

Renewal Now!

Business ideas, information and programs for exploring opportunities in agriculture.

Fall 2008



Triticale: a crop for all reasons

Farmers like to grow it. Processors want to buy it. Here's a look inside a long-term industry-government effort to make triticale a mainstream crop.



Larissa Newell, graduate research assistant taking samples at the University of Alberta Biorefining Conversions and Fermentation Lab.

The 1970s and 1980s saw the rapid growth of canola in Western Canada. Throughout the 1990s and the current decade, special crops like peas, chickpeas and lentils made their presence felt.

Now there's a new crop on the horizon. Its name might be familiar, but for all but a small band of dedicated growers, it is seldom seen in the crop rotations of Western Canada. That crop is triticale, a man-made hybrid of wheat and rye.

With a host of agronomic and market attributes behind it, don't be surprised if the decade that starts in 2010 sees triticale hit the big-time. In fact, an industry-government effort known as the Canadian Triticale Biorefinery Initiative (CTBI) is hard at work to make it happen.

Launched in 2004, CTBI is a 10-year, Alberta-led initiative with a mandate to develop triticale as a dedicated bioindustrial crop for Canada. Building on its long-time role as a cattle feed, triticale would supply locally established, world-scale biorefineries that produce a range of products and co-products: renewable energy, platform chemicals, biomaterials, biocomposites and more.



Triticale as hog feed: more pork per acre?

Research is finding that triticale offers significant advantages over wheat in hog rations.

In Western Canada, the current feedstock of choice for the ethanol industry is wheat. While that's great news if you produce wheat, it's a mounting problem for hog and poultry producers who use it as feed. Increased competition from ethanol plants has made feed wheat harder to find and more expensive to buy.

A team of researchers believes that triticale could contribute a solution. They're currently studying the wheat-triticale-ethanol issue from two directions.

"Triticale will be a bioindustrial crop," says Eduardo Beltranena, Edmonton-based Pork Research Scientist with Alberta Agriculture and Food. "If we could convince the ethanol industry of the value of triticale as a feedstock, this would spare a good deal of wheat that is currently being taken away from pork and poultry producers."

The adoption of triticale by the ethanol industry would result in a vast amount of a by-product known as dried distillers' grain solubles (DDGS).

"There are sound reasons why triticale was picked for this initiative," says CTBI Chair Connie Phillips. "For one, we're all hearing more about the food-versus-fuel debate. Right now, triticale is not usually used in either. Because it grows well on dry and marginal land, we can expand triticale acres without taking many acres away from food and fuel crops."

Phillips explains that energy and materials companies are just beginning to learn about the unique properties of triticale. With petroleum prices sky-high, these companies are urgently seeking alternative feedstocks.

Will farmers grow more?

CTBI's long-term goal for triticale production is ambitious. While the crop is grown on 200,000 acres in Alberta today, the group believes 3 million acres of triticale could be grown by 2015. Is that realistic? Richard Gibson of the Alberta Research Council, who's also Marketing Manager for the CTBI, thinks so.

"Agronomically, triticale outyields CPS wheats," says Gibson. "It's a hardy, drought-tolerant crop that grows well under less-than-ideal conditions. It fits well in a rotation because it's similar to growing other cereal crops. Environmentally, it requires less in inputs than either wheat or corn. As new industrial markets for triticale-derived products come on stream, we'll be growing a lot more of it in the future."

While the feed properties of corn and wheat DDGS are becoming better understood, triticale DDGS still has questions to be answered. Beltranena has conducted early-stage research on the feed properties of triticale DDGS for hogs, and plans similar work for broilers.

Triticale as feed: where to from here?

While research on triticale as an ethanol feedstock continues, Beltranena is also looking at the issue from another angle. He's working to assess triticale's suitability as a hog and poultry feed.

"The protein level of triticale is a little lower than in wheat, while its starch content is a little higher," says Beltranena. "This should make it suitable for pig and poultry producers, but until recently, we haven't had the data to make that case."

Triticale as hog feed: continued on Page 2

Inside this Issue

Triticale Research and Commercialization	...pg. 2
Business Plan Builder	...pg. 3
Growing a Greener Future	...pg. 4/5
Case Study: Change of Enterprise	Insert
Value Chains: join one or build your own?	...pg. 6
Producer's Views on Value Chains	...pg. 7
Rancher's Return Software	...pg. 7
Best Practices Renewal Award is Back	...pg. 8
Upcoming Fall Events	...pg. 8



Miguel Angel Barrera visiting PhD student from the Universidad Autónoma de Baja California, BC, Mexico sampling a weaner pig to determine digestibility of extruded and non-extruded Triticale dried distillers grain and solubles.

Triticale as hog feed: continued from Page 1

To begin to close this knowledge gap, Beltranena led a study to assess the feeding value of triticale in rations for weaned pigs, compared to HRS and CPS wheats. Triticale was found to have a slightly higher net energy value in hog rations than wheat. The nutrient digestibility of triticale was superior to HRS wheat, and slightly higher or on par with CPS.

Triticale was found to have a clear edge in the availability of the nutrient phosphorus. When pigs are fed barley, about 70% of the phosphorous is excreted by the animal. With wheat, about half the phosphorous is lost in this manner. With triticale, fully two-thirds of this nutrient is used by the

animal and only one-third is excreted. Feeding triticale thus reduces the need and expense of adding supplemental phosphorus to the pigs' diet.

In Beltranena's view, a clearer picture is emerging of the feed value of triticale. For hog producers concerned about the cost and availability of feed wheat, the news is good indeed.

"If you look at the varieties of triticale we tested, the performance was slightly better than wheat and there was greater availability of phosphorus," says Beltranena. "Now consider that triticale yields 5% to 20% more per acre than CPS wheat. Therefore you are producing more pork per unit of land and that's where we see triticale playing a greater role in the future."



A plant breeder's perspective

Sustained research is producing more and better varieties. Next up: higher starch and greater digestibility with sound disease resistance.

Over the last few decades, the registration of a new triticale variety has been an infrequent event. That's changing. As part of today's focused, multi-disciplinary effort to expand acres and markets for triticale, more and more new varieties have been registered or are in the pipeline.

"One of the key things we're working on is changing the starch characteristics of triticale," says Don Salmon, Lacombe-based Plant Breeder for Winter Wheat and Triticale with Alberta Agriculture and Rural Development (ARD) "Doing that would be important in two ways. First, it could assist the adoption of triticale for bio-ethanol applications. Second, it could increase digestibility in livestock rations."

For farmers who grow triticale today, disease resistance is one of the crop's key selling points. Salmon and his team are making it a priority to continue triticale's strong disease resistance in new varieties. This will be important as acreage expands from today's 200,000 acres to a planned 3 million acres within the next decade.



Commercialization takes time, focus

If all goes according to plan, the acreage of triticale in Alberta will expand from just 200,000 today to something on the order of 3 million acres within five to 10 years.

According to Bill Chapman, this ambitious goal can only be achieved if the commercial foundation of triticale is properly established.

"You don't multiply a crop's acreage 15-fold overnight," says Chapman, Barrhead-based Specialist with Agriculture and Rural Development's Rural Extension and Development Division.

For starters, he explains, the relatively small number of triticale growers today needs to expand dramatically. These new growers need some agronomic evidence before they'll add this new crop to their rotation as a grain for feed, food, silage or as a forage crop. The next need is seed. Getting to a million acres' or more worth of triticale seed will take a concerted effort by seed growers and seed companies.

2 Who will buy and use all this triticale? Market development, clearly, is a major part of the equation.

"Triticale's disease package is good now," says Salmon, "but if we added millions of acres of it, you would run into new disease pathogens, so we need to take that into account today."

Back to wheat and rye

As a cross between two plants – wheat and rye – triticale offers multiple paths to improvement. One is to select for desirable traits from different triticale varieties. Another is to bring desirable wheat or rye material into existing triticale lines. A third approach is to select original wheat and rye materials that, when newly crossed, will result in a superior triticale. This strategy is one that Salmon believes can continue to deliver results.

"On the wheat side, we've always had ample material to work with," says Salmon. "Good rye material has often been harder to come by. But if you can find the best wheats and the best ryes, you should get the best triticale."



Triticale in test plots at Lacombe Field Crop Development Centre.

During the 2008 growing season, Salmon and his team field-tested 12,000 individual triticale plants as part of 300 advanced lines at plots near Trochu, Lacombe, Olds and Morinville. He's looking to continue the momentum of a plant breeding program that's registered four new triticale varieties in recent years.

"We are starting to look at triticale as being a multi-purpose grain that's good for feed, for forage and for silage," says Salmon, "and we are reasonably satisfied with how things are going."

Piece by piece, says this Alberta Agriculture and Rural Development (ARD) specialist, a critical mass of people and markets are coming together around triticale.

Chapman is ARD's lead on a team of partners from government, universities and agribusiness that's hard at work laying the groundwork for the long-term expansion of triticale.

"We are working on commercializing triticale as a food, feed and forage crop," says Chapman, "and to develop Alberta's acreage base to meet these future opportunities."

Farmers to grow it, markets to buy it

Last year in Lacombe, triticale took another step toward increased adoption by Alberta farmers. New varieties, uses and breeding developments were prominently featured as part of a major cereal crop field tour for the province's producers.

On the seed front, varieties are being commercialized by organizations such as SeCan and Farm Pure Seeds. Meanwhile, with the technical advice of ARD and others, potential industrial buyers continue to investigate the future role of triticale.

As market developments for triticale take shape, some producers aren't waiting around to see how it turns out. One Alberta farmer is already shipping triticale to a prestigious breakfast cereal maker.

To Bill Chapman, the commercialization project illustrates that while lasting change takes time, good ideas tend to win eventually.

"It was like this with CPS wheat," he says. "CPS wheats started coming out in 1983 or 1984, and it took several years for producers and buyers to get behind them. Now, CPS wheats are widely grown as food and feed and widely used. With time, the same can happen for triticale.

"Wheat and canola have been great for us in this province, but we need something new, and triticale just makes sense."

For more information go to the Alberta Agriculture and Rural Development website www.agriculture.alberta.ca and search TRITICALE.

Business Plan Builder now available online

New interactive template makes it fast and easy to answer the big questions about where your business is going.

There's no shortage of information out there on how to create a business plan. Books, websites and courses are lined up down the block for aspiring business planners in many industries.

Until recently, however, one industry has been largely underserved: agriculture. With its many and diverse sectors, multiple marketing options and family style of business, agriculture needs its own planning resources.

With the recent launch of Alberta Agriculture and Rural Development's (ARD) interactive *Business Plan Builder*, Alberta farmers and ranchers finally have a comprehensive planning tool that's made for them.

"A business plan is essentially a roadmap," explains Kathy Bosse, Stettler-based New Ventures Specialist with ARD and the developer of the *Business Plan Builder*. "The roadmap simply tells how you'll get from A to B. There may be different roads to get there, but it's up to the business owner to decide which one they'll take."

A written plan can be shared and reviewed

Of course, farmers and ranchers are no strangers to the concept of business planning. While many now have detailed and comprehensive plans, others prefer to carry this same information around in their heads. It's for these producers that Bosse and ARD created the *Business Plan Builder*.

"The point of writing it down is to share the plan and discuss it with others," says Bosse, "such as family members, business partners, your accountant, lenders and investors. You also have the ability to review the plan periodically and know that everyone around the table is talking about the same thing."

Don't just file it. Live it. *How to make your new business plan a competitive asset for your farm.*

Twenty years ago, a farmer or rancher with a formal, written business plan was a relative rarity on the Prairies. Today, it's much more common, and not just because lenders increasingly want borrowers to have one.

"If you go to the trouble of writing a business plan, but you only use it to satisfy the needs of your banker, you're really missing out," says Larry Ruud, Vermilion-based Partner with Meyers Norris Penny. "If you're doing a business plan, do it for yourself."

In Ruud's view, farm business planning has grown in step with the growth of management expertise in agriculture generally. Having a formal business plan not only keeps the banker happy, it serves as a blueprint for what the farm wants to achieve.

As more farms work with specialized production advisors, these advisors want to ensure that their agronomic advice integrates with their clients' business goals. Family succession issues call for



The new *Business Plan Builder* is designed specifically for Alberta farmers and ranchers explains Kathy Bosse (right), New Venture Specialist with Alberta Agriculture and Rural Development.

Three types of plans

Even within agriculture, there's a large variation in business structures and objectives. *Business Plan Builder* provides interactive planning templates for three types of farm enterprises: primary production, agriculture tourism and farm-direct marketing.

Once you've downloaded your copy of the program and launched it, *Business Plan Builder* leads you through the basics of the planning process. You'll be asked to provide information such as:

- your product and what's unique about it
- the market and how you plan to serve it
- your thoughts on marketing
- your management team
- your financial position.

In some cases, you might need to do further research before completing these major sections. With *Business Plan Builder*, you can do some homework, return to the program and keep going. All told, the process of entering the information can take as little as one hour.

Business Plan Builder does the rest. You'll have the basics of a well-considered business plan to monitor over time and share with others with an interest in the enterprise.

Ready to get started? You can download Business Plan Builder free, right now, from the Alberta Agriculture and Rural Development website. Visit www.agriculture.alberta.ca/bizinfo.

The Value Plus Workshop

(formerly called Growing Your Opportunities)

is coming to Airdrie, January 16 and 17th. For information contact: Jodie Eckert at: jeckert@cfwest.com or call 1-877-603-2329

business planning, too. If the younger generation is being groomed to take over one day, they naturally want to know how the operation is preparing for an eventual transfer.



Larry Ruud, with Meyers Norris Penny says a business plan serves more than one purpose.

Regular planning meetings

Whether you've used Alberta Agriculture and Rural Development's *Business Plan Builder*, worked with an outside advisor or written it yourself, finishing your business plan is just the beginning. While some will file it and forget it, Ruud prefers to see clients use their plan as the guiding light of their farm.

"During the course of a farming year, opportunities will come up that you hadn't anticipated," he says. "Your business plan, while it needs an element of flexibility, helps you avoid making ad-hoc, reactionary decisions. You can stick to your knitting because you know the plan is sound."

A plan is also important to getting all members of a farm management team singing from the same songbook. Ruud recommends holding a formal team meeting every two months – complete with agenda and note taking – to assess progress on the plan and make adjustments if necessary.

Growing a greener future

Manufacturers and builders are looking beyond traditional materials, and beginning to embrace crop-based materials. Here's what you need to know.

Plastic is light and durable, but it's made from petroleum, which is expensive and contributes to climate change. Other materials are energy-intensive to make, costly to transport or not readily renewable.

For manufacturers and builders, what's the alternative to these materials? Crops like hemp, flax and wheat, for starters.

"The marketplace is excited about these crops for the same reason farmers are sometimes frustrated growing them," says Trevor Kloeck, Alberta Agriculture and Rural Development's (ARD) Edmonton-based Leader for Ag Fibre Business Development. "They have extremely tough fibres, don't decompose quickly and have tremendous tensile strength. Almost anything that's currently made of plastics or fiberglass is a legitimate market opportunity for fibre crops."

Green building takes off

What are the biggest contributors to climate change and other negative environmental impacts? Ask most people this question and they'll likely answer: cars. Fair enough, but to Lori-Jo Graham, there's another serious environmental culprit that usually gets off scot-free.

"The buildings we live in, work in and shop in are major consumers of natural resources," says Graham, the leader for ARD's Green Building Material Initiative based in Olds. "According to one study, nearly one-third of Canada's greenhouse gas emissions relate to the production, transportation and waste of materials used by the construction industry."

A whole-building, life-cycle approach

Attending a recent green building conference in Chicago, Graham saw first-hand the fundamental impact that green thinking is starting to have on the construction industry.

"The economic consequences of a building have always received a lot of attention," she says. "That's still important, but increasingly organizations and society are also considering the social and environmental costs as well."



Flax in bloom near Patricia, AB.



Kwesi Ampong-Nyarko checking a hemp plot at The Crop Diversification Centre - North (CDC North).



Blooming canola just outside of Three Hills, AB.

This broader-based reckoning of a building's true cost extends well before and well after construction. If steel is the main component, what's the impact of mining the iron ore needed to make the steel? If the builder fancies Italian marble, what's the impact of shipping it from Italy to, say, Edmonton? How well will the building's windows insulate during the winter?

For Alberta, possibilities are endless

For many organizations, having a greener building makes financial, social and environmental sense. The good news is, for almost every expensive, climate-changing, non-renewable building material there is, Alberta farmers can easily provide durable, rapidly renewable alternatives.

In fact, as opportunity-hunters like Graham and Kloeck consider what Alberta's key crops could do, the greater the possibilities seem to be.

"There's a U.S. company that has a soy-based foam insulation product that can be blown into cracks," says Graham. "You have to ask whether we could do something like that with canola oil or flax oil here in Alberta."

Initiatives like these are aimed squarely at a North American green building market that's big today and getting bigger. As the chart below shows, this is an industry well on its way to \$59 billion in annual revenues.

Can Alberta compete?

In any market development process, it's easy to be partial to your own chances of success and discount those of possible competitors. The fact is, Alberta is only one of many jurisdictions in the world that is able to grow crops like flax, hemp, canola and cereals. Who's to say Argentina, Alabama and Australia don't have the same shot as us?

As Trevor Kloeck sees it, Alberta enjoys several competitive advantages worth noting. First, Alberta growers are exceptional managers, able to maximize production and ensure the consistent supply processors will be looking for. Second, the province's highly capable research community is already working on a range of scientific issues a fibre-crop economy will need to sort out. Third, Alberta producers and processors working closely together can tackle the many and complex market opportunities that are emerging.

"What we need to understand is that the market for fibre isn't about 10 large commodity markets," says Kloeck. "It's about 100 or 200 or 500 niche markets, each with different needs, and I am confident we can compete well on that basis."

Alberta is a mid-sized market within Canada, and a small player globally, but Lori-Jo Graham believes this might work in our favor.

"In a Canadian context, we have a bit of a head start," she says. "In part because of our hot housing market, over 45% of Canada's environmental residential building is happening here in Alberta. We also have some very capable local manufacturers that are smaller and more nimble than some of the major North American companies in this space."

Bringing producers, processors and manufacturers together

Farmers can grow the crops. Processors can extract the relevant raw material. Manufacturers can make the materials. But unless each is playing their part in concert with the others, Alberta's green opportunity won't meet its potential.

That's why a major priority for ARD people like Graham and Kloeck is to get each component of the green materials value chain working together.

"Right now we are doing a business case for several green building products derived from Alberta-grown crops," says Graham. "We are shopping them around to different manufacturers and looking to partner with them on the development of these products."

One such product development opportunity relates to building insulation made from hemp. In Europe, builders and consumers can already walk into their nearest big-box home renovation store and buy hemp-based insulation. Graham's team is partnering with a German manufacturer and UK distributor to work with private industry to bring it to Alberta. Once this product gains acceptance in Alberta, the logical next step is to grow the hemp here and manufacture the insulation, too.

In the area of roofing, traditional inorganic materials are fine at keeping the rain out of the boardroom. Today, however, organizations want more. Enter the so-called 'green roof', essentially a grass field on top of a building. Green roofs harness the insulation potential of plants to help keep the building warm when it's cold out and cool when it's hot out.

In a further example of its approach to green product development, ARD plans to partner with Olds College to install green roofs on two new buildings there. These green roofs would serve functional, research and teaching purposes.

The Alberta Research Council is currently working on a project relating to strawboard made from wheat straw, and studying cereal crop-based roofing and landscaping applications.



Crop fibres used to develop green products at TTS Incorporated, Edmonton - a Biocomposite Product Development Facility working with industry to facilitate e-commercialization of green products.

Other green product possibilities extend from the parking garage to the penthouse suite: flooring materials, industrial textiles, non-structural panels and doors and even wall coverings.

While building products are one of the more immediate channels for green materials, other areas are attracting attention as well. Environmental products, such as an erosion control mats made of hemp, are used to either protect or clean up natural environments. The area of biocomposites includes a vast array of applications, using plant-based fibres in place of plastic or other materials.

"What's exciting is that these are not obscure applications," says Kloeck. "These are products the average consumer uses every day. For example, new Ford Mustang cars have seat cushions that are partly made with soy oil. Some BMW models now have door panels partly made of hemp and flax straw."

This is real

The work of Alberta Agriculture and Rural Development market developers like Graham and Kloeck is taking place in a dynamic marketplace seeking fundamental change. While this new world of green materials will take time to gel, there's every reason to believe there's significant opportunity for Alberta farmers, processors and manufacturers.

Says Kloeck: "The market for these crop fibres isn't something that's coming in five or 10 years, it's here today. Within two years, we could have more demand than supply. It's a huge market and it's coming together quickly."

For much more information on the market issues and farming opportunities around green products, visit the Alberta Agriculture and Rural Development website. Start at www.agriculture.alberta.ca and search on **BIO-INDUSTRIAL**.

Green Building Industry Statistics

Estimated Industry Size (2006) in North America	\$15.9 Billion ¹
Canadian share of this market (13% private non-residential, 6% residential, and 7% public sector)	26% or \$4 Billion ²
Projected Industry Size (2010)	\$59 Billion ²
U.S. residential green building marketplace (2006)	\$19 Billion ²
Projected U. S. residential green building marketplace (2010)	\$38 Billion ²
U. S. Residential Builders Working to Green Specifications (2007)	15% ³

1. Green Building Road Map, Employment, Immigration and Industry, 2006. 2. McGraw-Hill Construction Study, 2007. 3. Hoge, Patrick "San Francisco Joins the Green Trend: Many Companies Eager to Build in Environmentally Friendly Manner", San Francisco Gate, 02/04/2007, Retrieved from Internet, 12/11/2007.



Value chains: join one or build your own?

Both approaches can work, but linking with an existing value chain could be a good way to get started.

For many Alberta farmers and ranchers, the value chain concept has a lot of appeal. By participating in a value chain with processors, food service companies, retailers and others, producers can potentially improve their market access and build a consumer-facing brand.

If you have a product that can be differentiated or branded in the eye of consumers, your farm business could be a good value chain candidate. The question is, would you be better off setting up a value chain from scratch or getting involved in an existing one?

Laura Lee Billings, Alberta Agriculture and Rural Development's (ARD) Airdrie-based Value Chain Specialist, believes there's no sure-fire answer to this question. The key is to learn what's involved and be realistic about your ability to do it.

"To succeed with a value chain, you need a strategy that allows you to compete at three different levels: product and service, capability development and business design," she says.

Your product and service mix is the part everyone can see, which makes it relatively easy for a competitor to copy. The other two competitive levels -- internal capabilities and business design -- are tougher to master. For those who do, however, they can provide a durable competitive edge.

In Billings' view, many an aspiring value chain originator has underestimated the difficulty of creating difference-making capabilities and processes.

"Retailers are looking for suppliers to proactively come to them with innovative products to differentiate them from their competitors," she says. "But you have to ask yourself, do you want to commit to managing those complex retailer relationships, or might it be better to align yourself with someone who's already doing so?"

While some producers have successfully originated value chains on their own, a smart preparatory step might be to explore existing chains. Whether you're in beef, hogs, grains, alternative livestock or another sector, chances are there's a value chain you can study, emulate and perhaps join.

Alberta Agriculture and Rural Development's website has a wealth of information on value chains. Start at www.agriculture.alberta.ca and search on VALUE CHAIN WEB LINKS.



People make it happen

What makes a value chain work? A recent study of a fresh food value chain uncovered these critical success factors.



Leadership. Business structures must allow for nimble analysis and quick decision-making.

Management. With roles and responsibilities clearly defined, management must have the skills to run a complex business.

Persistence. Hang in there: it's a long-term effort that will inevitably face daunting challenges.

Finance. Economic feasibility must be reviewed during the development process.

6 Process. Defined conflict resolution processes and in-place written agreements are key.

Bison chain values commitment

For a bison producer, being part of the Carmen Creek Premium Producers group has many advantages. One is market access. Based in Calgary, Carmen Creek's branded bison is sold year-round to fine-dining and other food service customers in Canada, the U.S. and Europe. Another plus, according to Carmen Creek partner Dean Andres, is price.

"We are a bit above market and try to reward producers for going the extra mile," he says. "I'd say we are above the price in the commodity market at least 80% of the time."

In return, producers in this quality-focused value chain commit to a range of production and environmental practices that allow Carmen Creek to earn the premium it pays producers. Adherence



to these protocols -- which allow no hormones, antibiotics, growth stimulants or livestock prods when handling -- is subject to third-party audit.

Naturally, a producer will find the prospect of a premium price appealing. But what about the 20% of the time when the cash market is paying more for commodity bison than Carmen Creek is for its stringently raised branded product? In fact, that was the situation in the bison market for a few weeks this past summer.

"Right now livestock supply is really tight," says Andres, "and this is when you find out who's on your side. The biggest thing for a producer to be part of our group is a commitment to follow through and supply us, because we supply our customers on a weekly or bi-weekly basis, all year round. Most of our producers stick with us, even when other prices are a bit higher, and that's what makes it work."

Producer's views on value chains



In the conventional model of producing farm commodities, everyone involved plays it close to the vest. No one knows or particularly cares about the other parties' financial outcomes.

Not so with value chains, according to Keith Everts of Diamond Willow Organics, a Pincher Creek-based certified organic beef company. Started in 1997, Diamond Willow is a collaborative enterprise of seven families farming on the Eastern Slopes of the Rockies. The families meet on a monthly basis to review operations and provide management guidance to the company. Diamond Willow beef is available at Save-On-Foods and specialty retailers Community Natural Foods and Planet Organic.

At a time when the beef industry is pressed by high feed prices and other factors, Everts believes Diamond Willow's value chain participation provides welcome predictability.

"We know what price we're going to get, we know when our product will be shipped and we know where it's going," he says.

Just as important, in Everts' view, is that value chain members gain intimate knowledge of how the other parties are doing. As a producer, he understands how packing, shipping and retailing influence the price the consumer pays and that he receives back.

"In commodity beef, there's always this intrigue about who's making the money," says Everts. "The cow-calf guys say the packers are making all the money. The packers say the feedlots are making all the money. In our model, we see what everything costs and we understand what the other players are doing. To me, that's a huge advantage."

Companies involved in value chain development:



Alex Campbell Signature Series Traditional Pork/Sunhaven Farms at www.sunhavenfarms.com

American Crystal Sugar at www.crystalsugar.com/index.asp

Carmen Creek Gourmet Meats at www.carmencreek.com/

Diamond Willow Organics www.diamondwillow.ca

Foodlink Online at

<https://www.foodlinkonline.com/FoodLinks/Login.cfm>

Harris Ranch at http://www.harrisranchbeef.com/index_hub.html

Highland Beef at www.highlandbeef.com

Little Potato Company at www.littlepotatoes.com

Niman Ranch at <http://www.nimanranch.com/control/main>

Ranchers Renaissance at www.ranchersrenaissance.com/

Spring Creek Premium Beef at www.springcreek.ca

Warburtons Ltd. at www.warburtons.co.uk

Rancher's Return: calculates feed and input costs based on your operation

This free, Excel-based software tool helps cow-calf producers make more timely management decisions. Download yours today.



In his years as a cow-calf producer, Bruce Viney spent countless hours wrestling with several critical questions. How profitable will I be this year? Should I raise fewer cows, more cows or none at all? What happens if cattle and feed prices rise or fall between now and the end of the year? Given all that, should retained ownership be considered?

Now, as Alberta Agriculture and Rural Development's (ARD) Olds-based Risk Management Specialist, Viney and his team have made it easier than ever to answer these questions. This past summer, ARD launched *Rancher's Return*, a downloadable Excel spreadsheet tool developed to meet some of the decision-making needs of cow-calf producers.

"The analysis is the same process I used when I farmed myself," Viney says. "To get a view of your profitability, you estimate production costs, breakeven selling prices, gross margins and return to equity. From this base, you can then assess the impact of different management strategies and external price changes. What's great is that an exercise that used to be very time-consuming can now be done very quickly."

Inside the features

Viney is quick to note that no two producers have exactly the same operation or past experience. For this reason, *Rancher's Return* has the flexibility to calculate feed and input costs based on the user's own production systems and feed usage. It quickly assists users in converting their own past experiences into numbers to support their management decisions.

The program uses the producer's operating and capital cost estimates to generate detailed results for total cash costs as well as non-cash costs like depreciation. *Rancher's Return* generates cow replacement or steady-state herd maintenance cost estimates in a non-traditional and simplified manner.

Rancher's Return will calculate the producer's:

- total gross margin
- gross margin per head
- total returns to equity and management
- total returns to equity and management per head; and
- breakeven selling prices.

Ranch-to-packer analysis

Viney explains that *Rancher's Return* creates breakeven prices for both steers and heifers based on weight expectations, weaning percentages and expected price spreads. That raises a further question: when's the best time to sell? Using the breakeven prices generated by the program, producers can then use FIR\$T, a Feedlot Investment Risk Simulation Tool software program to evaluate the additional risks and returns associated with taking the animals to finish.

"When you combine *Rancher's Return* with FIR\$T ([www.agriculture.alberta.ca/FIR\\$T](http://www.agriculture.alberta.ca/FIR$T)), the producer has a great way to assess their total production costs all the way from ranch to packing house," says Viney. "It's also a great way to explore the potential profitability of programs like natural or organic beef that also entail higher production costs."

While its features and insights are powerful, *Rancher's Return* is designed to be easy to use. If your computer system can run Excel on the Windows 2000, XP or Vista operating systems, you have everything you need to run *Rancher's Return*. Step-by-step instructions are included with the program, and one worksheet makes it simple to convert your current information into data the program can use.

Best of all, *Rancher's Return* is downloadable off the Alberta Agriculture and Rural Development website, at no charge. To download your copy, visit www.agriculture.alberta.ca and search RANCHER'S RETURN.

Best Practices Renewal Award is back for 2009

Alberta farmers and ranchers are exceptional at reading the needs of the marketplace and developing products that will resonate with consumers. Still, there's a big difference between producing an appealing product and making a buck at it.

To help close the gap between a good idea and a great business, the *Best Practices Renewal Award* program will be offered again this year. The Award program recognizes producers who are expanding, adding value or diversifying to make their businesses more innovative, successful and sustainable. According to Wendy McCormick, Acting Manager, APF-Renewal Program with Alberta Agriculture and Rural Development, the *Best Practices Renewal Award* has an impact that goes well beyond the three farmers who receive recognition.

"The three winners are those judged to have taken the most effective steps to renew their farm operation with a fresh strategy or in some cases a new product or service," McCormick says. "In past years, the award winners have inspired many other Alberta farm families to build on a good idea by creating a successful business around it. People think, 'if they can do it, so can I'."

\$30,000 in prizes available

Each of the three *Best Practices Renewal Awards* for 2009 comes with a prize package valued at \$10,000 worth of business development services.

While the *Best Practices Renewal Award* took a year off in 2008, a look back at recent years' winners (see sidebar for one) shows how diverse and innovative Alberta farm businesses can be.

The 2007 winners were:

- the late, Victor Chrapko of Brosseau, who created Alberta's first organic cottage winery
- Jim Hugo of Three Hills, owner of stone-ground flour producer *JRK Farms*
- Gwen Simpson of Carvel, founder of herb-and-flower grower *Inspired Market Gardens*.

Recognizing innovative and value-adding Alberta producers, this program rewards three but inspires many.

"Fruit wine, stone-ground flour and fine herbs might not have a lot in common," says McCormick, "but Victor, Jim and Gwen all took an innovative idea and started a business based on it. For 2009, the award program aims to help three new business ventures move forward in realizing their potential."

In McCormick's view, Alberta farmers and ranchers tend to be modest about their accomplishments. When the award applications and business plans are gathered around the judges' table, however, producers' level of innovation and commitment to sustainability quickly becomes evident.

"It's often difficult to select just three 'business plans', because there are so many great things happening," says McCormick. "The ideas range from farm-direct marketing, to ag tourism, diversifying or new business approaches, to the development of consumer products."

On October 15th more information on how to apply for the 2009 *Best Practices Renewal Award* including eligibility, judging criteria and details of the prize package will be available at www.agriculture.alberta.ca/renewal or by calling the AgInfo desk at 1-800-387-6030.

For this winner, award was a turning point

Since her Best Practices Renewal Award in 2006, this value-added honey producer has continued to innovate and move forward.

At the time Cherie Andrews won the *Best Practices Renewal Award*, she had already accomplished a great deal. Along with husband Art, she started and built Chinook Honey Company, a honey producer and marketer near Okotoks.

This achievement, while impressive, was only the start of Andrews' plans for Chinook Honey. As it turned out, her 2006 *Best Practices Renewal Award* was just what the doctor ordered. With some help from the professional business consultation that was part of her prize package, Andrews set out to expand the business with a line of honey-based wine known as mead.

The Chinook Arch Meadery officially opened in May 2008 as an ag tourism and ag retail destination offering the public a unique taste experience.

"We have been overwhelmed by the positive response," says Andrews, speaking this past July. "People are quite willing to try our mead and quite curious what it tastes like. In fact, we've already sold half the mead we produced."



Chinook Arch Meadery: taking honey to another level.

Apart from the success of the meadery, 2008 has been a year honey producers like Andrews would rather forget. A mysterious bee disease decimated many hives early in the year, in some cases reducing hive populations by upwards of 50%. In such an environment, producers' management expertise made the best of a tough situation.

To Andrews, the *Best Practices Renewal Award* plays an important role in serving the needs of innovation-minded producers. While many are accomplished producers of long standing, the program's focus on sound business planning contributes to the ongoing success of its three winners and those who learn from them.

Says Andrews: "This kind of recognition allows people to bring themselves up to a higher standard on the business aspect of their enterprise. It can help make it much more professional."

Upcoming Fall 2008 Events

For other events or more details go to: Alberta Agriculture and Rural Development www.agriculture.alberta.ca > Directories > Events > Fairs & Exhibitions > Coming Events on the Internet.

Sep 30, 2008	Accelerate Your Business	Edmonton
Oct 1 - 3, 2008	HACCP II: Development of Your HACCP Plan	Calgary
Oct 2, 2008	Accelerate Your Business	Calgary
Oct 6, 2008	Dine Alberta Cook's Tour - Where's the Beef, Pork and Wild Fowl?	Vegreville, Ardrossan areas
Oct 14 - 15, 2008	HACCP IV: Validation and Verification of Your HACCP Plan	Edmonton
Oct 22 - 25, 2008	"Paradigm Shifting for the Future" 2008 Holistic Management International Conference	Brandon
Oct 22, 2008	Red Deer Swine Technology Workshop	Red Deer
Oct 23 - 25, 2008	Westerner Championship Dairy Showcase	Red Deer
Oct 28 - 29, 2008	Detection & Management of Allergens	Calgary
Oct 28, 2008	Low Cost/High Impact Employee Retention Tools for AB	Airdrie
Oct 29, 2008	Food Processors	Lethbridge
Oct 30, 2008		Leduc

Oct 31 - Nov 8, 2008	Farmfair International	Edmonton
Oct 31 - Nov 1, 2008	Stockade Roundup	Lloydminster
Nov 5 - 8, 2008	Agri-Trade 2008	Red Deer
Nov 17 - 19, 2008	Potato Growers of Alberta AGM	Red Deer
Nov 18 - 20, 2008	ASQ Certified HACCP Auditor	Calgary
Nov 20 - 21, 2008	The Green Industry Show & Conference	Edmonton
Nov 26 - 28, 2008	Canadian Beef School	Olds
Dec 1 - 2, 2008	Canadian Pork School	Olds
Dec 2 - 3, 2008	15th Annual Southern Ag Advantage Conference and Tradeshow	Medicine Hat

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For more information please visit: www.agriculture.alberta.ca/renewal