

“Best practices help us to improve what we do and become more competitive for long term success.”

Best Practices- Presentation
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I will present three parts of the presentation to help you understand the Best Practices approach we are taking to our client work and a current project. These parts are:

- driving trends
- Best Practice concept
- some industry examples.

North American and global trends are relevant to understand as background information. Trends drive markets. A number of relevant trends are important to note for the food industry.

Key Trends:

- 1.Global Competition/Trade/ International Markets
- 2.Industry Consolidation/ Industrialization of Agriculture
- 3.Food Safety Concerns
- 4.Increased Demand for Value added Foods
- 5.Concerns about Environmental Pollution
6. Biotechnology Developments and Genomics
8. Technology Drivers and The Internet
- 9.Need for Best Practices to Be Implemented

“Change is not one big thing. Change occurs as the result of many, many small things and many many big things”. Stephen Kaufman, in Change Makers.

1. Key Driving trends- why do we need to focus on best practices?

- global trade agreements and international competition- through the WTO, NAFTA and new trade agreements which open us up to new competitors
- Firm level competitiveness and productivity- in 1991 Michael Porter completed a project for the Canadian government- Canada at the Crossroads and showed a number of global industries and a need for change. In 2001, he did an update study- and showed Canada has slipped into tier 2 countries in innovation and productivity
- use of technologies and bundling- from micro-computers, to new materials to new telecomm, the internet, etc.
- industrialization of agriculture
- industry consolidation and fewer buyers/ access to buyers
- farm level- bigger equipment, more chemicals, more inputs, dollars, labor
- decade of decline- as people leave the sector, companies close and fewer but larger farms and different forms of management and ownership. In AB will see farm numbers decline from 38,000 “commercial” farms to 17,000-20,000 by 2010.

Recent studies have shown the need to change practices of management and knowledge building/ skill building.

A Toma & Bouma study for FBMI, AAFRD (2001) had some key findings:

- need for strategic thinking and use of business plans
- Team approach to management/ professional advice
- e-learning and e-commerce
- new governance models, new business forms- alliances/ networks/ new gen co-ops
- need for change- use of network approaches and new collaborations to survive.

Study	Method	Findings
1. Garven, MB FBMI Program Evaluation 1998/1999	Survey- of 355 (25% response) farmers- FBMI training	<ol style="list-style-type: none"> 1. 58% took 1 course 2. Most (80%) took computer training 3. Issues- course too short, add new processes, local delivery, scheduling key 4. Awareness- 50%- from dept of Ag.; 40%- print media
2. Garven, Benchmark Study 1998	Interviews- W. Cdn of 751 farmers	<ol style="list-style-type: none"> 1. Prodn topics preferred- crops, livestock 2. Top three formats- print, video, fax 3. 50% interested in internet 4. Lack of time- concern 5. To attend- need to know how it impacts their P/L 6. Delivery agent credibility- key 7. 50% aware of FBMI 8. Top 5 topics- tax, prodn tech, prodn plans, fin. Plan, farm safety 9. Awareness- dept of Ag, professionals, print
3. Garven, Needs Assessment 1996	Survey- of 300 farmers; 131 FBMI partners; focus groups	<ol style="list-style-type: none"> 1. Mgnt skills import for success 2. Interest in prodn mgnt/ technologies 3. New topics- investment, tax plan, computers, estate plan, marketing, business plans 4. To attract- need to link course to farm P/L 5. Best group- 25-55 year olds (9612 in AB) 6. Personal contact- very import in learning process
4. Advisory Group, Farm Advisory Services, 1995	Survey- of 297 clients; survey of 24 consultants	<ol style="list-style-type: none"> 1. 40% heard of the service from DA/DHe 2. Spent 9.5 hrs / client 3. Top reasons to use- financial difficulty, need options, get outside opinion 4. 67% said they changed mgnt practices 5. Of remainder, 11% said they plan to change
5. CFBMC, Cdn Farm Management Differences, 1994	65 case studies (15 in prairies)	<ol style="list-style-type: none"> 1. Top info sources- accountant (80%), supply rep (20%), agri rep (60%), vet (60%), other farmers (81%), researcher (79%) 2. usefulness- best from vet, acct, ag rep, other farmers, crop supply rep, researcher, feed supply (lowest) 3. Top managers- keep records for decision-making, have well dev. Marketing skills, strong networks, strong analytical skills, diversify, market focused.

Some recent studies indicate the change management issue and producer needs.

2. Best Practice Concepts- these are the best methods and ways businesses manage to survive and thrive. The best practice findings for business success tend to be:
- market driven philosophy- seek out new feedback, knowledge, market changes and are customer focused, "everyone is a consumer"
 - use technology well and often- are up to date, understand the importance, use email, e-commerce, websites, traceability and substitute tech for other fixed/ variable costs
 - employ a new business model- alliances, partnering, Teams, succession plans,

professional advisors, father-brother-son-daughter-wife, etc.

-new financing forms- company structures, shareholders, new gen co-ops, equity not debt, larger investments and off-farm investments, profit not growth goals

Leading businesses and farm operations tend to score high with these characteristics.

3. Examples of Some Good Business Models

-Sunterra- owned by the Price family, has 2 retail and 2 deli outlets - sell from farm herds with prepared foods from owned processing plants- selling vertically

-Red Hat Co-op- 60 farmers with 65+ acres under glass with central marketing and export to USA, Ontario, etc- selling cukes, tomatoes and tomatoes on the vine.

-Kinnickinnick Foods- selling non-allergenic grain based products on the internet to North American marketplace.

Much can be done through study, understanding and implementation of best practices research findings. This is the way businesses and companies will survive and thrive in the next decade.

Readiness of the organization and management Team often is overlooked. Readiness to change is a function of many things such as: psychological, social, environmental, humane resource, financial, technology and content. See www.learningcircuits.org.

Thank you for your kind attention. For more information see www.consultingagrologists.com and www.tomaandbouma.com
