

Prairie Farmers' Report Card on CWB Customer Service: Improvements Needed

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This fall, farmers will be voting in the 2010 Canadian Wheat Board (CWB) Director Elections in Districts 1,3,5,7 and 9 for a four year term expiring in December 2014. CFIB will be asking CWB Director Candidates what their plans will be to improve customer service at the CWB and how to improve the way the Board interacts with farmers. As the sole marketing organization for Western Canadian wheat and barley, we also hope the CWB views these results as helpful and makes much needed improvements to their Producer Payment Options and programs like *CashPlus*. The Board must ensure it is meeting the evolving marketing needs of Prairie farmers and delivering a standard of service that producers deserve.

About CFIB

CFIB is a non-partisan organization exclusively representing the interests of 107,000 small- and medium-sized businesses in Canada, of which 7,200 are agri-businesses (1,900 in the Prairies) with the majority being primary producers. CFIB is entirely funded by its members and takes direction from them through regular surveys on a variety of issues. CFIB believes farmers, in their capacity as entrepreneurs, require strong advocacy with respect to the business-related issues of farming.

Introduction: An assessment of customer service at the CWB

Over the years, CFIB has surveyed its members many times on the issue of customer service received from various government organizations and agencies. Small business owners and agri-businesses pride themselves on providing excellent customer service or they don't remain in business. Government departments and agencies often are the only entity that provides countless services to business and farmers needed to operate and expand. Similarly, the CWB's status as the sole marketing organization for Western Canadian wheat and barley obligates farmers to use the CWB's services to market these commodities.

To gain further insight into the kind of service the CWB provides to Prairie farmers, CFIB conducted a survey of its farm members from March 4 to April 16, 2010. In total, 411 farmers from Alberta, Saskatchewan and Manitoba responded to this questionnaire. It is important to note that this survey was sent to primary producers within CFIB's Prairie membership which represents 1,900 agri-business members.

Overall customer service

At the farm gate and at private businesses, exceptional customer service is a way to illustrate to paying customers the importance of their business. It is also a competitive advantage that inspires loyalty and confidence as well as saving time and money. When asked how the overall service of the CWB has changed during the past 5 years, 45 per cent of Prairie respondents said there has been no change or the service had worsened (see Figure 1). On the positive side, 35 per cent of farmers said service had improved while 23 per cent of producers cited “don't know.”

Farmers expect more from CWB

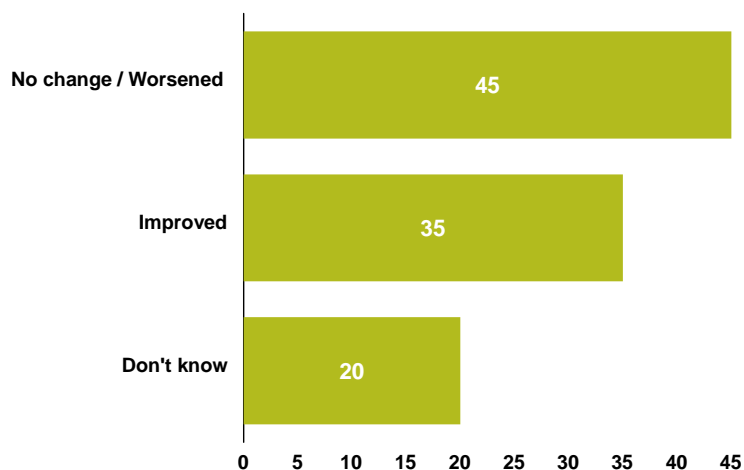
While there are some slight variations in responses between the Prairie Provinces, it can easily be concluded that farmers in every province expect more from the services they receive from the CWB.

In previous CFIB surveys on the issue of customer service, it was found that improved customer service at government would save time and money for entrepreneurs, both of which is better invested in the business than wasted on frustrations related to poor service. While the CWB is a marketing organization and not a government agency, the same would hold true for the Canadian Wheat Board. Farmers would sooner use that extra time and money to invest in their farm and marketing plans, not dealing with frustrations with inconsistent information or poor customer service.

The CWB is currently controlled by farmers and should be delivering a higher standard of service to those same farmers. Improving customer service would be a win-win for the Board and all Prairie farmers.

Figure 1:

How has the overall service of the CWB changed during the past 5 years?



Source: CFIB Agri-Business Bottom Line Survey No. 26, Prairie Data, April 2010

CWB service quality measures – Room for improvement

In order to understand where improvements can be made, it is important to learn the kind of customer service a farmer receives from the CWB and its employees. To do this, CFIB asked its farm members to rate the level of service provided by CWB staff as “Good,” “Acceptable” or “Poor.” In addition, members were asked to provide examples of their own service experiences with the CWB (refer to Appendix A).

When asked to rate various aspects of CWB staff, it is clear that there is room for improvement. In all five aspects of CWB staff, members' ratings were 20 to 30 per cent “poor” (see Figure 2). ***What business could survive with 20 to 30 per cent of its clients ranking its customer service as poor?***

Given the CWB is directly answerable to farmers, the only rating to which the CWB should be striving is “Good.” “Acceptable” should not be a green light to continue operating at status quo.

Consistency of responses

In order to operate an agri-business and market their products, farmers must have confidence in the information they receive from CWB staff. Just like any business, farmers do not have time to verify, re-check and confirm the information they are provided. Consistency also ensures all farmers are receiving the same information. Inconsistent information can also make business planning more difficult. The fact that 30 per cent of Prairie farmers rated the consistency of information they receive as “poor” should be a significant concern for the CWB. While forty-nine per cent said consistency of responses was acceptable, only one-in-five or 21 per cent rated this measure as “good.”

Promptness of responses

Similarly, 30 per cent of CFIB farm members rated the promptness of replies from CWB staff as “poor.” A further 48 per cent cited this service quality measure as “acceptable” and only 22 per cent rated promptness of responses as “good.” This is concerning given all the complexities of running a farm business in today's environment. Waiting days for an answer to a question can pose significant challenges for a farm business. It can prevent them from making a key marketing decision, result in a missed opportunity or increase storage and/or spoilage costs.

Accessibility of staff and information

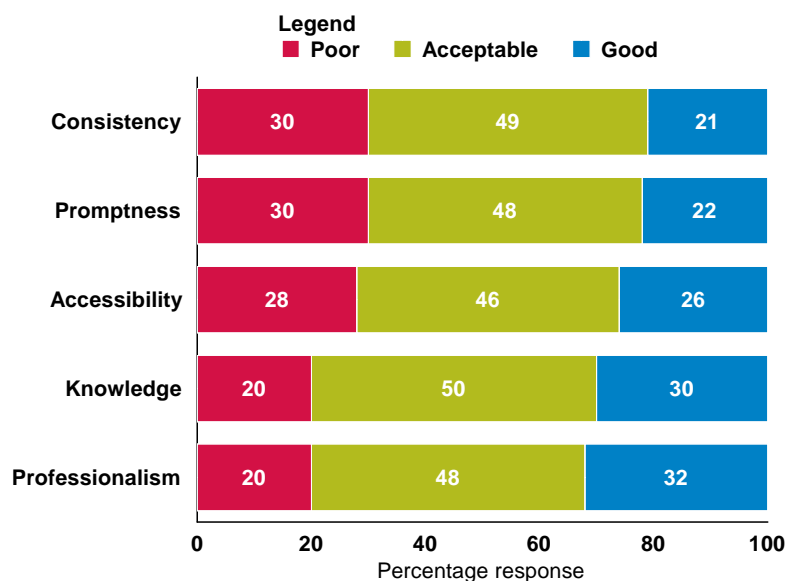
Twenty-eight per cent of respondents rated accessibility of staff and information as “poor.” Forty-six per cent of respondents rated this aspect as “acceptable,” followed by 26 per cent as “good.” The CWB must ensure that farmers have access to the information they need in a timely manner.

Knowledge and professionalism

In the categories of knowledge and professionalism, CWB staff fared slightly better. However, 20 per cent of CFIB agri-business owners still rated the level of service with regards to knowledge and professionalism as “poor.” Only about 30 per cent of respondents indicated these services were “good” and about half of farmers say this performance measure is “acceptable.” It is safe to say that no business would be satisfied if only one-third of their customers were satisfied.

Figure 2:

Please rate the following aspects of CWB staff.



Source: CFIB Agri-Business Bottom Line Survey No. 26, Prairie Data, April 2010

In order to understand which particular areas need to be addressed, it is helpful to understand how farmers rate various aspects of the CWB. The above ratings on consistency, promptness, accessibility, knowledge, and professionalism have an impact on how they view certain areas within the Canadian Wheat Board. While the following results indicate that many producers rate these particular aspects as “acceptable,” the CWB should be striving for “good” – just like any business would be doing as part of a solid business plan.

Your CWB Director

When CFIB members were asked to rate various aspects of the CWB, it is clear there are some opportunities to improve the way the CWB interacts with farmers (see Figure 3). In fact, even CWB Directors need to review how they serve and interact with farmers as 34 per cent of Prairie farmers rated their CWB director as “poor.” Only 21 per cent rated this aspect as “good” and 45 per cent rated their CWB Director as “acceptable.”

Farm business reps and 1-800 line

Farm business reps also need to look at ways to improve how they serve farmers since they usually have more direct contact with producers in their regions. Twenty-six per cent of respondents rated their Farm Business Rep as “poor.” Twenty-seven per cent rated their Farm Business Rep as “good” and 47 per cent rated this aspect as “acceptable.” According to the CWB website, Farm Business Reps are available to help farmers in many ways such as explain how CWB programs work, help farmers use online tools and field any concerns that farmers may have about their contracts, permit books and deliveries. It is imperative that the information provided to farmers through Farm Business Reps and all CWB staff is consistent, timely, accessible, and accurate.

The 1-800 line is also accessed by farmers. CWB staff fielding calls through this vehicle should also ensure the information and services they provide to farmers is consistent, timely and accurate. While 57 per cent rate the 1-800 line as “acceptable,” only 29 per cent rate it as “good” and 14 per cent rate it as “poor.”

“I asked their rep at a tradeshow what would be involved in getting a CWB number if I wanted to grow wheat – they were very unhelpful.”

CFIB Prairie Agri-Business Member, Field Crop Farm

“Have allowed me to reduce contracts when mistakes were made and too much grain was contracted. All you have to do is talk to your rep and they will work with you!”

CFIB Prairie Agri-Business Member, Field Crop Farm

CWB website and CWB e-Services

Access to information on the CWB website and CWB e-Services received marginally higher ratings but the CWB’s online services also has room for improvement. Only 29 per cent of respondents rated access to information on the website as “good” and only one-third of farmers rated CWB e-Services as “good.” While 57 per cent rated these particular services as “acceptable,” the CWB should examine ways to further improve its online presence and experience with farmers and stakeholders. In a fast-paced farming environment, farm owners need access to marketing information in a timely, clear, concise, and transparent manner.

“It took over 3 months to get my permit book even though I completed everything on-line. It was hard to get a hold of someone. Eventually it showed up.”

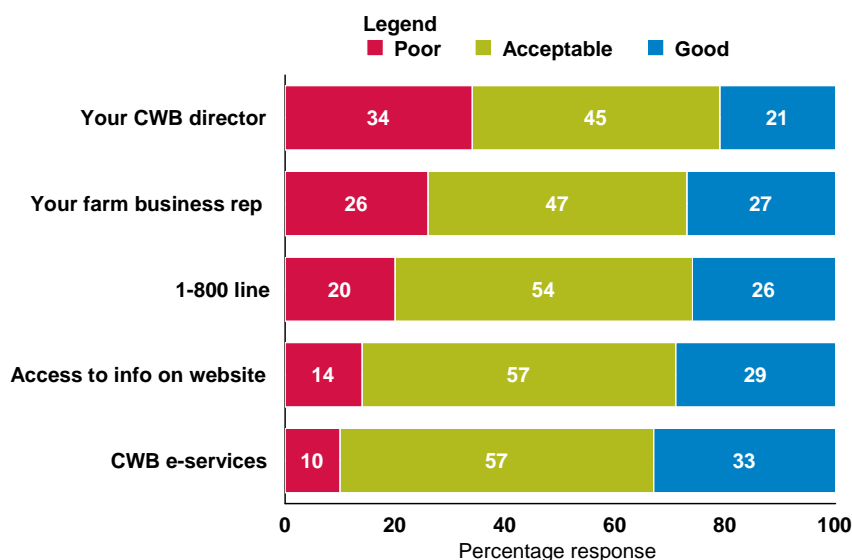
CFIB Prairie Agri-Business Member, Livestock and Animal Specialty Farm

“The Wheat Board goes out and helps customers who buy our grain get the most benefit from their purchase. A multinational company would not do that. Also the cost of running the CWB is pennies a bushel.”

CFIB Prairie Agri-Business Member, Field Crop Farm

Figure 3:

Please rate the following aspects of the CWB.



Source: CFIB Agri-Business Bottom Line Survey No. 26, Prairie Data, April 2010

Canadian Wheat Board programs – CashPlus and PPOs

The CWB has introduced various programs such as CashPlus for barley growers and Producer Payment Options (PPOs) for wheat growers (e.g. Fixed Price Contracts, Basis Price Contracts, Early Payment Options, FlexPro). According to the CWB’s website, “PPOs enable you to make your own pricing and risk-management decisions within the existing marketing structure for western Canadian wheat, durum and barley. These programs offer choice, flexibility and cash flow. You can customize your mix of pricing options and/or pooling to meet the needs of your farm.” CashPlus is a “cash-buying program that offers an upfront, market-based cash price for your malting barley.” It is a “three-way contract between the CWB, you and the selecting company.”

Given the CWB has developed these tools with the overarching goals of offering more choice, flexibility and cash flow, CFIB surveyed its Prairie farm members about their level of satisfaction with these various programs and whether they were meeting the CWB’s goals.

Farmers very dissatisfied with PPOs and CashPlus

Of those farmers who participated in the 2009-10 Basis Price Contract for wheat and the 2009-10 FlexPro Producer Payment Option for wheat, 60 per cent of respondents were very or somewhat dissatisfied. Thirty-one per cent said they were somewhat satisfied and only nine per cent said they were very satisfied with these two programs (see Figure 4).

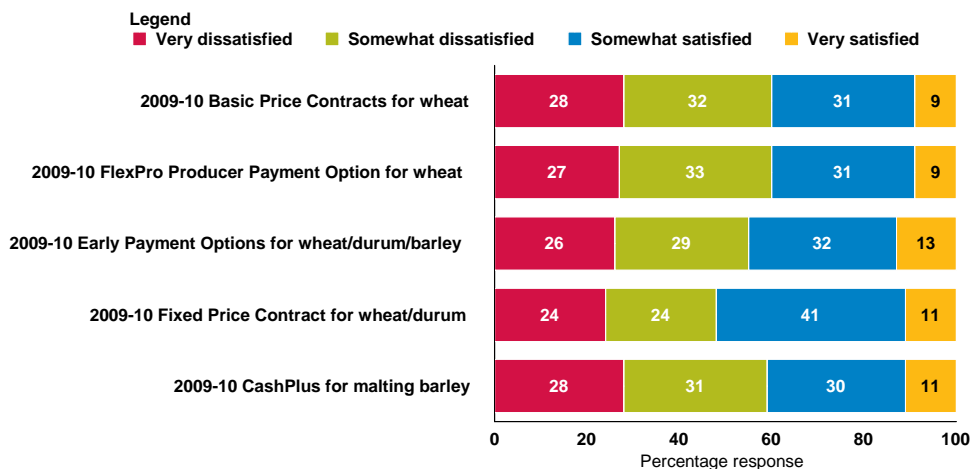
Fifty-five per cent of farmers who participated in the Early Payment Options for wheat/durum/barley in 2009-10 said they were very or somewhat dissatisfied with this PPO. Thirty-two per cent said they were somewhat satisfied and 13 per cent indicated they were very satisfied.

There were slightly more farmers (52 per cent) indicating they were somewhat or very satisfied with the 2009-10 Fixed Price Contract for wheat and durum and 48 per cent saying they were very or somewhat dissatisfied with this Price Contract.

Finally, when producers rated their satisfaction levels with the 2009-10 CashPlus program for malting barley, 59 per cent said they were very or somewhat dissatisfied. Only thirty per cent were somewhat satisfied and only 11 per cent were very satisfied.

Figure 4:

Please rate your level of satisfaction with the following programs:



Source: CFIB Agri-Business Bottom Line Survey No. 26, Prairie Data, April 2010

Producer feedback on PPOs and CashPlus

Dozens of member comments on these programs sheds some additional light on why these programs are not garnering more positive feedback from producers. CFIB farm members were asked to provide feedback on how programs like CashPlus and PPOs could be improved.

The following comments indicate there are some significant concerns with these PPOs and how these programs are not meeting farmers' needs. Direct feedback from producers reveals the programs are:

- ▶ Complicated;
- ▶ Not transparent;
- ▶ Not clearly and concisely communicated to farmers; and
- ▶ Inaccessible.

PPOs are complicated:

*"All these contracts are **confusing and difficult to follow or track**. Just pure simplicity would be most welcome."*

CFIB Prairie Agri-Business Member, Field Crop and Combination Farm

*"Make them **clearer**; also it costs too much to get out of them if you have a wreck."*

CFIB Prairie Agri-Business Member, Field Crop Farm

*"The CWB could go to contracts similar to the line companies to simplify the process. **Many of the PPO's are complicated** and somewhat **difficult to follow**."*

CFIB Prairie Agri-Business Member, Field Crop Farm

Lack of transparency:

*"Would be better **if we knew how the prices are calculated**. **There are no true market signals** from them and no common sense to where they are set at."*

CFIB Prairie Agri-Business Member, Field Crop Farm

*"**If we had a better understanding as to how the basis price is set**. It seems like a very arbitrary number used to protect the pool account. It generally keeps the PPO price close to the pool price (coincidence?)."*

CFIB Prairie Agri-Business Member, Field Crop Farm

*"**More transparent** – basically the belief is they are **designed to not outperform the pool**, as often the "basis" levels are arbitrarily changed."*

CFIB Prairie Agri-Business Member, Field Crop and Combination Farm

Lack of clear and concise communication

*"**If the rep knew how they worked and could explain it**, maybe it would be of some value."*

CFIB Prairie Agri-Business Member, Field Crop Farm

*"They should be **better explained** to producers."*

CFIB Prairie Agri-Business Member, Field Crop Farm

Inaccessibility

*"Grainflow signups for wheat and durum could be on separate weeks **so there isn't such a problem getting through**."*

CFIB Prairie Agri-Business Member, Other Sector

*"CashPlus should be made **available to all producers**. Currently some line companies do not offer CashPlus. Also, contracts should be **standardized**. Some contracts require delivery even if weather conditions do not allow for malt quality and some contracts do not."*

CFIB Prairie Agri-Business Member, Other Sector

*"Most of the programs **do not include durum**."*

CFIB Prairie Agri-Business Member, Field Crop Farm

*"It has been hard to capture the higher wheat prices of the last 2 years – **basis manipulation and the shortened period that we are allowed to access these pricing options** handcuff producers from doing a totally independent job of marketing. On the other hand, the CWB staff that I have dealt with have been extremely useful and knowledgeable."*

CFIB Prairie Agri-Business Member, Field Crop and Combination Farms

*"We are **scared to contract** in any of the programs because of the **cost of getting out** if problems occur."*

CFIB Prairie Agri-Business Member, Field Crop and Combination Farms

Conclusion and Recommendations

Conclusion

It is clear from CFIB's survey of Prairie farmers that interact with the CWB there is considerable room for improvement in the CWB's level of customer service. The question must be asked, **"Are the services offered by the Canadian Wheat Board meeting producers' needs?"**

Exceptional customer service is a way to illustrate to farmers the importance of their business, which also inspires loyalty and confidence. A farmer does not care what employee or what department is responsible for providing a service, they only care that the service is delivered effectively and efficiently. It is for these reasons that any initiative to improve service must look at all areas and staff that interact or interface with producers.

While the CWB does discuss "Service Excellence" in its Corporate Code of Business Conduct as well as commit "to add value for farmers in everything we do," CFIB hopes the Board views these results as helpful so it can deliver on these important commitments to Prairie farmers. There is some work to be done to ensure the CWB is meeting producers' needs. We hope the CWB makes the necessary changes to address the concerns outlined in this report.

We also trust the CWB Board of Director Electoral candidates find these survey results helpful. CFIB will be looking for candidates to articulate how they would improve customer service at the CWB. In particular, it will be important to learn how they plan to ensure programs like CashPlus and PPOs are changed to better reflect producers' marketing needs.

Recommendations:

Review the CWB Corporate Code of Business Conduct and ensure "Service Excellence" includes the following underlying principles of customer service:

- ▶ Promptness
- ▶ Accessibility
- ▶ Knowledge
- ▶ Professionalism
- ▶ Transparency
- ▶ Communication

Producer Payment Options and Programs (e.g. CashPlus)

- ▶ Producer Payment Options and programs like CashPlus should be overhauled to better respond to and meet farmers' needs. They need to be:
 - ▶ Less complicated;
 - ▶ More transparent;
 - ▶ Clearly and concisely communicated to farmers; and
 - ▶ More accessible.
- ▶ Information on these CWB programs, as well as other online tools, contracts, permit books and deliveries should be clear, accessible, accurate and transparent.

Appendix A – CFIB farm members' views of CWB customer service

Please provide an example of a positive or negative experience you have had with the CWB:

They take way too much off our cheque when we sell grain.

Fixed price for winter wheat two years ago made me a lot of money. Basis contract too risky, lost money on that last year.

If you sign a contract and don't fill it, we pay.

Early payment option on wheat allowed more money up front with a small cost. Waiting for up to a year for a final payment seems a bit much.

This last crop year I contracted my barley to them and when I got it harvested they got a sample of it, and when I went to see when they were going to take it they said they could not accept it because it was mildewed and the germ was only 19%. It was combined without any rain on it and when I did a germ test it is over 90%. I found out they have too much barley to pick from. They can break their contract but I can not break mine or will have to make it up to them. They will not compensate me though.

Unable to sell all of last year's durum, forced to hold over till next crop year. Very poor estimates of the PRO.

We are scared to contract in any of the programs because of the cost of getting out if problems occur.

I priced a large portion of 2009 CWRS at \$322 per tonne. The pool account will be at least \$70 below that.

It has been hard to capture the higher wheat prices of the past two years – basis manipulation and the shortened period that we are allowed to access these pricing options handcuff producers from doing a totally independent job of marketing. On the other hand the CWB staff that I have dealt with has been extremely useful and knowledgeable. Just give us the option to market our own crops!

Every year we are shorted massive amounts of money as farmers and have our rights denied. Beyond that I have stories worth an afternoon from various sources.

CashPlus worked reasonably well on 2008 malt barley contracts. Not knowing the final payment and time is a negative.

(1) Cash advance limits are way too low for the size of today's farms. (2) CWB manipulates the fixed price contracts with their adjustment factors they like to keep price low to make their pool account look better.

We have had crop right from the field and had no rain on the swaths and got a poor grade.

I have been sent an invoice saying I owe the CWB (don't remember exactly but approximately without getting invoice) \$10,000. Doesn't say what it's for on invoice. Called CWB talked to someone and asked her? After putting me on hold she looked into it and verbally explained and asked when I would pay it. Told her I need written confirmation, I don't pay verbal bills. They would send one out... been one month. Haven't seen anything.

Basis contract on CWRS. Never use it. They do however push all the wheat out the door almost every year. Another major concern going forward is the CWB's infiltration into the organic market. Many organic businesses went organic to get away from the CWB and to niche market their products. The CWB has no competitive advantage, nor is even structured in a manner that contributes to adding value to organic marketing. Organic grains are often sold one super B trailer at a time, not by the ocean cargo load. The relationship between grower and processor is valued; neither party wants an intermediary, and certainly not one like the CWB. None the less they have made steady infiltration into this sector. Not good.

My local wheat board delegate advocates strongly for farmers. The wheat board takes a long term approach to marketing and is successful in that approach. There is the possibility of farmers making better choices for their operation, but the CWB is making positive changes to adapt to rapidly changing forces in play and they have farmers as their primary customer and act on the farmer's behalf. I am satisfied with the CWB.

Took over 3 months to get my permit book even though I completed everything on line. Was hard to get a hold of someone. Eventually it showed up.

Positive is that it makes marketing wheat easy. Negative is that the price of Malt Barley is below the current local price for feed barley.

We load producer cars. We save a lot of money by doing this. Plus, it saves our highways. Without the CWB we may not be able to obtain cars for shipping.

I asked their rep at a tradeshow what would be involved in getting a CWB number if I wanted to grow wheat - they were very unhelpful.

Have allowed me to reduce contracts when mistakes were made and too much grain was contracted. All you have to do is talk to your rep and they will work with you!

Selling only 74% of the 2008 crop and now only being able to sell 40% of the 2009 crop as well as the 26% we carried over. Not a marketing agency at all. More like a negative cash flow manager.

The Wheat Board goes out and helps customers who buy our grain get the most benefit from their purchase. A multinational company would not do that. Also the cost of running the CWB is pennies a bushel.

The information they provide on world crop conditions is invaluable. They provide unbiased info on world conditions, whereas some private companies seem to provide information that tends to give a biased advantage to exporting companies.

One year I had some HRS wheat locked in for \$9.75, for fall delivery off the combine. That was quite beneficial, as prices never were that high since.

All been negative.

I believe that the CWB has returned fair returns to my farming operation over the years. I have been able to change contracts and market grains that didn't meet the grade that I had originally contracted. The only notable negative experience I had related to the delivery of the final payment in a year when Canada Post failed to deliver the cheques in a timely manner.