO USE DIGITAL TOOLS FOR BETTER BUSINESS PLANNING

BY MATT MCINTOSH

Making a good business plan relies on having good data and the right data. From yield projections to input application rates and weather, the sheer volume of data available can make it hard to get started.

Management software and other digital tools can assist in making sense of it all. Whether enlisting help or working on your own, advisors from MNP and FCC say the right software can help farmers set better strategic goals, and sometimes, find new ways of improving their operations.

Tools with a proven ROI

“I used to do a lot of performance improvement work in manufacturing. They use data to drive decisions all the time. Agriculture is a lot harder because the data is often incomplete and the outcomes are tied to many different data sources, the weather being the trickiest,” says Andrew Van Os, Saskatchewan-based senior technology specialist with MNP.

In Van Os’ experience, many farm operators are already using digital tools to manage information such as financial data. There is opportunity to incorporate different data categories, however. MNP has developed an Ag Risk Management Projector tool to help farmers achieve a more comprehensive understanding of their farms’ many data streams. It can help determine the optimal level of crop insurance based on the cost of production, what the intended crop is, geographical location and other metrics.

“It helps them visualize what their return on investment would be if they’re hit with minor write-offs to a disaster scenario, for example, 90 per cent or 100 per cent damage to the crop,” Van Os says.

MNP also maintains a field optimization program – a service to help farmers collect, combine and analyze data to optimize inputs and compare to benchmarks. Van Os says this process is particularly valuable given how challenging it can be for farmers to find information on what their peers are doing and what’s worked. Any data stream being collected by the farmer can be incorporated into the analysis.

“Adding an analyst to your farm partner network can be hugely rewarding. You can avoid a lot of pitfalls the analyst has seen other farmers fall into,” Van Os says.

“A lot of farmers feel they need a perfect management system before any insight is achieved. But really, all they need is to find the right data points. Whatever information they have, we can find something.”

Be a good record keeper

Engaging third-party advisors to analyze and make recommendations is not always necessary, though. The business case can be lesser for some operations, such as those with a smaller land base. Regardless, Van Os says farmers can improve business planning by taking small steps, including consistently optimizing logbooks to capture specific data streams.

“This can be as simple as ensuring you’re entering something into an Excel sheet in the right format. If you’re not getting insights this year or even next year, if you keep doing this, when you’re ready, you can start pulling on that historical data,” he says. This could help with insurance claims, and even in succession where the incoming generation could better inform their own decisions.

“Validating crop insurance claims with historical yield data can help pull the conversation in your favour. In succession, you’re doing the next generation a huge favour by having historical data ready for them.”

Making data collection and business planning easier for farmers was a critical driver behind FCC’s AgExpert platform, according to Darcy Herauf, director of AgExpert. Like Van Os and his colleagues at MNP, Herauf says the idea was to create a product that went beyond the myriad of applications targeting accounting, crop production or other specific areas of business management.

“Anything any farmer needs to master finances of operation, from payroll, budgeting, cash flow management...we help farmers manage that in a digital cloud format,” Herauf says. “It gives you the foundation to build from and account for different things that can happen on your farm. It can help you think differently and lets you play with the numbers to create different scenarios.”

As with other digital technologies, adoption barriers do persist. In Herauf’s experience, two major issues are trust in the product and data transparency. But AgExpert is simple to use and data is never shared with third parties unless the farm operator requests it be shared.

Like Van Os, Herauf also emphasizes the value of engaging advisors.

“Having a second, third, or fourth set of eyes looking at the hard data and asking questions is important, especially in farming,” he says.

“The fun part is looking at your operation through a different lens. It’s really interesting when you plan something and see it take effect. Hopefully, it’s positive, but even if it didn’t work out, it can be done in a way that doesn’t have a huge effect on your operation.” ■

DATA DRIVES PERFORMANCE

Benchmarking can be a powerful way to strengthen your business plan. Comparing your revenue, efficiency, and leverage to other similar-sized farms in your area can help you evaluate performance and set realistic goals.

Visit fcc.ca/Benchmarker to learn more or ask your farm advisors about benchmarking software.

TO KNOW YOUR MARKETS, **LEAN ON YOUR NETWORK**

BY RICHARD KAMCHEN



The value of relationships

Building relationships and monitoring commodity prices are key components of marketing farm production.

Frederic Castonguay, FCC territory relationship specialist, comes from a sales background where he learned the importance of establishing strong and long-lasting relationships. Those come with knowing your customers, what matters to them and what you can provide them, showing them that you understand their needs and long-term goals, and adding value, he says.

Chad Berry of Over the Hill Farms and Under the Hill Farms near Cypress River, Manitoba, has honed great relationships with colleagues, even holding a golf tournament to show appreciation for their farm suppliers. Berry says farmers should talk to anyone that can benefit from their opportunities to market commodities at premium values. That includes other farmers.

“They’ve often been exposed to something that you have not,” he says.

It also pays off to extend long-term relationships with buyers.

“If they’re in a bind looking for something to fill a void, the people they know and trust will get that opportunity,” Berry says.

Neil Blue, Alberta Agriculture and Irrigation’s crop market analyst, also sees value in cultivating relationships with a network of contacts for following prices and obtaining market commentary.

“Doing so helps a producer have more confidence in making sales decisions,” Blue says. “Alternatively, some producers do not enjoy making their own marketing decisions and instead rely on subscription-based marketing services to provide advice on when and how much to price.”

Follow futures markets

Once you have others’ perspectives and have a sense of how to price your products, it’s obviously important to find out if you’re getting a fair deal. One way is to follow futures markets and use those prices as a guide.

“Producers can follow futures markets for information that relates to their products,” Blue says. “In doing so, it’s useful for a producer to have some knowledge of the relation between a specific futures price and the value of their commodity, that is, the basis for that commodity.”

The basis is the difference between the prices of the cash – the actual physical commodity – and futures.

Canola is the only crop with Canadian dollar-denominated futures, although farmers can still access U.S. dollar-denominated markets.

“It’s useful to be at least aware of exchange rates and their effect on prices of one’s commodities to market, particularly for the exchange rate between Canada and the U.S.,” Blue says.

When tracking futures, western Canadian spring wheat growers focus on the Minneapolis Grain Exchange’s hard red spring wheat, but in

Ontario, where the bulk of the crop is soft red winter wheat, producers look to the Chicago Board of Trade’s corresponding wheat market.

Additional U.S. dollar-denominated futures of use to Canadian producers include oats, corn, soybeans and soybean products, and cattle and hogs.

Futures vs. local prices

Because barley doesn’t have its own futures contract, growers will monitor the direction of Chicago corn futures.

But the correlation isn’t consistent from year to year, says Blue. During years of heavier-than-usual corn imports from the U.S., the barley-to-corn futures relationship becomes more relevant, he says.

Price discovery gets even murkier for commodities without any kind of corresponding futures markets.

“If a producer only has the cash market available for a product, they should know their costs of production and understand the factors affecting each of those commodities,” Blue says.

For instance, there isn’t much that pulse and special crops growers can look at that correlates consistently, Blue says.

That means it’s even more necessary for growers to check local market conditions and pursue current bids from buyers.

Sell or hold?

So now that you’ve talked with people in your networks, taken in all your price data, and considered bids from buyers, what do you do with this information? Some say to compare prices to those of six to 12 months ago, while others urge making a sale whenever it’s profitable. No one, however, recommends waiting for market highs, which are nigh impossible to predict.

“Because nobody knows what prices will do in advance, it’s generally a good strategy to price commodities incrementally over a period of time,” Blue says.

The timing of sales will differ between grain growers and cattle and hog producers.

“A crop producer with a storable product can more easily spread the sales commitments out over time,” Blue says. “Livestock producers may need to deliver their product within a narrow time frame.”

Cattle and hog producers, however, do have some forward-pricing alternatives to consider using, such as the Western Livestock Price Insurance Program, forward contracts with buyers and the U.S. livestock futures markets, he notes.

Another general rule is to mind seasonal patterns, such as how a great deal of cattle and grain gets brought to market in the fall. Marketing outside of those traditional marketing seasons, as well as forward pricing, can be significant advantages.

A forward contract is a means of reducing price risk by locking in a price well ahead of the expected purchase date. Blue notes many producers who forward-price also do so to meet their cash flow needs. ■

SHARING A LOVE OF CANADIAN AGRICULTURE WORLDWIDE

AS TOLD TO JENNIFER GLENNEY

After leaving her corporate agriculture career to raise her children and be more active on the family's ever-growing ranch in Ituna, Saskatchewan, Adrienne Ivey wanted to keep a foot in the agriculture industry. Sharing her family's story with the public was an opportunity that suited her perfectly.

Adrienne's communication journey began after she and her husband were named Saskatchewan's Outstanding Young Farmers in 2014. When mainstream media requests began pouring in, Adrienne realized how much people want to hear stories straight from the farm.

What began as a heightened presence on social media has now grown into YouTube video production, TEDx Talks, podcasts and international travel to share her story, and the stories of other Canadian farmers and the Canadian agriculture industry.

Why I talk about agriculture

This business venture really began after I realized the need for people to speak up for agriculture. It was during a period when there was so much misinformation about Canadian agriculture online and people were inexperienced with social media and separating what's true from what isn't. Even the idea that correct and incorrect information was being shared online was not yet widely acknowledged. This was about 15 years ago. I felt it was important to put accurate information out there to help balance any falsehoods or misleading stories.

People from other walks of life don't have the privilege of seeing all the things we do on our cattle ranch. So, I share it with them openly.

Build intentional relationships

Once I'd built a name for myself in the industry through Twitter and blogging, I became involved in the wider agriculture community such as Ag in the Classroom, industry boards and agricultural organizations. This led to deeper learning and creating meaningful relationships with others in agriculture. I also cultivated many purposeful relationships with mainstream journalists in Saskatchewan and across Canada; I became their point of contact for agriculture-related articles. Even if I didn't have much knowledge on a specific topic, I was able to connect them with someone who did.

Try different outlets

There are many methods of communication to reach the public, so I feel it's important to continue pushing myself to try different avenues of speaking. The biggest thing is to be open to opportunities and brave enough to put myself into situations that are unknown to me. For example, I was asked to do a TEDx Talk, which was a fantastic way of reaching audiences outside of agriculture. Over the years, schools and public libraries have run events that I spoke at. Continuing to put myself out there and being open to these opportunities is important.

Share with different audiences

Topics and the vocabulary I use differ based on who my audience is. When sharing with an agriculture-based crowd, there's not much of a point in telling them how awesome agriculture is – they already know. Instead, I focus on inspiring them to share their stories and offer tricks to do so, including how to be effective in their communication.

For example, focus your efforts where you can make the most impact. When speaking with an audience without an agriculture background, I share the good news about Canadian agriculture, what farmers are doing to reduce their carbon footprints, how they are

involved in their local communities and the impacts of agriculture on the Canadian economy. This helps them relate the giant agriculture industry to the food on their tables while connecting all the dots along the way.

Connect with the consumer

Some tough conversations come along with this journey, but the benefits tend to outweigh the negative side of sharing our farm's story. There's no other feeling quite like seeing that light bulb moment when someone who has no connection to agriculture understands that every single farming family across Canada cares greatly.

When I start talking about the cool things we're doing, I make sure they know I'm just an average farmer: "I'm nothing special," I say. "Our family is just doing what all the other farming and ranching families across Canada are doing." Seeing that realization on their faces is my favourite part of all.

Support each other

The largest challenge I have faced is seeing farmers disagree on the "right way" to share our stories, and what they consider to be the "right" or "wrong" way of farming. I expected backlash from activists, especially on more controversial topics such as animal agriculture and GMOs, but it's very disheartening to see farmers disagreeing. When farmers support each other on this journey, we get further in terms of public trust.

Diversity in farms, and voices, is our strength and something we should be supporting.

Seek and accept opportunities

It's hard to say what I most look forward to next. I've had some great opportunities in this venture, such as the TEDx Talk, and being invited to the McDonald's worldwide conference to speak with restaurant owners about the sustainability of beef and raising beef cattle in Canada. I'm looking forward to the amazing opportunities that are to come. ■



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HOW GENERATIVE AI CAN PLAY A ROLE IN YOUR FARM

BY REBECCA HANNAM

Generative AI is a type of artificial intelligence that creates text, images and other types of media in response to prompts. By learning existing data and identifying patterns, large language models make it easy for users to quickly generate new and original content.

One of the most popular generative AI tools, ChatGPT, went viral on social media after an early demo was released publicly in late 2022. Over 100 million users are now putting the chatbot to work to answer questions and help complete a variety of tasks.

Farm business uses

Morgan Wadsworth, innovation specialist at FCC, says ChatGPT has taken the world by storm and has essentially become an assistant to everyone.

Generative AI models can be used to learn about virtually any topic, including farm business planning and other areas where farmers may be seeking knowledge. From crops and pests to commodity market cycles, financial management and more, these tools can be viewed as built-in learning services.

ChatGPT is also changing the way marketing content is generated. It's become known for boosting creativity and reducing writing time, which could be a game-changer for agribusinesses that have websites, post blogs or use social media.

Generative AI is helpful now, but it's only going to get better.

"Where this technology is headed is quite powerful," Wadsworth says. "Farm software companies are looking at ways to factor AI into their offerings so farmers can make critical decisions using their operational data. It's going to open up access to information and insights in a different way, where you don't have to rely on waiting for a human advisor."

How to get started

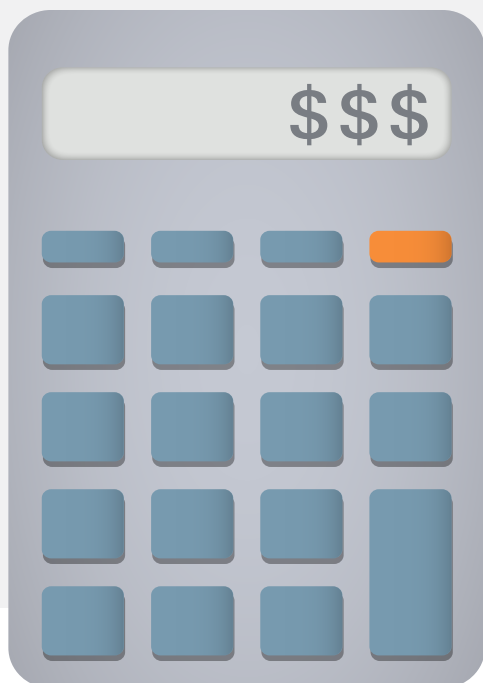
Wadsworth encourages farmers to try ChatGPT or other models but cautions not to approach them like a Google search.

The more information and context provided in the prompt, the better the output data will be. A recommended rule for optimal results is to write the prompt as if you are talking to an expert to seek advice.

Wadsworth also advises farmers to err on the side of caution and make sure to fact-check generative AI responses. Although platforms appear very confident in their answers, some could generate inaccurate information because they are either trained on false information or are not up to date with current events.

"It's a great time to ease into generative AI and get familiar with it," he says. "More AI is coming and it's going to be very accessible to every farmer very shortly." ■

FCC CALCULATOR



Have your eye on a new piece of equipment? Want to know how your lease or mortgage payments will play out over time?

The FCC Calculator makes it quick and easy. Simply enter your numbers to estimate your ideal loan amount, payments and amortization, and the total cost of borrowing.

fcc.ca/Calculator



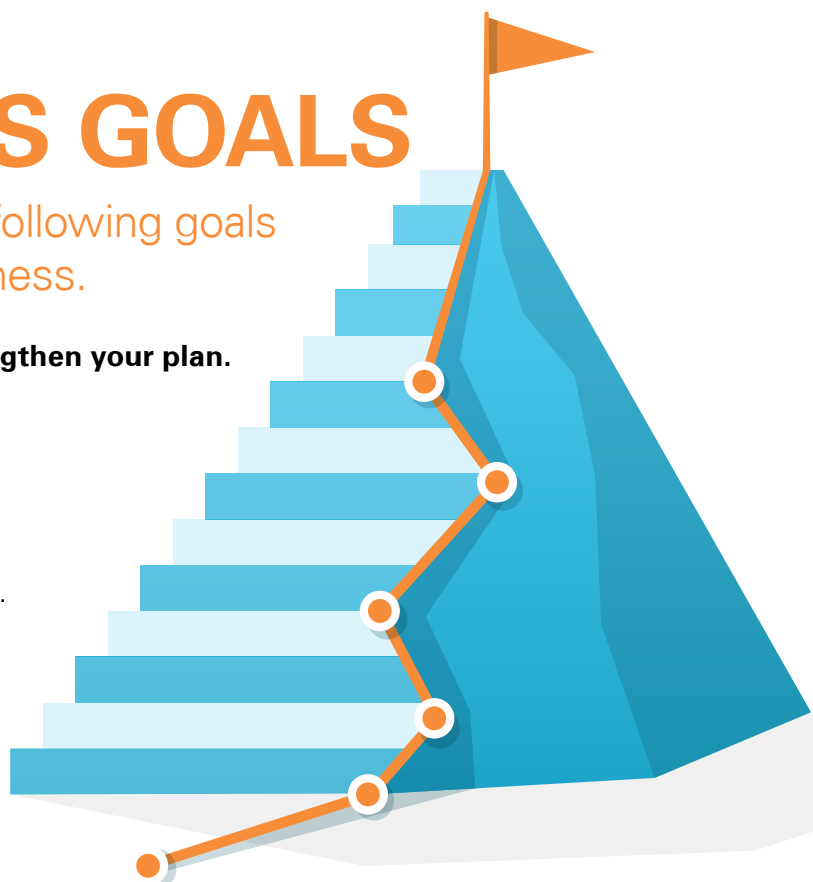
SET BUSINESS GOALS

Want to stay motivated? Set the following goals to help you run a successful business.

Consider four types of business goals to strengthen your plan.

- 1. Financial:** Consider optimizing gross revenue and operating expenses.
- 2. Marketing:** Focus on commodity market risk management and customer relations.
- 3. Operational:** Work on production streamlining.
- 4. Developmental:** Find learning and training opportunities.

Source: futurpreneur.ca



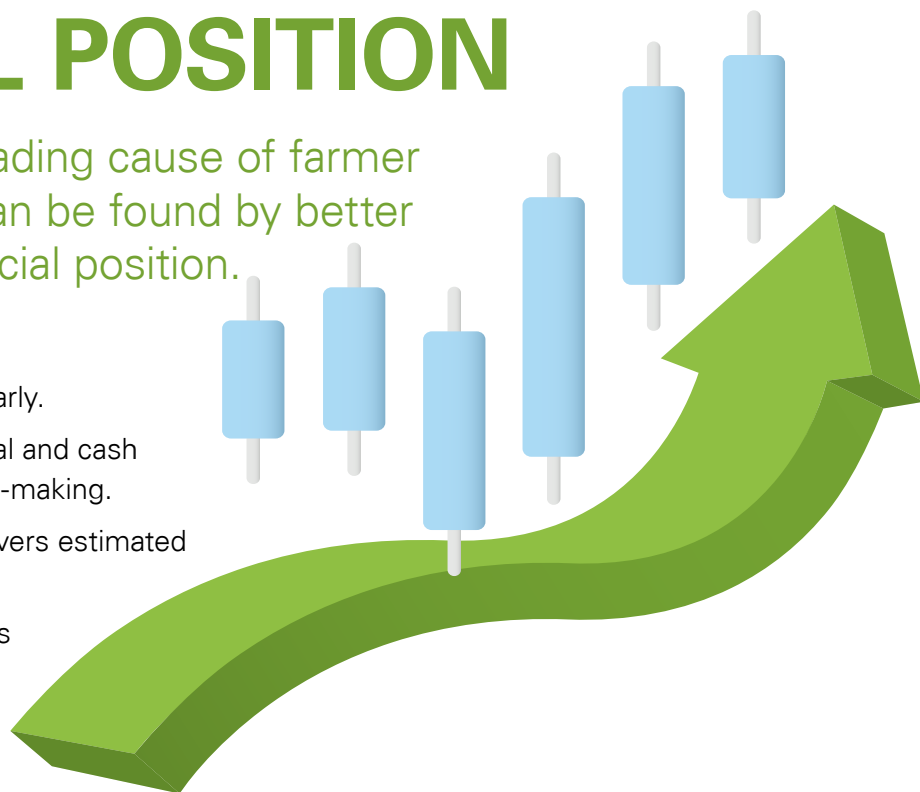
KNOW YOUR FINANCIAL POSITION

Financial pressure is a leading cause of farmer stress, but some relief can be found by better understanding your financial position.

To know where you stand:

1. Update business statements regularly.
2. Review your current working capital and cash flow position for informed decision-making.
3. Make a capital budget plan that covers estimated expenses over the next five years.
4. Review loan terms and agreements to better understand your credit portfolio and position.

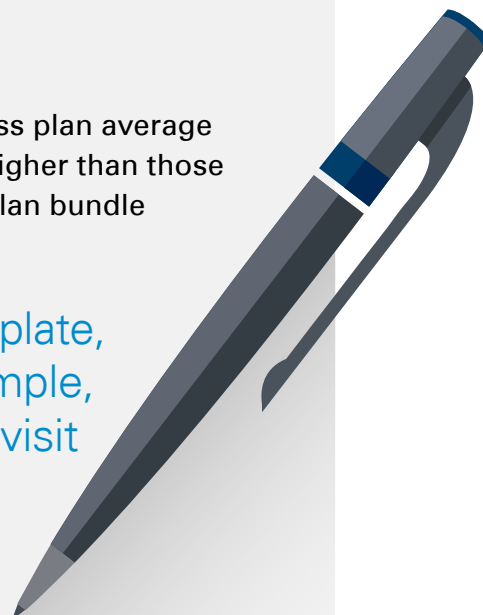
Source: fcc.ca/Knowledge



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FAIL TO PLAN, PLAN TO FAIL

THE FOLLOWING FICTIONAL CASE STUDY WAS CREATED BY BDO.

When siblings Shane and Nora took over the family grain operation from their parents, they knew they would probably need to expand to accommodate two families. Unfortunately, they farmed close to a rapidly expanding urban centre and land values were surging beyond their reach.

A summer holiday that included a winery tour and a blueberry farm visit inspired Nora. Both locations were packed with visitors enjoying the experience and buying products ranging from crafts to ice wine to preserves. Nora revelled in the lively atmosphere.

Nora started to see their proximity to town as an advantage they could tap into by creating a farmers market and artisan fair with a music venue. She found a strong ally in Shane's wife Abby, who loved her ideas. They got together weekly to discuss the possibilities over coffee, eventually presenting their business plan to Shane. He liked it.

A passion for farm markets and music

Their vision was to convert an open-sided drive shed into a farmers market with stalls for local produce and artists. One mid-summer music festival would draw a different crowd and complement the market. They'd start with a few Saturdays to gauge support.

The proposed budget of \$50,000 would spruce up the site for vendors and visitors. They promoted the market via social media over the winter and by the end of May, a full slate of vendors was lined up for opening day.



Plenty of customers...and problems

When the day arrived, vehicles started to roll in the laneway, but the euphoria was short-lived. The parking area was quickly overwhelmed, and cars were parked randomly on the lawn. The lessons were coming hard and fast. There wasn't enough access to drinking water or refreshments as the temperature rose. One portable toilet was woefully inadequate, and vendors complained about losing power as the breaker kept tripping from overload.

Nora, Shane and Abby were run off their feet attending to problems. Despite the great attendance, it was a long, stressful day.

Yet, over the course of the summer, there were numerous validating moments, and they knew they had something good. The community was increasingly engaged and requested they run every Saturday the next summer.

Facing challenges head-on

But to move ahead, they had to address the issues they were facing:

- They would need to hire staff.
- They were unsure if they had appropriate insurance.
- Some food vendors did not pass inspections.
- A safe stage with a sound system would be necessary for musicians.
- Accessibility issues had not been considered. Full compliance would be costly.
- Not all vendors had paid their fees.

They had set vendor fees low to ensure a full house, but with increasing costs and difficulty getting paid, their profit margin evaporated. They'd negotiated a consignment fee from the art vendors, but it was hard to monitor sales and they felt like they were not getting their fair share.

The three of them sat down in mid-October to discuss whether they wanted to continue. They had taken a substantial loss over the summer. Although they now had a pretty good handle on costs, they admitted that some expenses were being carried by the farm. And they knew they had to find more revenue in the enterprise to make it

worthwhile. They would also need to borrow money, as they all agreed that the farm shouldn't be financing the project. If they were going to keep this venture, they'd need a comprehensive business plan with less emotion attached.

We need a plan!

They began with a detailed budget that considered hidden costs (insurance, utilities, property taxes) being carried by the farm. They calculated the capital needed to upgrade parking, temporary washrooms and accessibility issues. Long-term capital requirements for a proper stage and permanent washrooms were also estimated.

Using these numbers, they were able to determine the revenue needed to ensure a decent margin. They arrived at a new and more realistic fee for vendors, with an incentive for paying an up-front seasonal fee. And there would be a small parking/admission fee for guests. They also brainstormed ways to utilize the venue on non-market days – things like auction sales, corporate events and specialized sales for antiques or collectables.

Shane learned from their accountant that a grant was available to help cover the cost of hiring a summer student. This prompted a more comprehensive scan of government programs that might help.

A more business-savvy approach

Nora took all the information and created a document that showed the numbers from year one and the proposed changes they envisioned going forward. They met with their lender, lawyer and accountant. They were advised to set up a separate corporation to provide liability protection for themselves and the farm. It would ensure they didn't put their existing operation offside of the income tax rules for family farm corporations.

The first year was about passion and energy. Going forward, they'd also have to follow a disciplined business plan. With this plan in place, the farm market was expected to thrive and grow as an appreciated addition to the farm family and surrounding communities. ■

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HOW CAN GENERATIONS BRIDGE THE GAP TO PREPARE FOR TRANSITION?

BY TREVOR BACQUE



Dr. Tom Deans

Intergenerational wealth expert, Hockley Valley, Ont.

Silence can put a family farm in jeopardy.

It must be disconcerting to be in your seventies or eighties and not have a farm succession plan in place. However, conversations and family meetings will help you realize the best path forward, particularly with the rising generation.

Many farmers struggle to relinquish control. Some think that post-succession, they must simply sit down on the couch and start watching afternoon TV. That's simply not the case. This idea that one must stop farming after retirement is a misconception.

Farm operators often live with extraordinary financial risk for decades. It can be liberating for them to fully realize that they can continue to have employment income after they transition their farm ownership.

The senior generation can let go of the ownership, and truly start to engage the next generation and encourage them to risk their capital to purchase the family farm. This doesn't have to be overnight, nor should it be. Successful farm operations share financial information with the next generation, teaching them about financing early and those conversations are held often. A perfect time to start is when the next generation is in their late teens.

Ideally, you want to bridge the gap incrementally, though. Attempting an overnight transition is ill-advised and seldom works well. Start with the most obvious area – the physical work. From there, if the rising generation is successful, gradually add additional responsibility to their job description. Even though you will have to adjust your plan as time unfolds, the reality is that getting ready for a farm transition can feel satisfying. A major burden will be lifted off the shoulders of the senior generation, who have often carried the stress of providing for their family for decades.



Mark Fournier

Instructor at the Werklund School of Agriculture & Technology, Olds College, Olds, Alta.

It would be unrealistic for the outgoing generation to expect the incoming generation to do the same thing they did on the farm. It's just not going to happen. The first thing both generations need to do is discuss where the similarities and differences lie. For younger farmers, there is commonly some fear, frustration and confusion about farm succession.

Many young people I know would like to take over the family farm, but grandma and grandpa are still farming, and they don't know if the farm will go to an aunt, uncle or their parents. This ultimately drives young people to be confused. In this case, I encourage them to take action.

Too often, a transition happens when something happens to mom or dad and they're physically unable to farm. That's not a proactive solution. To get around the disillusionment of being an adult child with zero input into farming operations, you must cultivate options for yourself. They could be on-farm options or they could be off-farm options, value-added or otherwise.

Create your own experience and create your own life because taking over the farm may or may not work out. Farmland is expensive, and margins are tighter. Sometimes the only choice is to go out and create off-farm careers in addition to farming. If things don't work out as planned, then there is less pressure on you and different avenues you can take.

It's not bad for the next generation to look at other, more attractive options, especially if a situation becomes unhealthy and starts to tear at family unity.

I would say by the time somebody in the incoming generation is 30, they should have a plan in place, almost to the year, when the outgoing generation will hand over the operation. That doesn't mean the outgoing generation won't be involved in the farm anymore. It just means they don't necessarily own the farm any longer. ■

TIPS TO HELP YOU THROUGH THE TRANSITION PROCESS

ADVICE FOR SENIOR PARTNERS

CONTINUE TO CONTRIBUTE

Senior farmers are still able to greatly contribute to the next generation. Think of yourself as an in-house consultant with all the knowledge and experience to help those managing the farm.

BE PROACTIVE

It's the only way forward. Build the life you want for yourself, and for the incoming generation, by creating and acting upon plans now. When life unfolds, both families will be ready.

ADVICE FOR JUNIOR PARTNERS

BUILD A CAREER

Don't wait for the farm. Yes, it may be a lifelong dream to run the family farm, but how long can you wait? Are you prepared to wait patiently until 40? 50? 55? Start a value-added business or find a related off-farm job. This way, you have ownership of something that integrates into the farm business when and if you do take over.

BE PROACTIVE

It's OK to ask for answers. After all, if you want to run the farm one day, you'll need to show initiative. Be proactive if your parents aren't and ask to hold regular family meetings. Don't expect all your questions to be answered overnight but know that this is a logical starting point.

MANAGE STRESS THROUGH PLANNING AND TIME MANAGEMENT

BY PETER GREDIG

Two factors contribute to a lot of stress and anxiety for farmers. First, there is often too much work and not enough time. Second, concerns about weather and markets are outside of our control but have an enormous impact on the business. Together, these scenarios can put us in a semi-constant state of anxiety that, if left unchecked, can put mental health at risk.

Bonnie Taylor is a registered social worker and psychotherapist based in Wellesley, Ontario. She often sees farm clients who seem to be rushing from one crisis to the next. “Farming can be a stressful occupation, but there are steps we can take to manage the factors we can control and get better at dealing with the things we can’t.”

Take control of your time

Prioritizing tasks and planning can be powerful mental health tools. “Taking ten minutes every morning to create a to-do list for the day and listing the tasks in priority is a way to deal with short-term stresses. Not every task can be number one, so determine which get your time and attention. Getting better at delegating and sharing the workload is a big part of this daily process,” Taylor says.

“You may not be getting paid by the hour, but you should still pay attention to where your hours are spent. Keep a detailed time journal for a week or two to track what you do each day and how long tasks take. It can also show where you may need to allocate time for physical health, family time or other non-farm activities.”

This is where planning plays a role in maintaining mental health. Your ability to be successful and sustainable as a farm operator depends on a high level of physical and mental health. If you’re postponing self-care activities, there can be negative impacts on you, your family, your employees and your entire business.

Identify worries that are outside your control

It’s important to identify worries that are outside of your control. Worrying about things like weather or interest rates can snowball to a point where you aren’t eating or sleeping well. “We have to get those persistent, swirling thoughts out of our heads,” Taylor says. “It’s empowering to write down the list of concerns that are taking up your mental space.”

“Classify each concern as being within or outside your control. Consider a ‘what if’ for each worry,” she says. In other words, if your worry came true, what would you do about it? Taylor advises focusing on issues within your control and having a basic response identified for each. This will help you feel some control over stressful concerns.

As Taylor points out, “Thoughts are not facts, and we need to identify the thoughts that keep us productive and manage the thoughts that don’t help us and cause stress. People who manage stress well can accept the concerns that are outside their control.”



Plan to take care of yourself and your business

With so much to get done, it can be hard to set time aside for business planning. But it's one of the most important steps in identifying real versus perceived concerns. "Knowing your business at a granular level removes stress. Knowing exactly where you and the business stand on a financial basis allows you to know your strengths and areas of risk. You're positioned to prioritize where you put your energy and effectively plan for the short and long term," Taylor says.

Taylor says setting goals and acknowledging when those goals are achieved is also essential. "Setting an intentional plan with actionable items is the ultimate step in the process. If one of the goals is to walk 15 minutes three times a week with your spouse for mental and physical health, lock it into the schedule and follow it with the same diligence as showing up for a doctor appointment," she says. "If a goal is to review the monthly financial statements with your partners and refresh the business plan annually, put it on the list of goals and check it off every time it's achieved."

If you've put off business planning and time management because you're simply too busy, you're missing an important opportunity to get off the endless cycle of work and worry. "Self-care through time management, prioritizing tasks and goal setting is not a luxury. It's an essential part of a sustainable business plan." ■

Four steps toward better time and stress management

1. Create a time diary to help see where you can take control. Determine how much time to dedicate to family, health, business planning and other areas.
2. Document your concerns. Are they in your control or not? Ask yourself, "What if?" for each, and generate simple responses.
3. Create a list of personal and business priorities from most to least important to direct the action plan for the day, week, year and beyond.
4. Set specific, realistic, achievable goals and acknowledge or even celebrate hitting those targets.

Please make sure your well-being is a priority. And talk to someone if you or someone you know needs help. For more resources, visit fcc.ca/Wellness.

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