

# CountryGuide

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WESTERN EDITION / COUNTRY-GUIDE.CA / DECEMBER 2017

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# The next step on this road



**“Team” is a word we rarely print in *Country Guide*, but that’s about to change. The reason is simple. Teamwork is becoming so central in farming, it’s worth getting past our hesitations**

I’ve been thinking a lot about teams lately. Not sports teams, but the kind of teams we use to keep *Country Guide* in the black, and the teams you’re using more often in farming, whether you call them that or not.

I increasingly think there’s no greater proof of how rapidly the Canadian farm is evolving than in the number and the professionalism of the teams that help drive it.

Don’t believe it? Well, just compare how you make decisions today against 20 years ago.

It’s true even on farms where a quick glance from the outside might suggest it’s a one-person or a one-family operation.

Of course, as I’ve suggested, we don’t usually call them teams. Nor do we always think of them in those terms, although those are exactly the words that other business sectors would use to describe what we do.

I mention this now because, starting with this issue, you will see us focusing even more on leadership and on teams in the winter ahead.

If that sounds dull, I partly sympathize, but let me assure you, we won’t be filling the magazine with HR psycho-babble. We won’t all have to wear colour-co-ordinated T-shirts, and there won’t be any campfires and kumbayas.

It turns out that team building is as rock hard a concept as anything else in farming, and our job will be to portray it in just that light.

It’s science, exactly the same way as what you do in the field and the barn is science, and it

gets tested in the same way too. Does it work? Does it pay?

It makes me remember that when we first took *Country Guide* in its business direction, we were warned we’d be making ourselves irrelevant in the real world of farming.

What our critics didn’t realize is that we weren’t leading. Our readers were already there, making decisions about the best business strategies and structures to move them toward their goals.

The same is true of teams. You’ll see it countless times as you read your way through this issue.

There are complexities, of course. Teams are fragile — for instance, nothing is deadlier for a team than not supporting each other in front of the outside world — but teams also thrive in high performance conditions.

On the farm too, there’s the extra challenge of building teams with family members, with expert professionals, with farm employees, with suppliers and so many others.

The thing is, at our core, *Country Guide* believes that farmers are great decision makers who excel at decision making because they have such a clear vision of themselves as individuals, and of what the farm means to them.

The same is true of their team management. But how do you know you’re being supported by as high a level of performance from your teams as you demand from yourself?

Stay tuned, and let me know if we’re getting it right. I’m at [tom.button@fbcpublishing.com](mailto:tom.button@fbcpublishing.com).

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# NEW C SERIES ROGATORS

AGCO re-engineers its sprayer line with LiquidLogic technology

BY SCOTT GARVEY / CG MACHINERY EDITOR

If there's one word that's taking up a lot of air in the room when it comes to herbicide discussions this year, it's "resistance." The growing threat from herbicide-resistant weeds has become a reality in nearly all regions and threatens to get much worse.

Everyone in the industry is looking for solutions, and AGCO thinks their new C Series RoGators and the LiquidLogic system incorporated into them can play a big role in that effort.

Introduced this past August, the C Series incorporates a variety of updates over previous RoGator models, including more accurate and efficient product delivery capabilities.

"With the prevalence of herbicide-resistant weeds throughout the country and the introduction of new herbicide systems to control these weeds, greater management and attention to detail will be needed for anyone applying herbicides," explained Mark Mohr, tactical marketing manager for AGCO's application division, in a press release announcing the C Series introduction.

"The engineering and technology of the RoGator C Series machines and the new LiquidLogic system are going to help operators simplify their jobs, reduce the potential for off-target application, make cleanout faster, easier and more thorough, and reduce product waste."

The FlowLogic recirculation plumbing used in the C Series machines keeps product constantly moving through the boom, hoses and filters to help reduce chemical buildup and eliminate plugged spray tips.

The C Series also offers the ClearFlow recovery system, which the brand claims is the industry's first full-recovery system. It uses air to force product from the booms or from the reload station back into the tank, leaving less than 2.5 gallons in systems without injection. A new self-priming feature also gets product moving quickly through the entire boom once the product pump and recirculation are turned on.



AGCO introduced the new C Series RoGator with impressive upgrades in August.

PHOTO: AGCO

The LiquidLogic system also offers a "hold at minimum" feature to ensure pressure remains within 1.0 p.s.i across the entire boom width at all times to ensure even product application. The AgControl rate controller is capable of section control for either 35 sections with 10- or 15-inch spacing or 36 sections with 20-inch spacing, which is offered as standard. All of that is controlled through AGCO's new 10.4-inch AccuTerminal touch screen.

To move the C Series machines, AGCO is introducing the new SmartDrive all-wheel drive system with traction control. That feature detects wheel slip and alters fluid flow to the associated drive motor to maximize flow (and therefore traction) at the other wheels, minimizing slippage. The RoGators also get anti-lock brakes with a more powerful hydrostatic system to shorten stopping distances.

Cruise control allows operators to select a pre-set working speed, and a shuttle shift feature makes for quick forward-reverse direction changes.

Inside the cab, a new armrest houses switches and a joystick in a more ergonomic layout. Even the design of the joystick was changed to a more comfortable shape based on user feedback, while USB power ports help keep the operator connected.

A programmable keypad also allows the operator to customize the lighting package, and a rear-view camera operates automatically when the machine shifts into reverse.

RoGator C Series machines can be configured with AGCO's fully integrated AgControl and Auto-Guide systems, or Raven Viper 4+ technology with SmarTrax. A hybrid configuration also allows the use of Raven Viper 4+ for product control while using AGCO's Auto-Guide for steering. The brand's TaskDoc option handles wireless data transfer.

When it comes to boom options, buyers can choose from the standard 90-, 100- and 120-foot designs or optional 120- and 132-foot aluminum versions. AGCO says the design of the aluminum booms also includes "enhanced nozzle protection." **CG**



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# RISK WARNING

Inside the campaign to get better risk management programs for Canada's farmers

BY LISA GUENTHER / CG FIELD EDITOR

**A**sk Keith Currie where the biggest risk lies, and he'll point to the sky. "We're seeing much more severe weather systems, whether it's cold snaps, dry snaps, wet snaps. The weather patterns are moving differently," says Currie, who grows hay and sweet corn near Collingwood, Ont., where he is president of the Ontario Federation of Agriculture.

This fall, too, farmers in parts of Alberta were struggling for the second year in a row to finish harvest, and Barbara King was seeing the challenge for her farm clients from her office as a partner in accounting firm BDO's Red Deer location.

In a way, she knows, it can seem there's nothing new in the risk of bad weather, and the way those risks should be handled. Today's government crop insurance has its roots in the federal Crop Insurance Act of 1959. And in 2016-17, over 70,000 farms across Canada enrolled in AgriInsurance to cover production losses caused by natural hazards in crops ranging from canola to eggplants.

But combine those shifting weather patterns with thinner profit margins and growing farm size, and things look dicier.

"The total dollars involved in your business are just that much higher," agrees Currie.

Of course, weather is far from the only risk that farmers face. Worldwide, farmers are breaking new land and growing new crops, increasing the competition for Canadian farmers.

Todd Lewis, Agricultural Producers Association of Saskatchewan (APAS) president and southern Saskatchewan farmer, also sees more biosecurity risks in agriculture these days. Manitoba's pork producers have been struggling for several months to contain porcine epidemic (PED) virus, he points out, while on the crop side, producers are dealing with clubroot in canola.

While some of those risks were probably always present, Lewis sees them as more prominent today.

"That's the world we live in now," Lewis says.

North American Free Trade Association (NAFTA) negotiations are making everyone nervous too, says Dan Mazier, president of Manitoba's Keystone Agricultural Producers. Mazier has been farming since 1985, and he remembers how public opinion was against NAFTA when it was first negotiated. Today, public opinion has done a 360 on the trade deal, he says.

Mazier acknowledges NAFTA needs updating. It's a different world than when the agreement first came in. But the framework is still sound, he feels, and he foresees a lot of uncertainty if the U.S. withdraws.

And such a withdrawal is looking more possible to Alan Ker, director of the University of Guelph's Institute for the Advanced Study of Food and Agricultural Policy. "A month or two ago, I thought differently, that it was probably all going to get worked out," Ker says. "But now I'm less certain on that."

Will Canadian producers be protected if NAFTA dies on the operating table? Would a program such as AgriStability kick in? Mazier for one isn't sure how it would fall out if the U.S. imposes new tariffs. The program needs to be more predictable, he says.

Ker suspects livestock producers might be harder hit than crop producers. And there's no way to hedge against that, he says, because policy changes can create price risks that affect producers for years. After all, a trade deal isn't going to be renegotiated each year.

Nor is Ker sure the government can create a program to handle those risks. Even if AgriStability had a higher limit, it would only help with the first year or two. Beyond that, farmers would have a new, lower guarantee.

As for Lewis, he's not sure how the government could create a program to protect producers from the worst case scenario, such as a border closure. But it would need to pitch in for the industry to survive.

"If tomorrow all agricultural trade ceased between Canada, U.S., and Mexico, it would have a pretty heavy impact on everybody and it would take some time to sort everything out," says Lewis. "At that point you would hope the government would be there to support the industry."

## WHAT TO DO WITH AGRISTABILITY

Earlier, Ker spent 12 years at the University of Arizona where he studied crop insurance programs. Arizona's program resembles Canada's AgriInsurance program, he says, and farmers are generally happy with crop insurance in both places.

But are there other places where an AgriStability-like program is working?

"Most developed countries have stayed with a commodity-specific program and a crop-specific program, whereas AgriStability is trying to do a whole farm," says Ker. Those places that do have a whole-farm program haven't seen much uptake, he adds.

"So it hasn't been successful in other places either."

Farm leaders say AgriStability participation has been nose-diving, and the numbers certainly don't look good. Agriculture and Agri-Food Canada reports 57,000 producers with gross farm revenue over \$10,000 enrolled in AgriStability in 2014.

In contrast, AgriInvest has proved popular due to its predictability and ease of use. In 2014, 129,000 producers with gross farm revenue over \$10,000 participated.

In Lewis's view, farmers have voted with their feet on AgriStability.

Farmers and farm advisers interviewed for this story listed several reasons for declining enrolment rates. The required paperwork is onerous and confusing. The new payment trigger at 70 per cent of a producer's historical reference margins means farmers are much less likely to get a payout, and producers don't receive payments until months after the money is needed.

Plus, the program seems unpredictable, and many producers can't see a scenario where it would be relevant to their farms.

This past summer, the federal government unveiled two changes to make AgriStability more palatable, but it's unclear if they will work. Their first was to allow late enrolment at reduced coverage levels, but Saskatchewan's ag minister Lyle Stewart has already said his province won't offer late enrolment, and others may follow suit.

Mazier understands Saskatchewan's aversion towards late enrolment — it could wreak havoc with provincial budgets.

Plus, allowing people to enrol late, once they realize they're facing a crisis, brings in an issue of fairness, Mazier adds. "It eats away at your credibility in general as an industry."

Late deadlines aren't the only change coming to AgriStability. Reference margins are now set firmly at 70 per cent, a change from the formula based on allowable expenses.

The old system hammered efficient farms and certain sectors, such as cow-calf producers, and farm leaders are happy to see the back of it. It "was an irritant, to say the least," says Mazier.

But Mazier and Lewis say that positive changes affect a relatively small number of producers, and so are unlikely to boost enrolment rates substantially.

And those changes have come at the cost of AgriInvest. The federal government has reduced the allowable net sales eligibility from \$1.5 million to \$1 million. Annual government matching contributions will drop from \$15,000 to \$10,000.

Lewis expects many producers will question trying to fix AgriStability at the cost of AgriInvest. Currie worries that limiting contributions to AgriInvest will affect participation. And Mazier says that although farm leaders wanted to see AgriStability shored up, and although they know money is tight, "it's a tough pill to swallow."

However, they might have a chance to change all that, as a business risk management program review gets underway this winter. Farm leaders are gearing up for meetings with provincial and federal government officials, in the hope they can all

CONTINUED ON PAGE 10

# Opportunity knocks

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## Should you stay or should you go?

AgriStability used to be a popular program with accountant Barbara King's farm clients. Then the reference margins dropped from 85 per cent to 70 per cent.

"And quite honestly, a lot of my farmers dropped out at that point," the Alberta-based farm adviser says. "They just felt that the program was a little bit too onerous and the filing requirements were quite large."

King counts mixed farms, crop producers, cattle producers, and feedlots among her agricultural clients. Many of her producers are fairly well-diversified, she says. None of her clients are in supply-managed sectors.

And for many of them, they can likely get away with opting out of AgriStability, she says.

Smaller producers can cover much of their risk with traditional crop and cattle insurance. For larger farms, products such as Global Ag Risk Solutions (GARS) are an option.

For producers who are strictly feedlots, it might make sense to stay in AgriStability, she says. But with third-party insurance available, many have opted out.

"I think our farmers are becoming more and more sophisticated, and they know a lot of the tools and the products out there," she says, adding that government programs are becoming less of a factor in producers' risk reduction strategies.

Even so, opting out of AgriStability isn't a decision to be taken lightly. King and her colleagues go through two years' worth of financial statements with farm clients to help them make that decision.

They also look at comparative income statements for the last five years, she adds. That shows producers how much their margins dropped in the worst year, to see whether AgriStability makes sense.

come up with a better version of AgriStability by next summer. At press time, producer groups were still setting up a governance model and scheduling meetings with federal and provincial government officials.

"I don't think it has to be a win-or-lose situation here. Hopefully we can get it so both sides see some improvements in the program," says Lewis.

Bumping the margins back up to 85 per cent would likely attract producers to the program again, but farm leaders are unsure whether the government has the appetite for that change. And farm groups don't seem to be looking for quick fixes. The review must be comprehensive if it's going to be meaningful, Mazier says.

King would like to see changes to ease the filing requirements for AgriStability. Right now, producers have to fill out forms in September related to the previous year.

"If they don't have the proper record-keeping, a lot of them are just winging it," she says. She notes this is particularly difficult for cattle producers. They need an opening inventory, and then need to track when steers go to market and when heifers become cows, as well as any losses.

King would like to see government agencies release inventory management systems or guidelines.

Ker wants to see a better version of AgriStability, too. An effective program could especially benefit livestock producers, he says.

Rather than basing the program on net margins, Ker suggests using gross margins. Costs could be based on representative numbers from the producer's county or municipality. And producers wouldn't have to wait for income tax records.

"Then it could be payable right away, like AgriInsurance."

### MANAGING RISK ON THE FARM

There is no magic bullet to take down risk, Ker says. For example, on-farm diversification mitigates volatility, but the tradeoff is an average income drop. Farmers have gotten "very, very good at" managing that tradeoff, Ker says. And AgriStability aside, the business risk management programs "help tremendously with that," he says.

These days, farmers have options. Producers look at both public and private programs to cover risk, says Lewis. "There are some private programs — GARS (Global Ag

Risk Solutions) and Just Solutions — that have been on the market."

Currie sees adopting technology as a way to mitigate risk as well. Seeding technology, improved plant genetics, and better weather apps all help, he says. "We're using our tools more wisely to grow better crops."

He also counts the Comprehensive Economic and Trade Agreement with Europe as an upside. He's glad to see the Trans-Pacific Partnership negotiations moving forward, too, and hopes progress is steady.

Although trade risks are out of producers' hands, King says producer groups are improving their marketing, something she sees as positive as well.

Will that be enough for farmers to manage risk in the future? Currie says he hopes so. "But if you could tell me what the next 20 years of weather's going to be like..."

Ker points out too that technology has not only increased productivity, but has made that productivity more volatile too.

Seeding technology, for example, allows farmers to plant more seeds per acre. More plants per acre mean more water is needed to grow that crop. That makes a moisture shortage more crucial for densely seeded acres. If a farmer doesn't have irrigated land, and is used to drought once every 20 years, they might see a moisture shortage once every seven years instead.

"The interrelationship between technology and climate has increased the volatility, not necessarily because of climate change, but because the newer technology is a little more susceptible," says Ker.

As for King, she sees good financial reporting as one way to help producers navigate AgriStability-type programs and manage their risks. She suggests breaking financial statements into input costs, capital costs, and operating costs.

"That really shows them what's fixed and out of their control versus some of the things they can do," says King.

For producers struggling with financial reporting, accountants can recommend better tools for bookkeeping, or help them develop a system to stay current.

King seems confident in producers' ability to adapt, saying "when you think about the last 20 years and how far our producers have come as far as technology and equipment, they've done an excellent job in moving with the world and the competition they have to face." **CG**



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# MAKING A LEADER

As farms get bigger and more complex, more farmers like Steve Koeckhoven are drawing leadership insights from other business sectors

BY MAGGIE VAN CAMP / SENIOR BUSINESS EDITOR

**W**hen we think of strong leaders we often leap to examples like politicians, sport coaches and the CEOs of large corporations, so it's little surprise that our ideas of leadership can be mixed in with the skills it takes to manage large groups of employees, or to chair meetings or grab the microphone like a great orator.

On the farm, though, leadership needs to involve even more than that.

When you think of successful farms, the vast majority in Canada have only a few, mostly related members, yet all those farms have great leadership. Their business leaders make great decisions — strategically, thoughtfully and bravely. And although these same farmers may not always be the loudest voices in the community or in their commodity groups, they're communicating well within their smaller family-based teams and they have strong relationships with suppliers, buyers and advisers.

Which is why, even on the farm, communication skills are increasingly being seen as essential components of leadership.

Being able to engagingly lead a farm business and to clearly articulate your goals can no longer be thought of as just a one-way, top-down process, says Richard Stup, a Pennsylvania-based business leadership expert who works with small businesses, including farms, to develop leadership skills and human resources management.

Business leadership isn't some trait you inherit or something you mysteriously absorb by living on a farm, says Stup, who grew up on a farm himself and has a masters in agricultural education and a PhD in workforce management.

Nor is it something you get by drinking a magic potion as a kid. Instead, it's something you work at, Stup says. "Leadership for your farm business is about creating a culture and systems to use resources more efficiently, and of course that takes motivated people."

In Canada, meanwhile, while taking his MBA at Western University's Ivey School of Business, Steve Koeckhoven learned leadership skills that he's been able to bring home to the family farm near Wolseley, Sask., and also to his work off-farm for Agrium in Calgary.

"My experience in agriculture is lifelong, and the MBA has definitely helped me weave my way through my career off-farm and on the farm," the 34-year-old Koeckhoven says.

In retrospect, he now adds, the most significant lessons he took back to the farm started with learning how essential listening is for problem solving, and how important leading teams is to his own performance.

And there's another lesson too, he says. "Ninety per cent of leadership is communications." As with most such programs, the MBA at Ivey required listening to lectures, but the program is also heavily weighted toward



PHOTOGRAPHY: LOREE PHOTOGRAPHY

group work and case studies. Teams of four or five classmates analyze and develop solutions for each scenario.

Koeckhoven was the lone farmer in a class full of international professionals who came with all sorts of undergraduate degrees and aggressive, go-getter personalities, plus high levels of intelligence.

In that environment, they all had to learn to actively listen to the group. “I got so many insights into ways to attack a problem if I listened to the others in the group.”

On the Koeckhoven family farm, meanwhile, three strong-willed successful men were trying to work together. Steve and younger brother John now farm with their parents, Harry and Anika. Like the MBA case study groups, everyone was trying to have input into everything on the farm, and rarely did they really listen to the others. Voices got louder, more aggressive and at times even ended up in arguments.

Koeckhoven remembers a time when he got a loaded grain truck stuck exactly where his brother had told him not to drive. He hadn’t listened. His mom actually videoed the ensuing crazy interaction and showed them later, trying to make everyone laugh at themselves.

However, her underlying message struck him as he participated in the case study groups: the three Koeckhoven men needed to figure out a better way to work together. To be successful and happy working together, they needed to really listen to each other, instead of pretending to listen, maybe even nodding and all the while thinking of something else.

### **CREATE A FEARLESS CULTURE**

Whether you want to or not, as a leader you will create a culture on your farm. “When I’m at the farm at my desk, life seems so much simpler, less complicated, than it is when I’m in my office in downtown Calgary,” Koeckhoven says with a sigh. “It’s a good life.”

The Koeckhoven Farms culture is focused on profitability, but family comes first and all parties respect that there’s life outside the farm as well. Koeckhoven says this “just try it” attitude likely comes from

**CONTINUED ON PAGE 14**

his parents immigrating to Canada in the '80s with three children in tow. They bought a dairy farm in Alberta, even though their experience in Holland was grain farming.

But Harry had understood the economics of supply management and how it made sense financially. "Dad milked his first cow at 40 years old," says Steve.

Over the next decades, Harry and Anika steadily expanded the herd from 20 to 125 cows and the Koeckhoven kids grew up milking cows, all while also being taught to be curious about things other than farming.

Steve earned his bachelor of commerce in finance from the University of Alberta and only during the last year did he take his electives in agriculture. It was that taste and his parents' passion for farming that spurred him to switch to agricultural economics to do his masters on cost of production and management of resources, with his first job out of university working as an agricultural consultant with MNP.

At home, Steve and his dad also crunched numbers to see if it made financial sense to fulfil his dad's dream of grain farming in Canada. The culture of smart, out-of-the-box thinking drove the process.

In the early 2000s they took the plunge, selling the cows, quota and Alberta farmland and buying a farm in southern Saskatchewan. Today they own, crop-share and rent about 5,500 acres.

In addition to themselves and the two brothers working on the farm on holidays, they hire one man in the summer — an agricultural college graduate who is respected by the whole family. Although they pay him over market wages, Steve says hiring the right match for their farm is worth it.

"Leading employees is more than not bossing them around or retention, it's respecting how much they bring to your farm," he says.

## THE NEXT STEP

Steve says today's successful farmers need to understand how important engaged people — employees, family owners, suppliers and advisers — are to the continued growth of their business.

He isn't alone. "I find the 30- to 40-year-olds are a different generation, with a different mindset and have a different approach to business management," says Stup.

Farmers, like any other business people who produce stuff, tend to be focused on production, he finds, yet he repeats that leading your farm business is actually about creating a culture and systems to use resources more efficiently, and of course that takes communication and motivated people.

If the leaders are disengaged, non-communicative, and don't care about their employees, that becomes the culture for the business.

To Stup, it's clear: "If the farmer doesn't like managing people, doesn't like building teams, then they need to hire someone who likes managing people."

"Leadership is all about developing a culture, and leaders set the culture," he says.

## YOUR STRATEGY

At the heart of any successful farm today is a base strategy, but it has to be communicated among everyone involved.

Almost all farms have multiple partners, from two spouses to multiple family members to non-family partners, and it's when there is a lack of cohesion on goals and values that there is almost certain to be conflicts, often leading to lack of motivation or even business failure.

In Saskatchewan, the Koeckhovens' goal was to build a grain farm that maximized their assets — both labour and physical assets. With the size of their farm and the equipment they have, including one combine and a pull-type sprayer, Steve thinks they've reached their point of capital maximization.

Their crop rotation of soybeans, canola, wheat, flax, and various pulses stretches the harvest season, so with some extra-long days, they can get away with one combine and some custom hours. Their pull sprayer isn't as efficient but the family calculates they are better to hire some custom spraying.

Equipment purchases beyond this point are when returns start bleeding. "We are always trying to maximize capital allocations," says Steve. "Farmers go broke on equipment."

The same general goal of maximizing resources applies to expansion of land base, although many factors go into longer-term investment decisions. "At 5,000 to 5,500 acres we are at maximum efficiency," says Steve. "To expand we'd really have to double to get to that maximum efficiency again."

He believes your debt-to-equity ratio only looks as good as the market value of your assets. When they bought the farm, they wanted a certain scale and to get it, they took on debt. At \$1,000 per acre, they had stretched their return on capital and maxed out their working capital.

With higher land values, rental rates have increased, and so has their risk, says Steve. To mitigate some of this risk they have a crop share agreement for 1,200 acres, which also means they have to share profits, but there is value to shared risk. Paying more for rent is not a good use of working capital, especially when things are tight.

"In bumper years we do pay more but, in years like last year when we have a crop insurance claim, the risk is shared," says Steve. "I want to protect the downside."

## KEEP LEARNING

The move to Saskatchewan also led to another learning opportunity for Steve when he got a chance to work with a new fledgling venture capital business called One Earth Farms. It was an exciting new business model based on better margins with scale based on rented land — much of it from Indian reserves and corporately run.



“Half the problems that families run into with succession start when they want to talk more than they want to listen,” Steve says. He knows it’s true, because it’s what he had wanted too

In the five years he worked for One Earth Farms, it grew to 120,000 acres and over 10,000 head of cattle and Steve learned huge amounts about venture capitalism and the intrinsic value proposition of families owning and operating farms.

One Earth Farms business model was somewhat challenging to overlay on the traditional large-acre farming models of Western Canada, says Steve. For example, even with a core of schooled and dedicated employees, their model couldn’t achieve the same results that naturally derive out of the commitment of family farms and private ownership.

In addition, the margins in crop farming were often too tight to adequately compensate for the administrative standards that had to be met by a farm reporting its results through a publicly traded corporation, such as quarterly audits.

In 2014, One Earth went out of the cropping business and the leadership changed. Eventually the company changed its focus to food companies, brought in new leadership, and Steve moved on. But the venture capital rollercoaster had left him with a broad knowledge of startup business, and he had also earned his Ivey MBA.

He had decided to do his MBA in Ontario rather than closer to home because many of the upper executives at Spratt were Bay Street-based and had done their post-graduate degrees at Western or the University of Toronto. He also wanted to learn about leadership from a diverse, international business group, not from a program heavy with commodity industries or in a room full of farmers.

Steve not only came out of the pro-

gram with new perspectives and a prestigious degree, he has a group of interesting friends in business he can call on for opinions and ideas from around the world. This group is invaluable, even if he doesn’t leverage it for business deals. “I can pick people’s brains from other industries, other countries,” he says.

#### COMMUNICATION PULLS SUCCESSION

One goal of the MBA program was to look at small business planning, with case studies often containing insights into how you should work with family. Showing his dad and brother what he learned with these case studies helped everyone to think about how to do succession planning for their farm.

Steve shared some of the unique ways to get things done and different pathways through problems he had learned at Ivey which might have helped them consider different solutions on how to split assets. With farming’s typical high asset-value/low-cash conundrum, succession planning has its own difficulties compared to other types of business. His experience helped give them the framework and confidence to move forward, and now both the sons own shares in the company with their parents.

But most importantly, they listened to each other’s opinions on what would work and what wouldn’t. “I bet half the problems that families run into with succession start when they want to talk more than they want to listen,” says Steve.

He really enjoyed the challenge of learning how to most effectively commu-

nicate during his MBA studies and not just talking for the sake of talking. Half of the grade was for participation, based on quality not quantity. “You have to be prepared to make significant contributions to the topic,” says Steve. “I used to talk more.”

He enjoyed being the lone farmer in the group because the stereotype gave him the advantage. When he arrived in a suit and spoke intelligently, people really listened to him.

#### DELEGATE TO STRENGTHS

Solving the Ivey case studies with all the aggressive, talented people also made Steve realize that not everybody can be in the front seat for every decision, and that each person on the farm has their strengths.

At first the team members, including Steve, were too focused on talking and finding the solution, not listening and managing the process. “Everyone was so keen to find the rabbit, they buried themselves in the details of holes and trails,” he says. “But sometimes you have to pull yourself out of the details to see the solution.”

Through the case study work the professors weren’t necessarily looking to see if students could find a specific right answer. They wanted to see how they thought about a problem and finally came to a consensus around a solution. For example, many of the engineers struggled with trying to understand that sometimes  $1+1=2$  but  $1+4-3$  also equals 2.

Meanwhile, back on the farm, Dad (Harry) has his fingers in everything but has taken a step back to let his sons make decisions. “Many years ago Dad took CTEAM and TEPAP and I think that helped him learn how to give us the reins to allow us to make mistakes so we can learn,” says Steve.

The family has also looked at allocating the responsibilities for different roles. For example, Steve’s brother John is operationally strong so he does most of the seeding and harvesting recommendations, like what field to seed first and how deep to plant. Steve is more of a numbers guy and works on the accounting and capital allocation.

Divvying up the lead roles put the best person in the front seat for different parts of their business. They still don’t always agree instantly with each other but, Steve notices, sometimes it’s best to listen from the back seat. **CG**

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# The little railway that did

These Manitoba farmers show how much can be achieved with superior leadership skills

BY ANGELA LOVELL

**R**emember *The Little Engine that Could?* It's a story about optimism, hard work and determination, which pretty much sums up the story of the Boundary Trail Railway Company (BTRC), a producer-owned, short-line railway in southern Manitoba.

In 2008, a group of Manitoba farmers, with no clue how to run a railway, signed a piece of paper agreeing to a seven-figure purchase price for 23 miles of former CP track that they would use to haul local farmers' grain.

"We didn't know where to get materials, how to fix the track, where to buy a locomotive, we didn't know anything," says Manitou area farmer, Geoffrey Young, one of the original group of farmers who formed BTRC.



PHOTOGRAPHY: SANDY BLACK

## WHAT TO DO WITH AN ABANDONED TRACK?

A few years earlier when CP first announced it intended to abandon the 80 miles of track in southern Manitoba that run from Morden west to Killarney, a group of locals from the Killarney area had wanted to purchase the line and run it as a tourism operation.

In the end, that business case didn't pan out, but the public meetings the group held were well attended and it was evident there was a lot of interest in saving the rail line, although no one had yet come up with a business plan that could attract investment.

Manitou-area farmer, Kevin Friesen, came away from one of those meetings with the idea of running a railway that farmers could use to market their grain. He

enlisted the help of the Town of Manitou's project development officer, Travis Long, and started talking to other area farmers, learning early on that their support would be crucial for the idea to move forward.

"At one of the very early meetings someone came out from a short line in Saskatchewan to speak," recalls Long. "He said the support of farmers in your area is vital, because they are also going to be your customers. If they aren't committed to the success of the line right from the get go, you're not going to have success."

## ARE YOU CRAZY?

A core group of progressive farmers and business owners quickly came together that was totally supportive of the idea, but there were more than a few in the coffee shops who thought they were crazy.

"I remember one fellow saying to me, the only tie I'll ever buy is one around my neck, not underneath your rail," says Friesen, a shareholder in BTRC who is also its vice-president of finance.

The group hired a consulting firm with experience in the railway industry to run a feasibility study. It found merit in the concept, leading to an equity drive for share offerings. Thus the hard work of raising equity began.

The task ahead of them was daunting. CP wanted a seven-figure sum of money as a non-refundable deposit before they would even negotiate formally with BTRC about a possible purchase of the line.

Another challenge quickly emerged. CP had already contracted with a salvage company to tear out the track. When BTRC tried to persuade the salvage company to cancel the contract, its reaction was to send two crews out to La Rivière (about 11 kilometres from Manitou) to tear up the track heading west.

What BTRC didn't realize at the time was that the track east of La Rivière had been upgraded several years earlier to higher-quality steel than the track to the west of the village. "They started tearing out the western portion, which was an 85-lb. main line track, because it's a lower grade of steel the salvage company had likely already resold," says Long.

The only thing that saved the east bound line from being torn out at the same time was the fact that it was a heavier, 100-lb. track that CP wanted to retain in inventory to repair other sections of their main lines.

## THE HARD WORK OF FUNDRAISING BEGINS

Losing the western portion of the track not only meant most of the potential investors from that area disappeared, but also changed the business plan. "Our first business plan was written for operating 80 miles of track, and we had to refocus and write a second business plan that focused on the east end and raising a significant amount of investment from producers on the east end," says Long.

The fundraising began in earnest and it wasn't always an easy sell. A big obstacle in persuading producers to invest was past history. "A lot of them had invested in things like cheese factories and hog barns that hadn't worked out," says Friesen. "What we did have going for us was that if the purchase went through, even if we couldn't operate the line, we could rip out the rail which was worth more than what the investment was."

Unfortunately, this argument for getting investors on board also worked against them. "It was 2008, and commodities were running up, which meant that the asset we were trying to purchase was increasing in value, but so was the purchase price," says Long. "In the end, what we agreed to for a purchase price was 30 per cent higher per mile than what other short lines had been paying up to that point for a working track. We ended up with a higher-per-mile cost than most of our peers. So, the timing was good and bad."

The other problem was there wasn't much of a short-line industry in Manitoba at that point, so traditional lenders wouldn't touch them. "No one was comfortable funding this project," says Long. "We couldn't even get meetings with a lot of traditional lenders to discuss the project. So another significant obstacle to startup was finding capital, not just investors but financing, and we had to go private."

Although they managed to raise almost half the equity from local producers, it took a private bridging loan from John Buhler of Buhler Industries to help the company secure the deposit it needed and agree on a purchase price for the line with CP.

BTRC was also lobbying hard for support from the provincial and federal governments, hoping that it would receive similar bridge funding through no-interest loans that many



Great railroading and sound business: general manager Travis Long and Kevin Friesen, a farmer owner, plan BTRC's next step.

CONTINUED ON PAGE 20

short lines in Saskatchewan had received from their provincial government. But the only initial support came from local municipalities. As part of the abandonment process, CP had to pay a penalty to affected municipalities and towns to offset the effect it would have on their tax and economic base. The RM of Pembina and Town of Manitou councils gave a portion of that money back to BTRC. Eventually, the Manitoba government did come in with a \$615,000 five-year, forgivable loan, after BTRC had already signed the purchase agreement with CP. The Federal government later followed suit with \$1 million in funding.

With the purchase finally made, BTRC hired Long as its general manager and first full-time employee. “The directors were spending three days a week on the railway project and we realized that if it was going to go through we needed a competent manager,” says Friesen.

## HOW DO YOU RUN A RAILWAY?

It was also beginning to dawn on them just how little they knew about running a railway. The logistics were frightening. They needed locomotives and other equipment, operational staff like conductors and engineers to drive the trains, safety training, track maintenance training; the list was long. So when the consulting company that had worked on BTRC’s business plan offered a three-year contract to handle all these things they jumped at it.

Although it was invaluable to get them started, the arrangement didn’t quite work out as either party had planned, but it gave BTRC a chance to observe and learn how things were done. They also learned a lot about what not to do.

“The tremendous advantage was we saw the mistakes they made and learned from them,” says Friesen.

Once the contract was up, Long and the group knew a lot more about running a railway, and they decided to take over operations and hire their own staff.

Long’s main task in those first few years was educating local farmers about why they should ship with BTRC. “The basis for this railway operation is farmers shipping producer cars, and there wasn’t a lot of experience in this area for doing that,” says Long.

At the time there were some substantial financial incentives. “It was the last year of the Canadian Wheat Board (CWB) and it



The business case looked solid, Long recalls, but where would they learn to operate trains?

had made it quite advantageous to ship a producer car,” says Long.

Producer cars are a legislated right unique to Canadian farmers, enshrined in the Canada Grains Act. Farmers have the right to order a car directly from CP or CN and have it delivered to a siding for them to load themselves without the assistance of a primary elevator company.

“During the first year of operations, 400 cars were auger loaded off our line by farmers who hauled their equipment into town and elevated the grain themselves,” says Long. “They were saving the \$13 a ton elevators were charging to elevate the grain into a railcar.”

Another part of the sales pitch was the fact that during the rail abandonment process, which took three years, there were no rail delivery options for farmers living in the vicinity of the 80-mile track, which forced them to truck their grain to one of several elevators 40 or 50 kilometres away. To encourage the producers to deliver to their terminals, the grain companies started offering trucking incentives which had escalated to around \$14 a ton. By the time BTRC was negotiating with CP to purchase the line some of those incentives were beginning to erode and there was talk that they would soon disappear completely.

“One hook with investors was to say there’s no threat of competition in this part of the province any more. The elevators know that you have to haul to them,” says Long. “If we buy this line, we can reintroduce the threat of another competitive option for farmers that might assist you to renegotiate the retention of trucking incentives.”

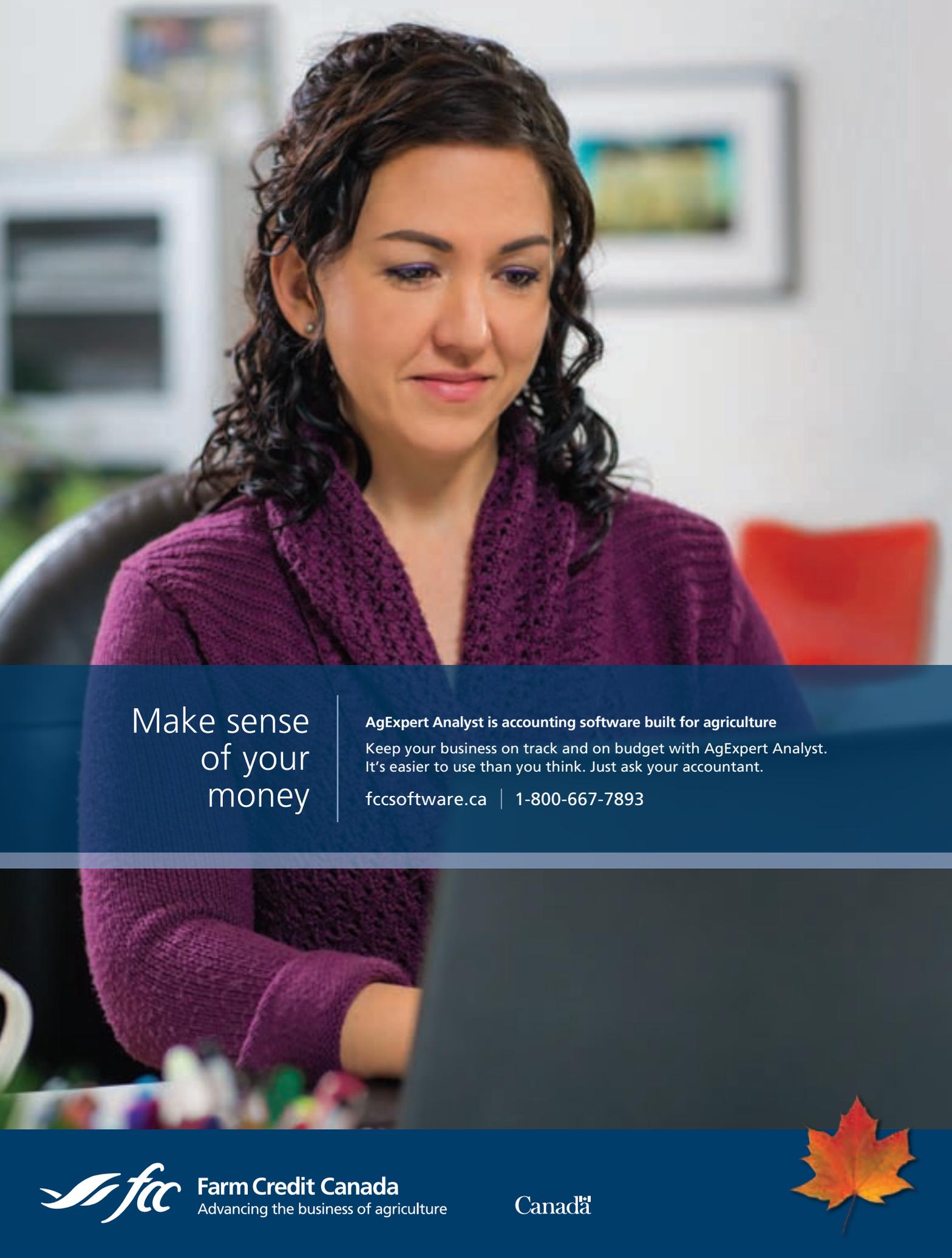
The year that BTRC concluded its purchase, the trucking incentives were reinstated for a short while, even though the company didn’t see itself as much of a threat in the long term. “Our goal was to ship five to 20 per cent of the grain grown in the area,” says Friesen.

## A BIGGER CHALLENGE LOOMS

A much bigger challenge, however, was looming. In 2011, when the upcoming end to the CWB’s monopoly was announced, it had an immediate, negative effect on BTRC. Farmers held on to their wheat crop not knowing whether they would find a better market for it once the CWB was dissolved.

“The way we make money on the railway is pulling cars, and we weren’t pulling any cars,” says Friesen. “For months we didn’t know how we would pay Travis. His job became to try and figure out how we’re going to survive.”

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Travis Long, office manager Kathy Baloren and farmer/finance vice-president Kevin Friesen prep for meetings to drive new business opportunities.

With finances stretched paper thin, BTRC began to look for some alternative ways to keep afloat. Long and Young went to visit Northern Plains Railroad (NPR), a short line just over the border in North Dakota, to ask for some advice about how they might diversify their operations.

It was a fateful meeting because, not only did NPR give them some ideas and contacts that helped BTRC diversify and increase its revenue, they have remained an important mentor and business affiliate.

“They gave us contacts for car storage, which at the time we basically knew nothing about,” says Long. “The next thing you know we had a unit train of empty oil cars for storage and the revenue from that got us through that challenging financial period and bought us some time to get our feet under us again.”

Their relationship with NPR has grown and strengthened and is taking them in

some strategic directions that have helped BTRC expand its operations. NPR is a much larger short line that runs 20,000 carloads a year, has 160 employees and does car repair, track inspection, locomotive sales and service, and industrial switching.

“To find that relationship and have the business mentored by a company that has lots of experience and could look at what we’re doing and provide some advice, contacts and networks has helped us tremendously,” says Young.

BTRC now owns two locomotives and leases another one. It has two full-time employees, and the equivalent of another two at its four producer-owned, trans-loading sites located on the line at Manitou, Darlingford and Binney Corner. It also contracts conductors and engineers on a part-time basis and hires a seasonal summer student. It’s shipping an average of 400 carloads of grain a year from around 50 area farmers.

## CONNECTING FARMERS AND BUYERS

With the CWB gone, it was no longer just a case of loading producer cars and shipping producers’ wheat directly to terminals; producers also had to find their own buyers for their grain, and BTRC realized it would have to play a role in connecting farmers and buyers.

“The first thing we had to do was find out where farmers’ wheat was going because with the CWB we didn’t really know,” says Long. “We always thought that it all went to Japan and we very quickly learned that a lot of our high-quality wheat was going to mills in the United States, and so we found a few of those companies.”

Although it takes an active role in connecting farmers to buyers that are interested in the product they have to sell, BTRC does not get involved in the actual transaction. “Once a contract decision is made, we jump back in and manage the logistics of delivering

## Business quotes for building a railway

### 1. Getting farmer support.

“The support of farmers in your area is vital, because they are also going to be your customers. If they aren’t committed to the success of the line right from the get go, you’re not going to have success.”

— Travis Long, BTRC manager

### 2. Raising equity.

“We couldn’t even get meetings with a lot of traditional lenders to discuss the project. So another significant obstacle to startup was finding capital, not just investors but financing, and we had to go private.”

— Travis Long, BTRC manager

### 3. Learning how to run a railway.

“We didn’t know where to get materials, how to fix the track, where to buy a locomotive, we didn’t know anything.”

— Geoffrey Young, farmer member

### 4. Taking obstacles head-on.

Re: the removal of the Canadian Wheat Board’s monopoly. “We chose to work around it, and try to figure out a solution. That assisted our reputation because other companies in the industry saw that rather than being afraid of the change, we were going to try to embrace it.”

— Travis Long, BTRC manager

### 5. Building relationships.

“It’s one thing for an entrepreneurial business to start out hungry, but it’s another thing to continue to look for ways that it can improve operations, better serve its customers and better serve end-users such as us. It’s that continuing desire to get better that is really impressive.”

— Neil Schuller, The Andersons Inc.

### 6. Diversifying.

“We need to continue to... try and expand into other areas of rail service so that we can become a more diversified company with the main focus on bringing value to local producers.”

— Geoffrey Young, farmer member

and shipping the grain,” says Long. “That’s different from a lot of other short lines where the onus is on the farmer to find a buyer, book his car and do the paperwork. We try to remove as many barriers as possible.”

### RELATIONSHIPS CRUCIAL

Developing relationships in the industry has been key to BTRC’s success, and the company began to turn the corner about six years ago when it formed an alliance with Quaker and The Andersons Inc. Quaker sources most of the oats for its milling plant in Cedar Rapids, Iowa from Canada, mainly from northern Saskatchewan. Geographically, the BTRC catchment area is one of the closest oat growing areas to the plant, so Quaker, through its liaison with the Andersons began to offer guaranteed contracts at good prices to nearby oat growers who would sell directly to them and ship via producer cars through BTRC.

“The Andersons program guaranteed farmers a good price for their oats six to eight months ahead, and encouraged a lot of farmers in the area to start growing oats because they turned it into a competitive option versus wheat,” says Long. The program has been so successful that oats now make up the majority of all the grain BTRC ships.

The advantage for farmers is in secure contracts for the oats they grow at prices they know they can make money at, while for Quaker and The Andersons it provides better opportunities to manage their supply chain.

“There is a definite advantage to the millers because all oat varieties have different characteristics, so by using the producer car method, and identity preserving the grain by producer and by variety it allows the end-user to gain some milling efficiency on their end,” says Neil Schuller, account manager, food ingredients for The Andersons Inc. “The other benefit to us is that it allows us to connect and stay connected with individual growers. Every single rail car that we ship, we know exactly whose grain that is.”

### ADVERSITY BRINGS BUSINESS

Oddly, the rail crisis of 2013-14 proved beneficial to BTRC. Following a bumper harvest that produced record amounts of grain, elevators and ports quickly became clogged. Grain cars stopped moving and farmers had no option but to store on-farm through the winter.

“That year was partially the turning point

for the oats program here because The Andersons relied on getting their traditional 400 carloads of oats from Torch River in north-eastern Saskatchewan,” says Long. “Because it’s more remote than we are, when car supply was so tight, the logistics for CP to get cars out to Torch River were challenging enough that Torch received very poor service.”

Because BTRC is closer to Winnipeg it continued to receive a small supply of cars. “We were still able to trickle cars out to customers like The Andersons. We were 400 carloads behind ourselves, but at least we had some movement,” says Long.

At the same time, producers who had never shipped with BTRC were coming to them to try and get their grain moving. “In the end, our car volume wasn’t much higher that year than any other year prior, but our catchment area exploded,” says Long. “It exposed us to a much wider audience, which was positive for us.”

### DIVERSIFYING FURTHER

BTRC will continue to haul wheat, but it’s inherently a more challenging commodity because of weather-related grading issues. The company also does some specialty fertilizer hauling and would like to get into hauling other commodities such as canola and soybeans, although with crushing facilities close by that are already buying direct they have tough competition in that area.

Increasingly, BTRC is capitalizing on the knowledge and experience it has gained. It offers consulting and inspection services and hosts third-party training on its line for companies to do locomotive engineer and safety system management training.

A local heavy-duty mechanic in Manitou has been working over the last two years with BTRC and NPR learning how to service locomotives. “We’re all working together to grow a locomotive service and maintenance division and that’s a side opportunity for us,” says Long. “We get access to somebody to take care of our own fleet and are starting to earn some commission on business that we’re helping to arrange for NPR. Meanwhile, it’s helping a local business grow.”

Helping the local economy is at the core of BTRC’s vision. Its original goal — to save the rail line — has evolved into a business model that tries to add value to the local economy by creating infrastructure and jobs.

CONTINUED ON PAGE 24

## AN ASTUTE GROUP OF FARMERS

None of it could have been achieved without the incredible support and foresight of local farmers and other investors and in return, for those who ship with the railway the workings of the grain industry are getting more transparent than some buyers would like. “Almost all the U.S. grain companies we deal with make the comment about how astute the farmers in this area are,” says Long. “Buyers find it’s harder to

buy grain here because these producers are better marketers. They understand commodity pricing, world markets, the value of their crops, and The Andersons have learned to respect that, but some buyers are frustrated by it because they can’t put out a dummy price here and expect to get any sales.”

“We are getting accurate signals right from the-end user,” says Young. “Our market intelligence has definitely improved

because we are in contact with the end-user and know what they want.”

The demise of CWB certainly was a major challenge for BTRC, but Long and the directors purposely took the view that they weren’t going to worry about what they couldn’t control.

“What we could control was how we reacted to it, and we chose to work around it, and try to figure out a solution,” says Long. “That assisted our reputation



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because other companies in the industry saw that rather than being afraid of the change, we were going to try to embrace it and find new opportunities.”

It certainly didn't do them any harm with companies like Quaker and The Andersons. “We could tell that they really wanted to make it work and they were going to do whatever they could to make it work and were open to suggestions about what we saw that could help them,” says

Schuller. “Since our company's founding, we have valued partnerships. And after six years of doing business with BTRC, we still have conversations about what's next.”

Meanwhile, everyone at BTRC believes that there is plenty of room for growth. “We're only scratching the surface,” says Long.

“My goal is to pull 1,000,” says Friesen, who adds BTRC is currently run more like a community co-operative than a business.

It hasn't yet paid any dividends to shareholders, instead re-investing profits into the business and paying down debt.

“We could be like most other railways and set freight tariffs that are pretty high and walk away with lots of money for us and our shareholders but we don't do that. We're trying to run lean and pass that economic benefit back to the farm gate,” says Long. “That's always been the philosophy.” **CG**

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# MONEY, AND YOUR KIDS

Here's where the farm succession process really starts

BY DILIA NARDUZZI

**I**f you're close to retirement, you may be getting ready to succeed the farm to your children. Or, if you're younger, you'll be thinking about what is going to happen to the farm when it's your turn to retire.

In either scenario, your family, your children and the business itself will likely be intermingling, which can sometimes be a complicated process.

Do your younger children have an age appropriate sense that the farm is also a business (i.e. that it's the family's livelihood)? Or is the farm just where you happen to call home, and what you keep busy at?

Do your older children know the ins and outs of the how the farm works financially, especially if one or more of them will be succeeding you?

Having your kids understand how money works on the farm is a large part of preparing the ground for a better succession process. And this can start as early as when your children are quite small.

So let's look into the details of talking to farm children about money.

Jonathan Small, a farm management consultant and family enterprise adviser with MNP, the accounting, tax, and business-consulting firm, works quite a lot with farm families on succession plans. Typically, he says, by the time a family starts seriously working on their succession plan, the successor is often around 30 years old, plus or minus five years.

Even at that age, however, they often lack a good grasp of the financial realities about business, not to mention the financial specifics about the farm they're about to buy or be given, Small says.

It's a gap that can make it tough for parents and children to get on the same page.

Not every succession plan goes well, Small has

found. And, he adds, "A lack of education and a lack of experience financially has been one of the single biggest barriers to completing those successions."

Usually these successors are highly competent in every other way, he adds. They have a good work ethic. They know how to farm.

It's just that they aren't interested in finance.

## GETTING STARTED

There may be a variety of reasons why parents don't discuss the farm finances with their kids. They may want to protect the children, they may want to keep certain things private, or maybe they just aren't sure how to go about teaching the children about the business.

When that younger child grows up without having learned about the business or money side of the farm, though, this paves the way for a troubled succession.

"Suddenly, the process starts to slow down because Mom and Dad don't think they're ready, and they can't put their finger on why, but finances are often at the root of it," says Small. The successor has "never seen the financial statements. They've never met with the accountant. They spend money like it's water."

It's a big problem, especially if you're hoping to retire and pass the farm down sooner rather than later.

So, how do you nip that problem in the bud?

"Your succession plan begins before your kids even go to school, think about it like that," says Small. This doesn't mean you open the books to them when they're too young for it — it is mostly strategic at this point, more about the bigger picture than exact dollars and cents.

And it doesn't mean your children will definitely become farmers, so just keep in mind that it's good for the kids to know about money whether or not they end up in farming. Maybe they'll go into business in other sectors, or maybe they'll be better employees because of their financial appreciation.

## WHAT CAN YOU TEACH?

Parents may not realize how much they've had to learn, or how little the children can be expected to know. For parents, thinking about business has become so automatic, it's like muscle memory, Small says, and they can work the finances "without really thinking about it."

Now parents have to become teachers, which can be difficult if that's not your natural way of being or doing.

Just keep your eye on the big picture, Small recommends. "It's very positive for small kids to be raised understanding that we live and grow up and work in a family business... The farm is something to enjoy but it is also a business and we have to be business-like sometimes."

"There's no harm in having your seven-year-old there when you meet the fertilizer rep or the banker. They'll probably be bored, they'll wonder what it is all about, but kids at that age are sponges. They learn so much

from the non-verbal. So how you conduct yourself in a business environment has a huge influence on them later on,” says Small.

Thinking of it this way can help your future succession plans because kids don't just learn the actual farming process — which is often the more engaging and fun part — but they learn the business side too, and there are some stakes involved.

As kids grow, teaching them about income and expenses is important, says Small. If your child's 4-H animal gets sold, that can be a teaching moment — maybe you put something in a college fund. There's income there, but there are also expenses.

Expenses often become “Mom and Dad's problem” in this kind of scenario, says Small, and that might be missing an opportunity for learning. “I'm not saying that's a bad thing... let's make it a bit more real.”

#### RENT THEM SOME LAND

Small says it is quite rare that he sees parents who have shown younger kids the appropriate parts of the financial picture.

But it doesn't have to be that difficult.

As your children grow up, the ones who stay on the farm can get a great sense of how the farm works as a business if they start working their own plots, perhaps with Mom and Dad acting as a bit of a cushion.

“Some of the most capable successors are the ones who, by the time I meet them in their late-20s, actually have been encouraged



“It's very positive for small kids to be raised understanding we live and grow up and work in a family business.”

— Jonathan Small

to rent their own land or even rent land off Mom and Dad to farm it,” says Small.

The 20-something pays rent, they may repay a loan to Mom and Dad (it's important the parents expect to be repaid), and they learn the highs and lows of a business.

Parents can be a safety net here, but it is a way to have your possible successor understand the depth of the farming business, not be thrown in cold. In this kind of scenario, the adult child has had to cut cheques to pay bills. “And sometimes,” says Small, “their bills are bigger than their crop.”

But such a loss can be a good thing if it throws some realism into the mix. The adult child has to “do their own bookkeeping, open their own bank account and manage their finances.” Parents can still give advice, but having the kids learn hands-on, says Small, is often better than being told or shown the way.

If you're getting closer to working a suc-

cession plan soon, and haven't involved the older kids in the finances yet and aren't quite sure if a successor can quite handle everything, you can think about implementing a trial period of sorts, says Small, especially if the scenario is a child coming back to the farm after a period of working somewhere else.

This shouldn't be an “open-ended” period of time, though, and there should be clear objectives in place.

What does the adult child need to learn? Oftentimes, it is the financial picture. For this process to work, at this later stage, there will need to be “expectations on both sides,” says Small. Mom and Dad will have to teach, and the adult child will need some incentive and ability to start taking some control.

In summary, whether your kids are still young, teens, or adult children, money needs to be a discussion on the table, if you want them to succeed you. **CG**

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# THE NEW CO-OPERATIVES

Is the co-op movement on its way out, or just getting rolling?

BY MADELEINE BAERG

**B**ecause Chris Bodnar loves soil, growing crops, the cycles of weather and seasons, it wasn't a big surprise when, a dozen years ago, he decided his future was farming. Unfortunately, big barriers stood in the way of this 20-something. Since Bodnar wasn't raised on a farm, he had no one's bootsteps to follow in, and no opportunity to inherit land.

Even more challenging, his location of choice was B.C.'s Lower Mainland where prices on two- and three-acre parcels of ALR farmland routinely top \$2 million.

In fact, Bodnar would still be dreaming rather than doing if not for one huge ace in his pocket: the farm co-operative movement.

Thanks to the investment of about 50 co-op members, Bodnar and his wife Paige Dampier have spent the past 11 years growing premium organic vegetables and berries for direct-to-consumer sale on 50 prime (i.e. "expensive") Fraser Valley acres.

Members have access to the farm for a one-time membership investment of just \$5,000.

To anyone who has scrimped and saved to purchase or lease farmland, Bodnar's arrangement sounds almost too good to be true. Yet he now believes agriculture needs to take a hard look at the co-operative model, both in the form he currently benefits from and in its many other iterations.

"I'm constantly surprised by how rarely the co-op model is viewed as a business model in agriculture," Bodnar says. "It's so costly for new entrants to get into agriculture. I think it's really crucial right now to explore the co-operative model for landholding, for value-added processing, for marketing, even for knowledge and equipment sharing. The co-operative model is a way for a community to come together around a piece of property or a vision for supporting farmers. It's a creative and sustainable way to share resources and promote agriculture's sustainability."

Throughout the 1990s, the land that Bodnar farms today was a privately held organic farm owned and operated by current Vancouver mayor Gregor Robertson and his then-wife. When the Robertsons listed the property for sale in 1998, a group of mostly urban non-farmers united as a co-operative to save the prime agricultural land from development. Together, the group purchased the property and, since then, have owned and managed it as Glen Valley Organic Farm Co-operative.

The vast majority of Glen Valley Co-op's members are "supportive shareholders", i.e. relatively uninvolved financial backers who expect little to no access to the land and no financial benefit from their investment. Rather, they invest for ideological reasons. They believe in sustainable farming and are willing to put dollars behind ensuring it is able to continue.

Tenant farmers have come and gone over the years. Currently, Bodnar's "Close to Home Organics" business shares the land with the three tenant farmers behind Earth Apple Organic Farm.

Glen Valley meanwhile sees its job exclusively as maintaining the physical assets of the land. It leaves the farming operations up to farmers, only stipulating that leaseholders maintain organic certification.

In Bodnar's case, a co-op's benefits to the individual farmer are obvious. Not only does he have access to land he'd likely never be able to purchase, he says he also has more control and security than he would in a typical lease arrangement.

"Because we are members in the co-op, we have more say about the future use of the land than we would as leaseholders where someone else has ultimate control over the land," he says. "It's very easy for someone who owns land to cash in on land value without notice. Being at the mercy of the whims of the owner is something that causes many young farmers who are renting land a lot of consternation."

A landholding co-op is just one of countless co-op



PHOTOGRAPHY: CHRIS BODNAR

**“It’s really crucial right now to explore the co-operative model for landholding, for value-added processing, for marketing, even for knowledge and equipment sharing,” says B.C. co-op farmer Chris Bodnar. “It’s a creative and sustainable way to share resources.”**

options. In fact, the flexibility of the co-op concept is one of its most important attributes.

Co-ops can be virtually any size, and they can be structured around any priority. Consumer co-ops increase members’ buying power. Worker co-ops aggregate the supply of labour, allowing workers to better access employment and to advocate for rights and benefits.

In agriculture, the vast majority of co-ops are producer co-ops, designed so members can (among countless other possibilities) share infrastructure, improve production or marketing efficiency, maximize purchasing power, streamline or improve backroom elements like accounting, and/or increase negotiating power.

Most co-ops start as grass-roots efforts with a handful of individuals who legally bind themselves together via a co-operative agreement because of a shared need, resource, concern or priority. While most stay relatively small, others grow to significant size, like BC Tree Fruits and Quebec-based Agropur with hundreds of members each. Non-ag co-ops like Mountain Equipment Co-op and some credit unions boast tens of thousands of members.

“The major challenge for the co-op model is to increase people’s awareness of them,” says Elvy Del Bianco, the program manager for co-operative partnerships at Vancity credit union. “A lot of people think co-ops are something you did on the prairies a generation ago, or a counterculture thing in the ’70s. They don’t realize that co-ops are in their midst right now.”

Need proof? Home Hardware, Pharmasave, Ocean Spray, Sunkist, Blue Diamond, Best Western, even the Green Bay Packers are all co-ops.

“There’s a billion people on this planet who belong to at least one co-operative,” says Del Bianco. “About 250 million people on this planet are employed by co-ops. That’s far more than multi-national corporations employ. The co-op landscape may have changed from our parents’ or grandparents’ time, but we haven’t outlived the model.”

Though most co-ops simply hold the membership dollars from a member’s joining until their departure, there are other ways to offer returns to members.

“A lot of people think corporations best support your needs now and into the future,” says Bodnar. “But the same can be said for co-ops. You can set up co-ops that have the potential to allow for removing some of the equity that develops, or that allow members to get an investment return. When our grandparents on the prairies set up their branch of the Federated Co-op, their member equity accumulated in the co-op and then was paid out in monthly cheques after they turned 65. There are many options.”

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Three years ago, Comox Valley farmer Arzeena Hamir banded together with four other farms to create Merville Organics, a producer co-operative that shares resources and markets direct-to-consumer. Today, Merville Organics sells produce at three farmers markets, supplies eight restaurant and health food store wholesale clients, and delivers 120 CSAs (Community Supported Agriculture) produce boxes from spring to fall.

“As one of the bigger farms in our group, people are always asking us why we don’t go it alone. There’s no way,” Hamir says. “Well, I guess there’s always a way, but it would be so much more stressful and so much less efficient.”

The group shares the load for marketing and distribution (“I handle Saturday market sales. Another person takes on Sunday. Another takes on the CSA dropoffs on Tuesday and someone else on Friday,” she says). The group also shares infrastructure, including a truck, walk-in coolers, wash station, flame weeders, etc. Plus, the co-op backs up individual members on the production side, providing support when works piles up, for example, and stabilizing output in the event of production shortfalls.

The benefits, Hamir says, can be summarized as “community.”

“I know the democracy things takes time and effort and can be really frustrating, but the emotional support a co-op offers is huge. We had the crappiest spring this year. We commiserated together. When things go well, we celebrate together.

“I think farming was never meant to be a lonely occupation,” she believes. “It’s such a fallacy that farmers need to be able to do it all. Hell no, there’s no way that was ever true. Our co-op structure is helping to recreate what everyone used to have and what can continue to make farming viable for the long term.”

Hamir was very lucky. Though she admits that forming the co-op was an incredible amount of work, she and her co-op partners connected with organizations that provided informational and financial startup support.

Unfortunately, however, Merville Organics’ long but relatively straight road to co-op formalization isn’t what all hopeful co-op initiators should necessarily expect. In fact, Canada lags behind many other countries in terms of offering formal support for co-operatives.

“A few years ago Vancity gathered some co-op members together to talk about some of the challenges and opportunities of co-ops,” says Del Bianco. “They all told us the hardest part of forming a co-op is the actual forming of the co-op. They described it as building the plane while they were flying it.”

Figuring out how to build the co-op took serious time and a lot of personal energy, says Del Bianco. “The challenge is that there are so many different options for co-ops, and people who want to set up a co-op often feel that they have to invent it from scratch.”

Del Bianco, Hamir and Bodnar all agree the process to co-op creation needs to be simpler, and government legislation needs to more actively support co-op development.

“We are working on a recommendation paper to put in front of the noses of provincial government,” says Del Bianco. “We’d like to see the process for co-op incorporation streamlined. At this point, it’s unnecessarily complicated and takes too long.”

As well, he says, governments could actively promote co-ops in agriculture by educating producers on the many ways in which co-ops can be structured.

Governments should also recognize that farmers are already



PHOTOGRAPHY: BILL JORGENSEN PHOTO GRAPHY

**“Farming was never meant to be a lonely occupation, says Hamir. “It’s such a fallacy that farmers need to be able to do it all.”**

stretched for time. “Ideally, co-ops are ground-up organizations,” Del Bianco agrees, “but it’s tough in agriculture to do that. There’s a real role for government to make available resources that support the community organizing and development process. We need someone greasing the wheel a little and presenting some basic information on successful co-ops. It would be a relatively modest investment of government resources, but a valuable one.”

Changes to securities legislation should also allow more freedom and flexibility for investment in co-ops, Del Bianco argues. The traditional co-op model, under which members bring a set membership fee into the co-op when they join and take that same amount

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Co-ops have costs, like increased management time, and they're less nimble, but for Bodnar and Hamir, they make new ventures possible.

with them when they leave, means co-ops often have limited investment ability, limited options for raising any significant capital, and very low chances of being approved for credit from most financial institutions. So, while a co-op might be successful as a marketing structure, it is more problematic if the priorities of the membership require serious infrastructure or technological investment.

"Right now, co-ops can have a class of investing members but if you go above \$5,000 per share, it triggers all kinds of security regulations," says Del Bianco. "We'd like changes there that would allow greater pooling of capital that would support co-ops better. It's just too difficult to accumulate too little capital."

Bodnar adds that professional support is another element that would help.

"There is definitely a gap. We don't have lawyers, accountants, even executives who understand the co-op structure and the benefit to the agricultural sector," he says. "As organizations change and bylaws change, we need support from professionals to reinvent existing co-ops to meet the changing needs of members."

Admittedly, not everyone is quite so keen on co-ops. Some believe the co-op movement is an outdated dinosaur that no longer works in an era of high technology, costly infrastructure, and increasingly competitive marketplaces.

Motivated, entrepreneurial and competitive farmers may argue that the product grown by the best growers gets averaged down in a co-op because it is mixed with other growers' inferior product. Others say they would have to settle for average prices because a co-op has to move a higher volume of product. Still others say a co-op fosters complacency or decreased competitive spirit.

It doesn't have to be that way, says Bodnar. A co-op can be — and, in fact, should be — structured to ensure farmers are fairly and individually compensated for quality. A co-op's ability to foster relationships with more customers can offer higher returns to growers. And, a co-op should actively foster leadership and support ambition, he says.

"Some growers are extremely talented and ambitious, with huge entrepreneurial drive. If a co-op could invite those people into leadership positions, the whole organization could benefit from the strength of those growers," he says. "There absolutely is a place for entrepreneurial spirit and ambition in co-operatives."

In fact, in other countries, co-ops actively support competition, product excellence, and maximized returns. In Italy, co-operatives are valued, vibrant, diverse and cutting-edge, and they are seen as a fully integrated and entirely accepted

way of doing business. In fact, as much as 95 per cent of high-value, value-added agricultural products including wine, parmesan cheese and balsamic vinegar are produced via co-ops in certain regions.

"Co-ops have completely changed the economic reality for farmers in Italy," says Del Bianco.

Since 2002, Vancity has sponsored a study tour to the northern Italian region of Emilia-Romagna to see its co-operative system in action. This past June, the Vancity group — which included Bodnar, Hamir and other community partners — travelled to the region to explore the role of co-operatives in its thriving agricultural sector.

"It was so eye-opening to see how co-operatives work in Italy. The region we visited has a very well-developed and diversified economy. So much of the agricultural activity was supported by co-operatives with vertically integrated ownership by farmers," says Bodnar.

He was particularly impressed to see that co-operation does not mean a lack of competition in Italy. In fact, competition and ambition are hallmark features of successful co-ops internationally.

"In Italy, they have a carbonated red wine called Lambrusco. There are numerous co-ops that each produce that wine. Each has a lot of members: some are 1,400

members in size. The co-ops compete for members. What that really means is that the products have to be quality because membership is not a static thing,” says Bodnar.

In addition to government legislation more actively supporting its co-op sector, Hamir noticed another key element of the co-op movement’s success in Italy.

“I did a lot of pre-trip reading,” says Hamir. “While I was reading, I was thinking: maybe it’s in Italians’ culture to get along? Maybe that’s why co-ops work there better than here? No! They fight there too! But they have support services for co-ops in trouble there. There are places you can call on that will helicopter in and guide you through the major hiccups a co-op can go through.”

In Italy, all co-ops pay a levy of sales. The levy is put into a fund that supports new co-op startups and offers resolution support for co-ops facing issues.

“Because co-ops are so big and such an accepted way of doing business there, the funds come from within the co-op sector. It would take us a while to get to that stage. What we need in Canada is a) some funding and b) some people with skills to support and facilitate,” says Hamir.

Back home in Canada, Del Bianco was gearing up for Cooperate Now, a four-day “Co-op Boot Camp” organized through a partnership between the BC Cooperative Association and Vancity since 2015. Designed both to help build a support network for prospective co-op creators and to teach the basic co-op model, the boot camp enjoys strong and growing demand.

“People are thirsty to sip at this well,” says Del Bianco “We have to turn away as many good applicants as we allow into the Boot Camp because there is so much interest.”

Typically held in May, the workshop was offered an extra time in November this

year in order to better suit the many farmers interested in co-op creation.

Hamir has her own boot-camp style, tough-love advice for those considering a co-operative structure.

“If you can’t tolerate meetings, co-ops are definitely not a good choice for you. Working in a democracy is not the same as making decisions right away. You won’t be as nimble. Allow yourself time to plan, since there’s a lot of planning that goes into making a co-op successful. And, have a good business plan. Just because you are a co-op doesn’t entitle you to be successful. If the numbers aren’t there, you aren’t going to succeed.”

At the end of the day, have the meetings, the planning, the voting and the compromising been worth it for Hamir?

“Oh my gosh. Absolutely. I get heart palpitations just thinking of what it would be like if Merville Organics didn’t exist.” **CG**



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# BEN VOSS

## MORRIS INDUSTRIES

Learning to do your own laundry – and other stepping stones on the path to business leadership and success

BY LAURA LAING



**L**earning how to do your own laundry? Learning how to fail? They may sound like an odd combination and an even odder recipe for business leadership and success, but according to Ben Voss, shareholder and newly appointed president and CEO for Morris Industries Ltd., they're essential for understanding how he got to where he is today.

A former CBC Saskatchewan Future 40 winning entrepreneur, 42-year-old Voss has had a varied and successful entrepreneurial career. Already a seasoned senior executive with more than 19 years of experience as president, CEO, chair or director, Voss has worked in small-, medium- and large-scale businesses spanning private, non-profit, crown, venture capital and limited partnerships.

He has worked in a startup environment, and also on the turnaround of mature companies.

And now, equipped with a strong background in technology, innovation, finance and change management, his career path has circled back to agriculture and landed him in the leadership of Canada's largest and most successful privately held agricultural machinery manufacturer.

"This is an immense once-in-a-lifetime opportunity," Voss says of the appointment. He calls Morris an "iconic company with a great history," and he's quick, too, to get on message, saying Morris "is really well positioned to be part of the future helping farmers to be more productive."

Voss also believes he understands the opportunity.

"A company this size and in this stage of its development has a huge amount of resources and infrastructure to work with, but none of the anchors that hold back the large companies," he explains. "That is highly attractive to someone like me. I am excited about challenging the status quo..."

"I like to think of myself as a disruptor, and I like the idea of saying, 'Sure, everyone else is doing it that way, but there are a whole bunch of new ideas that are more efficient (and add) more value to the farmer.'"

Voss credits his entrepreneurial spirit and his passion for agriculture to having grown up on the farm in Spiritwood, Sask., where he still has an active interest in farming and is the fourth-generation owner with his wife and three children.

Aside from his grassroots in agriculture though, Voss also attributes his success to forcing himself to pursue new ideas and to travel outside of his comfort zone.

“A lot of my success and independence came from travelling at a young age,” says Voss. “At 19, I took the opportunity to pursue a student working ag placement in Germany. I travelled and I learned how to adapt to different languages and culture. I had to really push myself and it wasn’t always easy, but I learned that you can only discover the extent of your capabilities when you push yourself.”

He laughs at his earliest learnings gained from travel, but also says he doesn’t underestimate them. “For example,” he says, “if you don’t know how to do your own laundry — you will be pushed to learn how, and quickly.”

If doing your own laundry doesn’t sound like a breakthrough accomplishment, then Voss thinks you aren’t getting the point.

“A change of the old guard is happening,” Voss says. “We are transitioning away from an inward vision in Canadian agriculture.”

Voss has continued to travel extensively throughout his career, including working as a consultant not only in Mexico, Ecuador and the United States but also across Canada, and he says travel continues to play a vital role in his success, allowing him to remove his dependencies and broaden his vision — something he feels is also key to business leadership and growth, especially when it comes to the business of agriculture.

“A change of the old guard is happening. We are transitioning away from an inward vision in Canadian agriculture,” says Voss. “We’re moving from a heavily regulated, government interventions-based system to a much more market-driven system, but it’s

not a fast process; we are still working out the kinks.”

In Voss’s opinion, that is where the evolution of the industry is going to head, thanks to the influence of the internet and the way it is broadening exposure for the industry and creating immense transparency, along with market discovery.

He likes that agriculture is moving to become a communication-driven, more sophisticated industry.

“I think the transparency across our industry in what and how we are doing things is great. We are learning from our-

CONTINUED ON PAGE 36



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**His farm background helps in business, Voss says. “Farmers are constantly experimenting... and they’re always managing their risk.”**

selves and others, and getting better as a result,” he says.

Voss also believes that agriculture has maintained its reliance on relationships as the foundation of how it does business. But, he says, those relationships now need to mature and grow into a more partnership-based mentality that includes the farm customer at every level, and he says this approach will be integral to the success of Morris.

“Farmers need to trust,” Voss says. But he isn’t asking them to trust in a one-sided way.

“Companies and organizations need to be prepared to exchange transparency for relationship building. This is especially true when it comes to grain companies. Where you see relationship building going on in agriculture, that’s where huge partnerships result in huge mutual benefits and lots of profit. Where major players in agriculture aren’t willing to do that — they will simply lose out.”

When asked what he thinks it’s going to take to lead the success and vision of Morris, Voss is quick to respond that he isn’t leading alone.

“The first thing I think of is that I need to surround myself with excellent people, build strong teams and empower them

with mandates that allow them to lead. I can’t do this alone and I haven’t. It is a diversification of skillsets...

“Put the right people in the right positions and empower them to succeed. From there, they need a vision and they need to understand where the company is going. That is my job. Once they know that, they take their role and deploy it into the plan.”

But more than that, he says, the key to the company’s innovation and continued success will prove to be a philosophy that Voss learned early as a farmer himself. It’s one, he adds, that his farm customers embrace.

“I would say that one of the most important cultures that we encourage is that we make sure that our team understands that it is okay to fail,” says Voss. “This is the ability for people to try something, and it is okay if it didn’t work. It’s incredibly powerful.”

Voss feels that many people don’t pursue their ideas because of fear. But failure, he says, can be a stepping stone to success, as quite often that failing helps you to the next great thing.

This tolerance for failure, however, has to be balance with the expectation for improvement, so there’s overall progress toward success. For Voss and Morris, the

end result has to be that their farm customers experience the benefits of continuous improvement and industry-leading innovation.

“People will bring forward new ideas when they have the permission to, and they’ll try something that might not work. I think this is so crucial in any business or organization. If supported by your managers and leaders throughout your company, it creates a culture that will soon have your company exploding with all kinds of interesting and successful things,” says Voss.

For Voss, though, it is equally important to follow up that culture with the following philosophy:

“But fail fast and fail cheap,” he says. “If you are going to fail, do it really quickly and don’t overspend. Manage your ideas and risk.”

It’s a lesson straight from the field, he says.

“Farmers are constantly experimenting, and looking for new ways to diversify their farm, and they’re always managing their risk,” says Voss. “Like growing a new crop. Farmers will start off by growing a small amount and get to the answer quickly before losing the farm on it.”

Deploying that kind of thinking in manufacturing business, however, is what gets him the “disruptor” label.

Voss encourages every business to value both their successes and their failures, but he says few of his competitors have picked up on the opportunity that the attitude creates. It is not something he has witnessed happening in Canadian business structure. His experiences throughout the United States and abroad have proven that your success and value are judged not only by your achievements, but just as much by your failures.

Those organizations, he says, want to know that you have had the experience of risk and failure and the insights and learnings that they provide. Unfortunately in Canada, this philosophy, he says, is not as embraced.

“I learned from failed ideas and from my successes throughout my career, and I value them both,” says Voss. “Not everything I have attempted has always worked as planned, but it has helped me evolve and grow, as well as the businesses and organizations that I have served.” **CG**

- PG. 40** Keep on top of bin airflow rates in canola. Jay tells us how.
- PG. 44** Looking for better sunflower genetics.
- PG. 48** Selling more CPSR in Latin America.

# CROPS GUIDE

## It's been a good few years in the bin business

Crops have been getting larger, but the elevator system has gone in the other direction, forcing farmers to add more of their own storage

BY RICHARD KAMCHEN

**P**rairie farmers can't seem to get enough on-farm storage, and the trend is likely to continue but with ever-growing bin sizes.

As farms grow, so too do their storage needs, says Lyle Muyres, vice-president, marketing for CORR Grain Systems

Statistics Canada's 2016 Census of Agriculture confirms operations are getting larger, with producers increasing their farm size through land rentals, crop sharing and leasing land from governments.

Rented acreage was highest in Saskatchewan, rising 15.8 per cent to 17 million acres between 2011 and 2016. The number of farms in that province fell 6.6 per cent, but average farm size grew from 1,668 acres in 2011 to 1,784 acres in 2016.

While the dual 2,000-bushel flat-bottomed bin was once a mainstay, farmers have since replaced them with larger units to manage their grain better.

"I would say our average sale would be about 40,000-bushel bins right now," says Muyres. "We do still sell some of the smaller hoppers, but I think the growth is on larger storage."

Alberta Agriculture and Forestry's crop market analyst Neil Blue adds the uptick in land rentals is also helping drive demand for temporary grain-bagging systems.

"It's so handy for farmers who have rented land which they may not have long-term tenure on, to just use the temporary storage for land that is a distance from their home site," Blue says.

Grain production isn't only rising thanks to larger operations, but also through better genetics and farming practices.

"Trend line yields are up, we've had some pretty good crops, and that's driving it as well," says Derek Squair, president of Agri-Trend Marketing.

"We are seeing a steady increase in crop yields, so the same number of acres is producing more grain," agrees senior market analyst Jonathon Driedger of FarmLink Marketing Solutions. "Farmers simply have more grain they have to deal with. That's a big part of it."

Muyres estimates some operations have had as much as a 25 per cent yield increase over the last few years. "That is a lot of extra product that needs to be dealt with when it comes off the field."

### **MORE STORAGE, MORE FLEXIBILITY**

Also driving storage demand is the flexibility it offers to deliver at different times of the year.

Muyres says farmers will receive a premium if they're in a position to deliver a lot of product when the market needs it.

"I think these bins really allow that, because often producers put them close to primary highways and roadways where they can get it out any time of the year, and they're able to meet those premium markets," Muyres says.

More farmers are also using bins to help them delay their sales until after harvest, when prices are almost always under less pressure. Producers are scoring premiums too by holding their higher grades until the market signals a strong need for them.

Basis levels reached epic proportions during 2013-14's western Canadian rail traffic bottleneck, an event Driedger pinpoints as triggering storage investment growth.

CONTINUED ON PAGE 38

**“ I see no downside to storage... it can really pay for itself in years when for farmers it's in their best interest to ride out a dip in the market, or ride out periods when basis levels are weak, or movement is challenging. And you need a certain amount of storage to do that.”**

— Jonathon Driedger, FarmLink

Farmers who could ride out those really wide basis levels were far better off than those forcing grain into a market that didn't want it and lacked the ability to move it, he says.

That year represented an amplified version of what farmers often go through: “There are periods when if you can avoid having to push grain off the farm by storing more of it, it gives you more flexibility, and maybe the grower can try to capture some higher prices later on in the year,” says Driedger.

Blue says some of the delivery problems that plagued the 2013-14 log-jam season continue to haunt farmers today.

“Even this year a lot of farmers have complained to me they have contracts that aren't called for delivery for two or three months after the contract delivery date that was intended,” Blue says. “So it continues to this day that there's difficulty in farmers delivering in a timely manner.”

#### **ELEVATOR CAPACITY REBOUNDING**

The log-jam event even got grain companies into the act of increasing their country elevator storage, reversing a long trend of decline.

In 1986 Prairie primary elevator capacity was 7.7 million tonnes, but it then bottomed to 6.1 million tonnes in 338 elevators. But as of May 1, 2017, it had grown back up to 343 elevators with over a million tonnes more storage capacity.

“Most of it comes as almost all the major grain companies have been adding storage at their existing elevators over the past three years,” says Mark Hemmes, president of Quorum Corporation, the company which the federal government has hired to monitor the grain handling and transportation system.

“Most of the additional storage is using 300- to 700-tonne steel bins that are linked into the elevator's main system and leg.”

Hemmes links that growth to the 2013-14 problems that left grain companies with bins so full, they were forced to stop buying.

“The incremental storage gives them greater flexibility when the supply chain gets plugged up,” Hemmes says. “It means that even if they have a loaded train on the siding and the elevator is getting full, they can still buy grain and meet their contracts with producers.”

#### **BIGGER FUNNEL, SMALLER NECK**

The recent bump in elevator capacity does little to offset farmers' need for more storage because of higher yields. In 1986 the system could hold about 22 per cent of a year's delivery. Today it can only handle about 16 per cent, and in fewer elevators — 332 last year compared to 1,846 in 1986.

In other words, a good deal of the efficiency costs in the commercial elevator system were transferred to farmers, including the price of building silos, labour hours associated with storing grain and keeping it in condition, interest costs of holding it, and the higher cost of transporting it greater distances.

“And [elevators] only are able to take so much at the time of harvest, so guys need to have a plan, they've got to go somewhere,” says Muyres. “And with more distance, if they can't get their product there and return to their operation quick enough, you'll see a lot of guys store it and then move it later.

“It's just part of their plan to be able to maximize the amount of acres they cover with their existing equipment, and I think grain storage allows them to do that.”

#### **HOW MUCH IS TOO MUCH?**

All things being equal, a farm can't have too much storage, Driedger says.

“I see no downside to storage... it can really pay for itself in years when for farmers it's in their best interest to ride out a dip in the market, or ride out periods when basis levels are weak, or movement is challenging. And you need a certain amount of storage to do that.”

Muyres once believed a time would come when steel demand would slow down and that bins wouldn't get any bigger.

But he says he's been proven wrong. There's no indication that interest in bins is waning, and, if anything, more farmers are looking for even larger capacity — in some cases over double the popular 40,000-bushel units.

“We're setting up quite a few this year of close to 100,000-bushel bins; not for the first time, but for the first time we've had a lot of interest in it, so my sense is that'll continue to grow,” Muyres says.

Where does it stop?

Muyres thinks he knows. “Maybe in some cases — and we do some of this as well — there'll be virtually terminal-sized operations on the farm.” **CG**

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# How does your fan blow?

Understanding different fan types, and the difference between moving air versus moving water, will help you keep those ever-larger bins of canola in top condition

BY JAY WHETTER / CANOLA COUNCIL OF CANADA

**T**o cool a bin of canola, the aeration fan needs to move 0.1 to 0.2 cubic feet of air per bushel per minute. To remove moisture, airflow should be about 10 times that. Does your fan achieve those rates? How do you know?

A five-horsepower axial fan can blow more air per minute than a five-horsepower centrifugal fan, but axial fans fail under high static pressure. While an axial fan might be able to blow enough air to cool a full bin of canola, it probably won't be able to move enough air to remove moisture.

The 0.1 to 0.2 cubic feet per minute per bushel (cfm/bu.) needed to cool a bin of canola should not be a problem as long as fan size matches bin size. (A small fan on a big, tall bin might not be able to get over the static pressure barrier from that volume of canola — and in that “dead head” situation, it just won't blow much air at all.)

The more challenging situation for many fans is to blow hard enough to remove moisture. Consistent moisture removal requires minimum airflow of 0.75 cfm/bu., and 1.0 to 2.0 is preferred.

Why does moisture removal require so much more



Wilde Ag Ventures makes and sells fan-specific gauges, taking information from airflow tables for a particular model and overlaying that on the gauge dial. This provides a quick estimate of airflow based on the static pressure reading.

airflow? Joy Agnew, storage research project manager with Prairie Agricultural Machinery Institute (PAMI) in Humboldt, Sask., says the reason is likely because water is heavy. “You need more momentum and energy to actually carry water vapour through the grain mass and out the top of the bin,” she says. “With cooling, you don't need as much energy to move the ‘heat.’”

## HOW MUCH AIR DOES MY FAN BLOW?

The answer depends on many factors, starting with fan type and size. Step one is to find the fan's manual and look for a table that shows airflow as it relates to static

TABLE 1

Model	HP	2	4	6	8	10	12
GGF-80311	3	3,430	3,120	2,740	2,260	0	0
GGF-80511	5	4,800	4,100	3,530	3,140	1,980	0
GGF-80711	7.5	5,500	5,140	4,560	4,140	3,480	2,410
GGF-81011	10	6,947	6,258	5,843	5,500	5,150	4,750

FAN PERFORMANCE: AIRFLOW (CFM) AT STATIC PRESSURE (IN. WATER GAUGE)

This table shows airflow at various static pressures for Grain Guard high-speed centrifugal fans, which are well-suited to small-seeded crops. Most fan companies will have this information for all fan types. When doing this research, check how airflow by static pressure changes for each fan type and horsepower.

pressure. If you can't find the manual or if the manual doesn't include this information, get the table from the manufacturer. (See Table 1 for an example.)

The next step is to measure or estimate the static pressure, which varies by crop type, amount of airflow, aeration ducting and depth of grain. Static pressure is given as inches of water in a water column, which is in reference to the simple manometers used to measure pressure.

**Crop type.** Large-seeded crops like peas have very low static pressure compared to small-seeded crops like canola. Wheat is somewhere in between. For example, if a bin is filled to 15 feet and the target airflow is the drying rate of 1.0 cfm/bu., static pressures are one inch for peas, 5.5 inches for wheat and 7.5 inches for canola.

**Ductwork.** Aeration ductwork can make a big difference. According to Agnew, full-floor perforations in a flat-bottom bin will add about one inch of static pressure, partial-floor perforations will add one to two inches, a "rocket" in a hopper-bottom bin could add up to two inches and other systems may add more than that.

Imre Varro, aeration engineering manager with AGI in Nobleford, Alta., says that if any ductwork is providing more than one inch of static pressure, the system is flawed. "We are careful to recommend rocket sizes that will result in less than one inch of static pressure based on the airflow required," he says. "In a majority of cases when producers are getting static pressures in their systems of two to three inches or more, the system has been incorrectly sized for the desired airflow the system is to provide."

**Airflow.** The more air a fan blows, the more back-pressure it creates. For example, in a bin of canola filled to 15 feet, airflow of 1.0 cfm/bu. creates 7.5 inches of static pressure while airflow of 0.5 cfm/bu. creates only four inches of static pressure. If a fan doesn't have capacity to maintain airflow in the face of this back-pressure, the fan ceases to do its job.

**Depth of grain.** This can be a major factor in the airflow and drying capacity of a fan. Reducing the amount of canola in a bin can make the difference between properly moving moisture through the grain and having a moisture front stalled in the middle of the grain mass. The fan might



This is the Wildes' pool heater system, which attaches by hose to a rad that delivers heated air to the inlet side of an aeration fan.

## Drying grain with a swimming pool heater

Glenn and Michael Wilde, who run Wilde Ag Ventures and farm at Cudworth, Sask., use a swimming pool heater to add supplemental heat to their aeration systems. Warm water runs from the pool heater through hoses to a radiator on the outside of the bin's aeration fan.

"Swimming pool heaters have low upfront and operating costs and are simple to operate," says Glenn Wilde. They also have thermostat control, which is "extremely valuable," says Joy Agnew of PAMI. "Controlling the temperature increase from supplemental heating is critical to improve the efficiency of the system and prevent issues related to overheating and condensation."

Wilde says that with water temperature set at 40 C, they can warm air at the fan inlet to 28 C or so.

The Wildes put the rad on the air-inlet side of the fan rather than between the fan and the bin. While this is not advised with open-flame heaters, it works well for hot-water rads. This also makes it easy to move the rad from fan to fan.

But in this sequence, Wilde says the obstruction before the fan will produce lower airflow even if static pressure stays the same. That means their pressure gauge will read inaccurately.

"To address this, we typically set our airflow requirements at 1.25-1.5 cubic feet per minute per bushel (cfm/bu.) to ensure we have enough flow," Wilde says. Meanwhile, they are working on a new version of their gauge to read accurately even if the inflow is restricted.

As for the pool heater system, Wilde says, "If someone is interested in this, we'd definitely put together a system for them."

CONTINUED ON PAGE 42

sound like it's working, but a moisture front stalled for weeks is bound to cause crusting and heating.

With an estimate of the static pressure, insert that number into the airflow tables for the specific fan model, then do the math to figure out airflow per bushel. Using the three-h.p. high-speed centrifugal model GCF-80311 in Table 1, if static pressure is six inches, airflow will be 2,740 cfm. When the bin contains 2,500 bushels, airflow per bushel will be right around 1.0 cfm/bu.

## TAKE OUT THE GUESSWORK

A pressure gauge installed in the duct between the fan and the bin provides an immediate reading of static pressure. Many new aeration systems include these gauges, but they are a fairly easy retrofit.

Glenn Wilde farms at Cudworth, Sask., and runs a grain storage solutions company, Wilde Ag Ventures, in partnership with his brother Michael. They make and sell gauges specific to fan models. The Wildes take information from airflow tables for a particular model and overlay that onto the gauge dial, providing a quick estimate of airflow based on the static pressure reading.

With Wilde Ag Ventures' low-cost gauge, farmers know how much to fill a bin and still meet the target cfm/bu. For example, if the farmer puts 1,000 bushels of tough canola into a bin and the airflow on the gauge reads 3,000 cfm, the farmer can keep adding canola. If at 2,000 bushels the gauge dips down to 2,000 cfm, airflow is at the target 1.0 cfm/bu. This would be a good time to stop filling.

"Basically the farmer can make sure they have at least one cfm/bu. no matter what type of grain it is," says Wilde.

As noted earlier, the simplest way to relieve static pressure and improve airflow is to reduce the amount of grain in a bin. If bin space is severely underutilized, the farmer could consider a bigger fan with capacity to move more air at higher static pressure.

The key is to recognize that cooling and drying are distinctly different jobs requiring significantly different airflow. A fan, duct and bin system just right for cooling will not necessarily provide the airflow needed for drying. **CG**

Jay Whetter is a communications manager with the Canola Council of Canada. Email him at [whetterj@canolacouncil.org](mailto:whetterj@canolacouncil.org).

## Know your fans

What is the right fan for the job? Here are four fan types, with benefits and limitations for each.

### Axial

These are packaged in round cylinders and the fan itself is like a table fan or airplane propeller.

Benefits and limitations: Axial fans blow more air than other fan types, but they choke out at about six inches of static pressure. For moisture removal, axial fans work better for large-seeded crops like corn and peas or in bins where grain depth is shallow. Axial fans are lower cost. They are also louder than centrifugal fans.

### Inline centrifugal

All centrifugal fans are shaped like a paddlewheel or water wheel. They have more blades and push air more aggressively. Inline centrifugal fans have cylindrical housings just like axial fans.

Benefits and limitations: Inline centrifugal fans perform under higher static pressure than axial fans. Like all centrifugal fans, these are quieter than axial fans. Inline centrifugal fans tend to cost less than other centrifugal fans.

### High-speed centrifugal

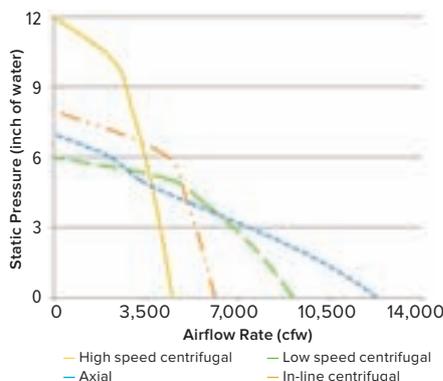
With this design style, air comes in the side and turns 90-degrees as the fan blows it into the bin. Fan speed is 3,500 rpm.

Benefits and limitations: Compared to a similar-sized inline centrifugal, a high-speed centrifugal will keep blowing at higher static pressures, making it best-suited for removing moisture from a small-seeded crop like canola. Airflow is the lowest of all fans, so it could be unnecessarily slow at removing moisture and temperature from large-seeded crops.

### Low-speed centrifugal

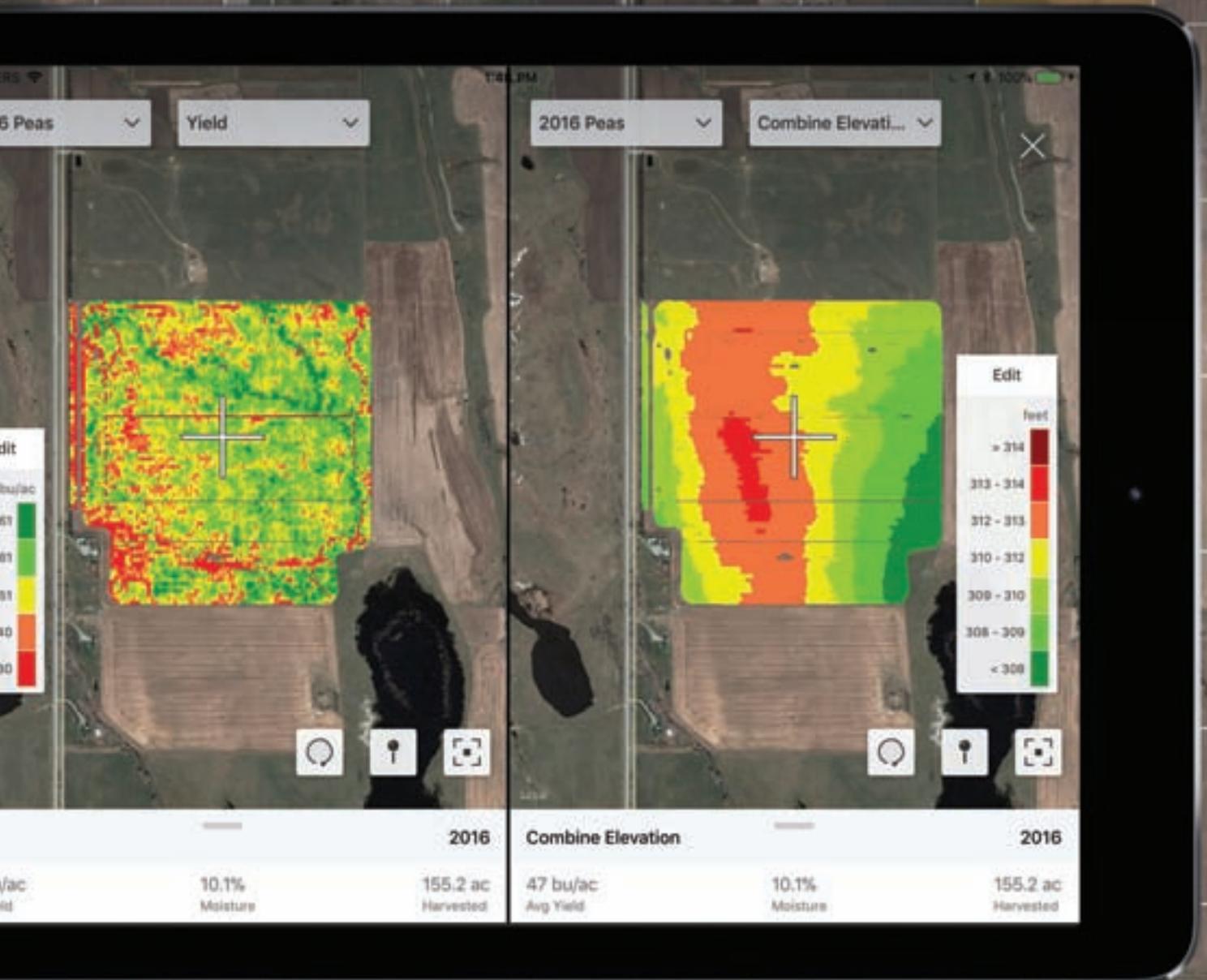
Shape and style is similar to high-speed centrifugal fans, but these use size rather than speed to push more air. Fan speed is 1,750 rpm.

Benefits and limitations: While low-speed, these large fans can move a lot more air through large-seeded crops. Like axial fans, they choke out at moderate static pressure and are not well-suited to drying small-seeded crops. This is the quietest fan.



This graph shows airflow rates as they related to static pressure for the four fan types. Joy Agnew from PAMI provided this graph, which is based on five-h.p. Brock fans.

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# SUNNIES need a HYBRID LIFT

With Western sunflower acres dropping sharply in recent years, new varieties are needed to claw acres back from easier-to-grow soybeans

BY JULIENNE ISAACS

**T**here are fewer sights more appealing than a field of mature sunflowers, but this golden vision is growing rarer.

The reason is simple — sunflowers are losing out to soybeans.

In Canada's biggest sunflower province, Manitoba, acres dropped under 62,000 this year, with a little more than half the crop going to black oil and the rest to confectionery markets, says Ben Friesen, senior market manager for Scoular Canada. That compares with as high as 220,000 acres in 2003.

Acres was relatively flat in Saskatchewan, according to Saskatchewan Crop Insurance, with 7,200 acres planted in 2017 compared to 5,700 acres last year and 40,000 to 65,000 acres in the 1990s. Alberta has never been a large producer, and producers there planted roughly 6,000 acres in 2017.

Friesen says beans are easier to grow, primarily because weed control is an issue for sunflowers: producers can use pre-emergent herbicides but there is no herbicide resistance available in the best confectionery variety, a round-type sunflower that's been around for three decades.

"I have many guys who have held off growing sunflowers because, without a herbicide-tolerant variety, you have to work harder on your rotation," Friesen says. "I think that would be one of the biggest steps toward getting more acres in the ground."

"The other part that makes it tough is that over the last 10 years we've had quite a lot of diseases in sunflowers — head rot and sclerotinia. Some crops were almost written off for crop insurance. That caused some guys to back away."

Scoular is Canada's biggest buyer of confectionery sunflowers, and most of Manitoba's go through its Winkler processor. Though demand dipped from major Middle Eastern





Altona, Man. erected this giant reproduction of Van Gogh's famous "Sunflowers" painting several years ago, celebrating its local sunflower industry. Last summer the painting came down for renovations, a fitting parallel with the need to renovate the variety selection for a crop which is attractive to look at, but not as attractive to grow.

PHOTO: CAREY KEHLER

export markets during the Syrian refugee crisis, sales are starting to grow again, and Friesen says the company has been able to move all of the product grown in Manitoba.

There are no sunflower crush facilities in Canada, and most oil-type sunflowers are sold to processors in the U.S., where there's been overproduction of sunflower in recent years. Friesen says some producers with contracts from U.S. processors haven't been able to move their product.

"The intel out there from one grower to the next was 'Don't grow sunflowers, you can't sell them,'" Friesen says. "We're not saying we can buy a huge increase in sunflowers, but we definitely took all the sunflowers in from the acres we contracted. It's a misconception that growers couldn't move them."

In other words, market accessibility isn't the main reason sunflower acres are dropping: it's the lack of new varieties.

### NEW HYBRID ON THE HORIZON

Darcelle Graham, executive director of the National Sunflower Association of Canada (NSA), says the organization has set out a strategic plan to increase acreage to 200,000 acres across Canada by 2025.

The NSA's goal rests on a plan to inject fresh blood into the industry via new confection varieties, says Graham.

As of 2011, the National Sunflower Association has held federal, provincial and Western Grains Research Foundation funding for a sunflower hybrid development project. If all goes well, a new hybrid should be available following the next round of federal funding.

"There are three hybrids that take up the market share for confec-

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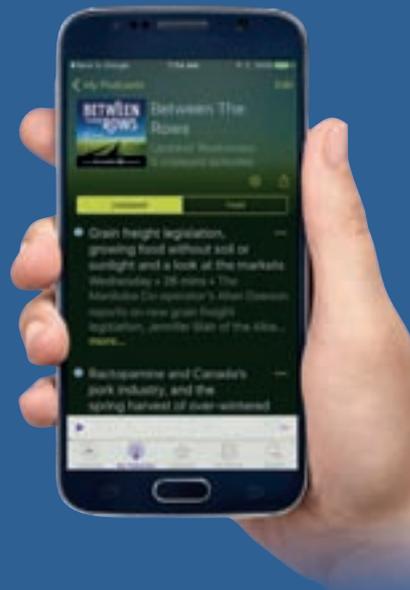
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**“ I have many guys who have held off growing sunflowers because without a herbicide-tolerant variety you have to work harder on your rotation. I think that would be one of the biggest steps toward getting more acres in the ground.”** — Ben Friesen, Scoular

tion sunflowers. One of those hybrids — 6946 DMR — holds 89 per cent of the acres, and it’s more than 25 years old. Any other crop type, you won’t see a hybrid that old,” Graham says.

Any hybrids that producers are able to source are developed south of the border, but even those grown in Fargo, the U.S. sunflower hub, aren’t necessarily suited to Manitoba’s growing regions, Graham says. They’re also developed with an eye to oil content, and that doesn’t always work for Canadian growers selling oil-type seeds to birdseed or bakery markets.

The NSA’s breeder is specifically working to develop a herbicide-tolerant, long-type confection hybrid bred for Manitoba conditions and geared toward gaining back export markets in the Middle East. But agronomics are a strong focus as well, says Graham, particularly resistance to rust and downy mildew.

#### **HONEYCOMB**

Testing has been underway on another new confectionery variety out of North Dakota State University called Honeycomb, which officially came on the market this year.

According to Anastasia Kubinec, crop industry development manager with Manitoba Agriculture, Honeycomb matures seven to 10 days earlier than most sunflower varieties. “For sunflowers that’s a lot — it’s the difference between combining before the rains start or being stuck in the rain cycle,” she says.

The variety is being tested across Western Canada, but Kubinec says it performs differently based on growing region. In eastern Manitoba, trials have shown a slight yield disadvantage, but moving farther west, Honeycomb has performed as well as later-maturing varieties and shows good drydown.

“The other benefit to its being earlier is that we found that it had less head rot — it’s not resistant but it avoided the disease,” she says.

Sherri Roberts, a regional crop specialist for Saskatchewan Agriculture, says the Saskatchewan Sunflower Committee is counting on Honeycomb to help revive sunflower acreage in that province. The organization is set to launch a new website, [sksunflowers.com](http://sksunflowers.com), and has developed a new sunflower growers’ guide that should soon be online.

Honeycomb was available in Saskatchewan with a limited supply that sold out last year, Roberts says. Producers she’s talked to who grew sunflowers are making a healthy profit selling to North Dakota elevators. “This year in particular they’re going to be, because North Dakota was devastated by drying,” she says.

But Honeycomb isn’t likely to be available in big enough quantities to replace old varieties in the field next year, says Ron Gendzelevich, president and owner of Quarry Seeds, which markets the hybrid.

“We only produced 30 per cent of the expected yield for Honeycomb hybrids. We wanted to launch around 3,000 to 4,000 acres and ended up with less than 1,000 acres,” he says. “Right now it would cost between four to five times more than your normal seed cost, which is prohibitive for producers, so we’re looking at possible methods of getting better production. If we can’t, we’ll have to go back to the drawing board with the breeder.”

But Gendzelevich says Honeycomb meets a major need for sunflower producers and looks extremely promising. “It’s a definite maybe, in a sense,” he says. “The product is what the farmers want and need.” **CG**

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Pasta products on shelves in Cali, Colombia. Pasta producers in the country use both durum and common wheat in their products.

PHOTO: CIGI

## CPSR wheat popular for pasta and breads in Latin America

Maintaining an ongoing relationship with Latin American customers is important as competitor wheats such as those from the U.S. and Black Sea region are slowly making inroads

BY ELLEN GOODMAN / CIGI

**F**or Latin Americans, Canada Prairie Spring Red (CPSR) wheat is a top choice for the production of pasta and for flour blending in commercial bread baking.

José Fernando Chacón Valencia, production and project manager for Harinera del Valle, a major milling and food processing company in Colombia, says that in the past several years his company has exclusively purchased Canadian wheat. As one of the country's leading pasta producers, it uses CPSR and CWAD, respectively, for lower- and higher-quality pasta as well as blends of CPSR and CWRS for bread flour.

"We use both common wheat and durum wheat for pasta," Chacón Valencia said while on a technical exchange at the Canadian International Grains Institute in September. "The market for premium pasta in Colombia is very small, and we only use CWAD for that. For the rest we use 100 per cent CPSR."

In Colombia, pasta is more often served on special occasions and may be sold in packages as small as 90 grams, particularly in less affluent areas, he says. "Even then it may be for two or three people. They are not concerned whether it is *al dente* (firm texture) or

has a nice (yellow) colour (that durum wheat provides). They look more at the price so in this regard CPSR is a good wheat for pasta."

Chacón Valencia says that a few years ago CPSR improved in quality and has consistently met his company's needs. Although at times there have been supply issues, there are no recent concerns.

During his time at Cigi, he also looked

at other Canadian wheat classes such as the new Canada Northern Hard Red. "I wanted to find out more about CNHR and it sounds very good."

Last June, Cigi visited Colombia, Peru and Chile and met with companies that import an average total of about 70 per cent of the wheat in each country. One objective was to learn about their use of CWRS and



Colombian miller José Fernando Chacón Valencia (right) says that a few years ago CPSR improved in quality and has consistently met his company's needs.

PHOTO: CIGI

CPSR for flour and semolina production, both in blends and with other wheats as well as in end-use applications. At the time, the Cigi technical staff met with Cachón Valencia at Harinera del Valle where they found out more about the company's operations and requirements.

Esey Assefaw, head of Cigi's Asian products and pasta technology, says that the countries they visited have sophisticated milling and food processing operations, and as relative newcomers to pasta have assimilated it with softer traditional food products like rice.

"Typically they use 100 per cent CPSR for low- to medium-quality pasta and they will also do some blending with (higher-protein) CWRS or other wheats for baking and other end products such as noodles," he says.

Yvonne Supeene, Cigi's head of baking technology, says she was impressed with the amount of CPSR used in Latin American countries. "The biggest thing I took away

was how valuable CPSR is in the market for pasta, as well as bread. They love it. There is a huge demand and if we had more they would buy it. They aren't after really high protein, so a low-protein CWRS, or CPSR can meet their requirements. We noticed in those markets how CPSR is as important to them as CWRS."

The Cigi staff also determined that if CPSR is in short supply it can be replaced with U.S. HRW, which used to be more commonly used than CPSR. Maintaining an ongoing relationship with Latin American customers is important as competitor wheats such as those from the U.S. and Black Sea region are slowly making inroads.

In 2015-16 Canadian wheat purchases totalled 916,000 tonnes (MT) in Colombia, more than 1.1 million MT in Peru, and 284,000 MT in Chile. Durum imports were about 31,000 MT for Colombia, 111,000 MT for Peru and 10,500 MT in Chile. **CG**

**“The biggest thing I took away was how valuable CPSR is in the market for pasta, as well as bread. They love it. There is a huge demand and if we had more they would buy it.”**

— Yvonne Supeene, Cigi

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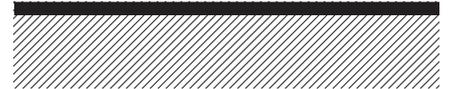
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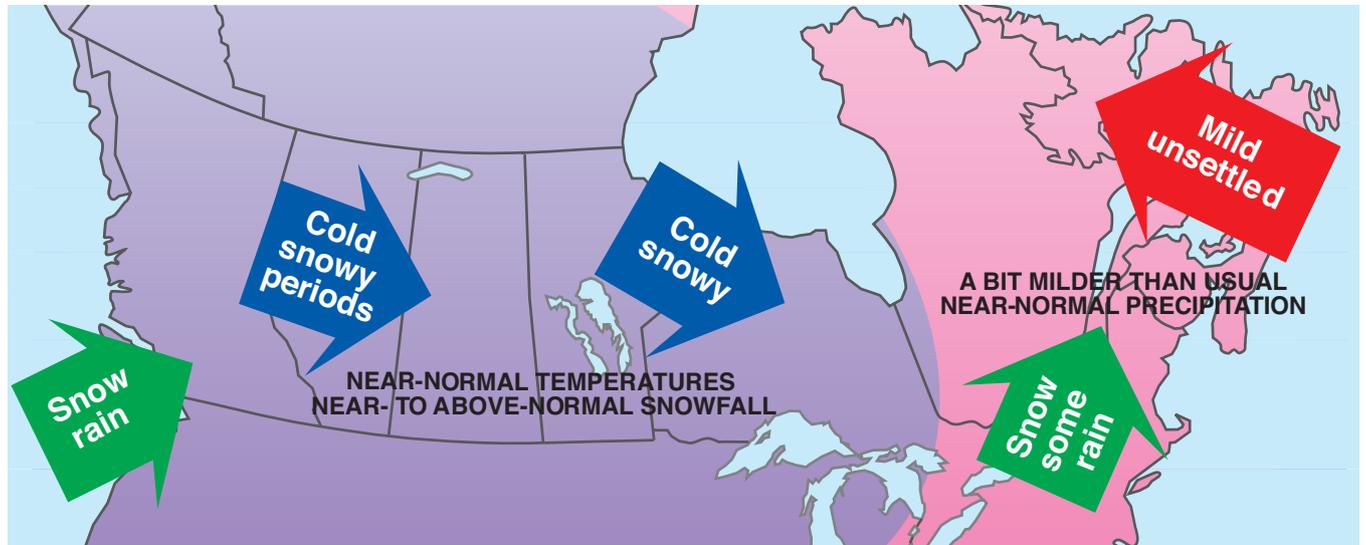
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## British Columbia

- **Dec. 17-23:** Seasonable to cold on the coast with intermittent rain, chance snow. Mainly cold elsewhere with snow on most days, heavy in places. Windy.
- **Dec. 24-30:** Unsettled conditions on two or three days this week with intermittent coastal rain changing to snow inland. Windy at times. Fluctuating temperatures.
- **Dec. 31-Jan. 6:** Several dull days on the coast with occasional rain, chance heavier snow. Often fair elsewhere with occasional snow. Seasonable to cold.
- **Jan. 7-13:** Mostly cold and at times windy. Periodic rain and snow on the coast with intermittent heavy snow in the Interior. Clear, bitterly cold in the north.
- **Jan. 14-20:** Fair and cold days interchange with some moderation as well as periodic rain or snow on the coast and occasional snow elsewhere. Blustery.

## Alberta

- **Dec. 17-23:** Unsettled as fair days alternate with snow and gusty winds. Chance heavy snow southern regions. Cold in the north with intermittent snow.
- **Dec. 24-30:** Expect a few clear, cold days with high wind chills this week. A couple of milder days bring occasional heavy snow and drifting to the south.
- **Dec. 31-Jan. 6:** Seasonable to cold with a few higher wind chills. Fair overall aside from periodic snow and drifting in the south. Flurries and very cold in the north.
- **Jan. 7-13:** Blustery winds, occasional snow and drifting along with high wind chills on two or three days, followed by clearing skies and cold temperatures.
- **Jan. 14-20:** Generally fair and cold with high wind chills but a couple of milder days bring some snow and drifting. Brisk winds at times. Flurries, cold in the north.

## Saskatchewan

- **Dec. 17-23:** Expect snow and blowing on a couple of days this week, chance heavy in places. Windy. On fair days, temperatures are seasonable to cold.
- **Dec. 24-30:** Seasonal but with higher wind chills. Occasional snow and drifting snow on two to three days. Chance heavy snow in the south. Some snow, cold in the north.
- **Dec. 31-Jan. 6:** A little colder with some higher wind chills. A couple of milder days bring intermittent heavier snow and blowing in the south. Cold in the north with flurries.
- **Jan. 7-13:** Mainly cold. Fair aside from scattered snow and some blowing snow on a couple of days in the south. Windy at times. Bitterly cold in the north and clear.
- **Jan. 14-20:** Cold dominates with a few higher wind chills. Fair but slight moderation bring some snow and drifting on a couple of occasions.

## Manitoba

- **Dec. 17-23:** Unsettled weather as disturbances bring occasional snow and drifting on two or three days this week. Chance heavy snow in places. Seasonable to cold.
- **Dec. 24-30:** Variable as fair skies interchange with intermittent heavier snow and drifting snow. Seasonable but brisk winds cause higher wind chills.
- **Dec. 31-Jan. 6:** Often clear and cold but slight moderation brings snow and drifting to southern regions on a couple of days. Flurries and very cold in the north.
- **Jan. 7-13:** Seasonable to cold with occasional gusty winds and higher wind chill values. Scattered snow and drifting in the south. Bitterly cold, flurries in the north.
- **Jan. 14-20:** Cold air prevails in all regions with high wind chills most days. Fair skies alternate with light amounts of snow and occasional drifting snow.

## National highlights

**December 17, 2016 to January 20, 2018**

As Canadians we like to think we're prepared for it, but even so, the coldest and darkest time of the year is going to bring weather conditions to much of the country in coming weeks that will make us distinctly uncomfortable. Snow, bitter cold and high wind chills can be anticipated over most regions. These adverse conditions may become more common in January due to the possibility of an emerging La Niña. On the brighter side, a few mild spells in late December will provide some reprieve from the harshest weather, with the result that temperatures should end up close to average from British Columbia eastward to most of Ontario. Meanwhile, snowfall totals are likely to run close to or a little above normal over this vast area during this period. From southwest Ontario eastward to Quebec and the Atlantic provinces, however, a mild weather pattern associated with slow-moving weather systems will boost temperatures to milder-than-usual values. A couple of heavier snow and rain events will accompany fronts between these air masses.

Prepared by meteorologist Larry Romaniuk of Weatherite Services. Forecasts should be 80 per cent accurate for your area; expect variations by a day or two due to changeable speed of weather systems.

# Expert advice that's good for business

By Trudy Kelly Forsythe

There's always work to be done on the farm, although once the rush of harvest is over, hopefully it's not as hectic. That makes fall and early winter the perfect time to start planning for next spring. The last growing season is still top of mind and it may be easier to find some down time for an overall farm assessment.

"It's a good time to review what they saw in the summer that they liked and didn't like and what they may want to change moving forward," says Dale Cowan, senior agronomist sales manager with AGRIS and Wanstead Cooperatives.

To help, it makes sense to bring in experts for some targeted areas.

## SOIL TESTING

A soil test is a good first step.

"There is no other way to assess the productivity of your soil," Cowan says. "In the laboratory, with approved methodologies tied to the local area, they can determine the essential nutrients, pH levels and, if producers provide the crop they are going to grow, the lab has access to calibration information for recommendations."

Information from soil tests can help producers save money, or spend money wisely, to get a desired outcome. For example, if the test shows the soil is deficient or low on a particular nutrient, producers know they need to add fertilizer



Soil testing helps producers assess the productivity of their soil.

PHOTO COURTESY OF FERTILIZER CANADA

and at what rate; if it's high, there's no economic gain to adding fertilizer.

While fall is a good time for conducting soil testing, Cowan says it can be done any time of year. He does recommend, however, doing it every three to five years at the same time of the year.

"Sampling once is just a single point in time, sampling on a regular basis gives them a trend over time," he explains. "If nutrient levels are going up, they're over applying; if they're going down, they need to apply more. There's value in regular testing."

## EXPERT ADVICE

Working with an agronomist is also a good idea.

"An agronomist understands soil nutrient levels, crop requirements and what zone they are in so they can interpret the

organic matter, essential nutrients and pH," says Cowan. "For example, they can look at the results of the fall soil test and see if a producer needs to do anything to prepare for spring."

Producers need not just work with an agronomist when they have soil tests to interpret. In the fall, they can also help evaluate the condition of the forage stand, in early spring, they can give an assessment of winter kill to see if there's a need to re-seed and in summer, they can help with nutrient application decisions.

"Producers should work with an agronomist year round," says Cowan. "They can evaluate their production management and lay out their production plan. They can help them make the right decisions at the right time and avoid costly mistakes."

# FINDING SUCCESS

Are we chasing a dream, or living one?

BY GERALD PILGER

**T**his fall a salesman for a soil amendment product told me that if I used his product, I would be more successful. When I asked him if anyone around was using the product, he replied: “Some of the most successful farmers use it.”

In past, salespeople have often told me that using their products will result in higher yields. I have also been promised increased productivity, efficiency, and/or profitability if I would only purchase their products, whether they were selling anything from new seed varieties to chemicals, fertilizers, biologicals or even equipment.

However, here was a salesman promising to improve not only my yields but my “success” with the use of his product. I suppose this sales tactic made a lot of sense to him. After all, what farmer doesn’t want to be successful? But ever since that meeting I have pondered one question: What is success?

I have no doubt that most people equate success to wealth, power, or achievement, all of which often go hand in hand. Society seems to reserve its highest esteem for those who amass a fortune, no matter how the money is earned. Presidents, prime ministers and government leaders around the world, whether respected or despised, are typically seen as successful people. Today’s heroes are the highest paid athletes and actors.

But are these the criteria by which truly successful people measure their own lives?

## IN THEIR OWN WORDS

Last spring Business Insider, which bills itself as the largest business news site on the web, published “12 Rich, Powerful People Share Their Surprising Definitions of Success” (Shana Lebowitz, Mar. 22, 2017). None of the 12 featured in the article defined their success by accumulated wealth or power.

Business Insider revealed that billionaire Sir Richard Branson, founder of the Virgin Group, wrote on LinkedIn: “Too many people measure how successful they are by how much money they make or the people that they associate with,” he said. “In my opinion, true success should be measured by how happy you are.”

Billionaire businessman John Paul DeJoria told Business Insider: “Success isn’t how much money you have. Success is not what your position is. Success is how well you do what you do when nobody else is looking.”

Former U.S. poet laureate Maya Angelou defined success as “liking yourself, liking what you do, and liking how you do it.”

“Success is one per cent inspiration and 99 per cent perspiration,” claimed inventor Thomas Edison.

*Harvard Business Review* also tried to find the definition of success by compiling the results of more than 80 surveys and 4,000 interviews conducted by Harvard Business School students over a five-year time period. Boris Groysberg, a professor of business administration at Harvard Business School wrote: “Subjective factors such as making a difference and working with a good team in a good environment came up frequently in leaders’ definitions of career success. And rewarding relationships were by far the most common element of personal success.” (What Does Success Mean to You? February 25, 2014)

## SUCCESS IN FARMING

If asked to make a list of individuals you consider to be very successful, how many farmers would be on your list?

And what criteria would a farmer have to meet to get on that list? Number of acres? Growth of the business? Age of equipment? Weed-free fields?

Unfortunately, success in farming is now almost totally defined by production and marketing.

Universities, ag extension agencies, banks, accountants, ag advisers and even a growing number of input providers offer information, advice and worksheets aimed at helping you monitor your production, financial status, business management, and overall farm performance.

We have become so focused on financial aspects of farming, many farmers no longer consider the personal side of their business. They ignore the subjective reasons that were important when they decided on a career in farming, such as the opportunity to work independently, to manage their own business, to make their own decisions, to have greater time with family, and to be part of a community.

The Florida A&M University worksheet “On the Road to Successful Farming: The Decision-Making Process” provides the following definition for farm success:

### WHAT IS SUCCESS?

- Success is a favourable accomplishment, an attainment, an issue, or an outcome.

### WHAT MAKES A SUCCESSFUL FARMER?

- If success is measured in terms of profitability, successful farming is determined by the farmer’s ability to manage his or her operation efficiently.
- Successful farmers conduct their business operation economically.
- This means that they use whatever resources are available and make them go as far as possible toward achieving the farm’s goals.

The worksheet then details the common, step-by-step decision-making process:

## DECISION-MAKING STEPS FOR SUCCESSFUL FARMING

- Setting goals
- Recognizing the problem
- Obtaining information
- Considering alternatives
- Making the decision
- Taking action
- Accepting responsibility
- Evaluating the decision

Unfortunately, there are two problems with this process. First, nowhere in the decision-making process is success actually defined. It assumes achieving your goals and success are the same thing. This is not necessarily the case.

As I pointed out at the beginning of this article, even the most successful business leaders did not judge their success solely on business goals or measureable achievement. There are subjective criteria, such as happiness, that will factor into a quest for success. And since the definition of success, like goals, will be different for each person, unless you define what success means to you there is no way you can achieve it.

In fact, defining success should be the first step in the decision-making process. Unless you are honest about what you consider success to be, how can you possibly set goals that will enable you to achieve the measure of success you seek?

Second, this process casts success as the achievement of your goals. This differs from how most business leaders define success. Rather than the final outcome, truly successful people measure success on a daily basis. Successful people are those who love what they do every day.

If you do not define what success is to you, how can you identify a goal that will lead to a life that you consider to be successful? Are the goals you set and the decisions you make actually what you will find rewarding on the everyday journey towards achieving the goal?

Are you chasing a dream, or living a dream? Will what you have to do each day in the quest of the goal bring you happiness? Are your goals a path to the success you seek, or are the goals the result of the direction you are being pushed in by others, be they your partners, bankers, or even suppliers.

Peter Clemens, founder and editor of Possibility Change, a web blog featuring personal success stories, found "many people feel trapped in the life they are leading, unable to change course. They feel frustrated, lonely, stressed, discouraged, unfulfilled or just simply bored."

We all know farmers who feel this way too. No matter how big they grow their farm, or how much wealth they acquire, they will never find success in the same way as someone who truly loves farming.

Perhaps the best advice comes from John Maxwell, author of more than 100 books and a leadership trainer whose company has led more than 15,000 clients to success. His basic philosophy is simply: KNOW, GROW, and SOW.

- KNOW what you love to do.
- GROW to your maximum potential.
- SOW seeds in others, so that they can also be successful.

By the way, I did not purchase the soil amendment. I decided it simply would not make me more successful. But it certainly did make me think about what does. So, what makes you successful? **CG**

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# The 80 per cent solution

Automated equipment and big data will go a long way in agriculture, but not the whole way

BY SCOTT GARVEY / CG MACHINERY EDITOR

**A**t an official dinner prior to Agritechnica in Germany, I had the good fortune to be seated next to one of the conference's guest speakers, Dr. Hans Griepentrog. He heads up the School of Agricultural Technology at Hohenheim University in Germany, and his vision of farming technology is definitely a futuristic one.

Over dinner, I had a chance to hear his views on where agriculture is heading. As he sees it, in the future — the not too distant future — farming will be done in a very different way than it is now. Big data rather than big iron will be behind the changes.

Digital technology is changing every industry. Farming has been and will be no exception, says Griepentrog.

"We're looking not only at what opportunities exist for digitization in agriculture, but in society at large," he later told a roomful of journalists in a special media presentation. "Agriculture cannot be seen in isolation."

Before long, farmers will be able to collect more data more efficiently than ever before, and they will be able to make better use of it.

Add that to the replacement of today's fleet of oversized farm equipment with small autonomous machines, and farmers of every scale will reap the benefits of

improved efficiency and probably lower costs. Even small operations may be profitable.

Still, that doesn't mean our fields will be like factories, where everything in the manufacturing process can be controlled. Farming will always be different.

"I think automation will only take over 80 per cent of the production," Griepentrog told me during our evening conversation. "The farmer will still have to do the other 20 per cent."

He expanded on that idea during his presentation. "When you look at the environment in which agriculture is conducted and products are being produced, there's a significant difference from industrial production," he pointed out. "In agriculture, we're dealing with non-structured environmental conditions. In industry, we have 365 days a year of exactly the same conditions. Temperature and lighting are all things we can control."

In Europe, there is a much more intense focus on sustainability and conservation of resources in all things, including farming, than there is in North America. Environmental concerns are discussed much more often by most segments of society in European countries. Regulations regarding chemical application and on-farm use and storage are much more stringent, and political leaders feel pressure to continue limiting them.

So it's not surprising there is a great deal of discussion there on agricultural efficiency. There is so much emphasis on it, in fact, that the Europeans have named this effort to achieve it through the use of greater digital technology: Agriculture 4.0.

In October, for instance, key government and industry leaders actually held a "Farming 4.0 summit" in Brussels to discuss ways to make Europe a world leader in that digital revolution.

This statement in a press release out of that summit describes the potential benefits that these experts see for European agriculture, thanks to digitization: "With robots, intelligent machines and farm management software will arrive in the world of agriculture and transform the sector in hitherto unknown depth. Digital Farming holds the promise of bringing immense benefits to the world of farming by boosting yields, environmental protection, resource efficiency, automation, and transparency in agricultural production."

According to Griepentrog, digitization shouldn't be confused with precision farming, which he describes



Professor Dr. Hans Griepentrog of Hohenheim University in Germany presented his views on the "digitization" of agriculture at a September press conference ahead of the 2017 Agritechnica show.

PHOTO: SCOTT GARVEY

as fine tuning crop inputs and automating equipment. Neither should it be muddled in with smart farming, which involves capturing crop or animal data in real time through the use of sensors.

“What’s new now is digital farming. It’s yet another step on top of the other two,” Griepentrog said during his presentation. “Digital farming comprises three main components that should not be mixed up. One is the internet, ISOBUS, machine-to-machine communication. The second is cloud computing. We won’t be able to live without it in the future. The third pillar is big data. Many people talk about it, but what it really means is one huge component. In other words, if you manage to go through the internet of things and store data in the cloud, then new ways of analyzing it will open up to generate completely new information from the existing data. That’s where big data gives you a completely new advantage.”

Because of that access to big data, he predicts, many operating decisions will be made using a combination of data sources, rather than, say, basing nitrogen rates on just last year’s yield map.

That big leap to big data generation won’t come without some infrastructure improvements, though, and Canadian farmers face the same big limitation as their European cohorts: the lack of good telecommunication networks in rural areas.

“In telecommunications, some areas don’t have very good connectivity,” Griepentrog said. “And another area we’re not entirely satisfied in is having standard data

formats. That would allow different programs to interact and have access to the data.”

Griepentrog also threw out another new term during his presentation. At least, it’s one I’d never heard before: Biologization.

As Griepentrog sees it, when you add the concept behind that 10-dollar word with Agriculture 4.0, the whole approach to farming changes.

“With biologization,” said Griepentrog, “there’s going to be a shift in paradigm. What that means is the relationship between nature and technology is going to change. So far we’ve adapted nature a bit to make technology easier to use. But with digitization and all the opportunities it’s going to provide, this will be reversed.”

What he means, for example, is that we won’t need to genetically modify crops to accommodate the use of glyphosate or other herbicides to control weeds. Things like automated equipment using GPS-located seed placement will selectively and precisely plant the optimum crop varieties in the same field.

Real-time sensor technology will allow spray to come out of a boom nozzle only where there is a weed that needs to be killed. Or instead of a sprayer, a robotic machine with weed-detecting software will mechanically remove weeds out of a crop, which could be a real bonus for organic producers.

This is far from pie-in-the-sky thinking. I was at a sprayer demonstration earlier in September that used exactly that weed identifying technology to activate a boom nozzle only when needed, and equipment

fitted with weed identifying technology able to mechanically remove it was on display at Agritechnica 2015.

As Griepentrog sees it, all that’s missing is the big data. It’s just a matter of getting all the data captured, combined, analyzed and made available for a variety of uses at the right time. And farmers with similar growing conditions or problems may even want to share their data with each other to help identify best practices and further improve efficiencies.

But that brings up a question: Who will own the big data of the future?

“The big problem is how to keep your data safe,” Griepentrog told his audience. “For example, if you have a custom harvester working your plot (field) and the operator is collecting data, who owns it? That’s going to be quite an issue.”

Regardless of how that ownership argument plays out, and even with all the advances in technology and automation, farmers needn’t feel worried about becoming redundant.

Every farm will still need a real person to make key decisions. In fact, a farmer’s decisions may become even more important, because there will be new risks to consider. Aside from the old problems of droughts, floods and insects, there’ll be new risks with big data. Farmers could find themselves dealing with hackers and cyber attacks from individuals and organizations like extremist animal rights groups.

Said Griepentrog, “We don’t think in the foreseeable future the farmer will be completely replaced, even with automation.” **CG**

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# WHITE REVOLUTION 2.0

While Canada and the U.S. clash over NAFTA, Cargill, Nestlé and other global dairy giants are pumping their money into India

BY NICOLAS MESLY

**I**ndia is the world's largest dairy producer, thanks to the "White Revolution" that it launched shortly after the country's independence in 1947, when it first gave itself the goal of replacing dairy imports and promoting self-sufficiency.

Now, the country has embarked on a White Revolution 2.0 that will keep its borders closed to imports of skim milk powder, but open up opportunities for foreign investors to create jobs in India and to capitalize on its 4.5 per cent annual market growth.

At the centre of it all, however, is an effort to protect the livelihoods of 150 million small producers, mostly women, and to help them double production by 2020.

Needless to say, it is very different from Canada's dairy industry.

For instance, each morning Geetaben Patel and her son milk her five cows, and her husband, Chandrakantbhai, delivers the milk by scooter to a nearby co-operative at the village of Sandesar.

There the milk is tested for quality and fat content and a cashier pays about two cents per litre (25 rupees/litre) for the daily production of approximately 50 litres (about 10 litres per cow).

By Indian standards, this is a large and productive herd. Most dairy farms here have one or two cows, producing an average of three litres per cow per day. "The milk production has allowed us to send our daughter to study pharmacy in the United States," says Geetaben. She and Chandrakantbhai have three children.

The Patels belong to the Amul Co-operative network, India's superstar milk enterprise whose headquarters is about 10 kilometres from their farm in the city of Anand in the state of Gujarat. Amul produces approximately the same volume of milk as Canadian dairy giant Agropur, the difference being that the Indian co-op has 3.5 million members, i.e. a thousand times more than its Quebec counterpart.

I am received by Amul's managing director, R.S. Sodhi, and hanging on the wall behind his immaculate desk I see a large portrait of Verghese Kurien, the father of India's White Revolution and Sodhi's "gourrou."

The group's story starts with Verghese Kurien, a mechanical engineer who studied in the United States and was hired by a group of area farmers in the late 1940s. At the time, the dairy producers felt they were being exploited by a private company that supplied customers 460 kms south in Mumbai, India's financial capital.



In the photo behind Amul director general R.S. Sodhi is Verghese Kurien, father of the White Revolution.

PHOTOGRAPHY: NICOLAS MESLY



It was a time when the English there drank their tea with “a cloud of milk,” and to get into that market in 1954, Kurrien and the producers created the Anand Milk Producers Union Limited and their brand Amul (Amul means “precious” in Sanskrit).

Yet the challenges today seem so much more complex. In the new globalized world, India is under pressure to sign free trade agreements and to allow imported dairy into the country.

In a world where Chinese dairy imports are falling because of a rise in domestic production and a drop in its youth population, the pressure from countries looking for new export markets is only getting more intense, despite the fact that world dairy prices have fallen by 60 per cent in the last few years.

India is one of the few growth opportunities for New Zealand, the EU and other dairy exporters.

It’s a huge market. Domestic dairy production in India is already worth \$100 billion, higher than the combined value of wheat, rice and oilseeds.

But while Indian governments hesitate to open their borders to milk products, they have welcomed foreign investment, with Danone, Fonterra, Cargill and Nestlé pumping funds into the booming market.

Despite some hiccups this year, The Indian tiger GDP’s annual growth is forecast at over 5.0 per cent, according to the World Bank (2017). And a new middle class estimated at 350 million young people is eager to taste new products, partly provided by fast food giants such as McDonald’s, Pizza Hut, KFC, etc.

“Foreign investors are welcome,” says Sodhi. “There is room for everybody... it is good for our producers.”

Women like Geetaben Patel are at the heart of India’s White Revolution 2.0.

CONTINUED ON PAGE 58



The Patel family owns five cows. Their younger son, Ketan, doesn't want to farm. He wants to go study in the U.S. like his older sister.



**BOOSTING ANIMAL PRODUCTION**

While in Anand, I meet the other spiritual son of the White Revolution. His name is Shri T. Nanda Kumar, director general of the National Dairy Development Board (NDDB).

The NDDB was also founded by Verghese Kurien, in this case, in 1964 as part of his plan to make India self-sufficient, which he did by going to India's big cities to sell the skim milk powder that was sent to the country as foreign aid, and then using the money to finance the development of a national dairy co-operative network.

With that backing, he was able to build processing plants and pay farmers so local production in rural areas started to replace foreign aid and expensive dairy imports. The scheme, known as "Operation Flood," succeeded and became the world's largest rural development program.

Under it, between 1971 and 1996, 10 million small producers joined 73,000 dairy co-ops to produce high-quality dairy at an affordable price.

Shri T. Nanda Kumar received me in his office at NDDB headquarters. He was accompanied by two aides who sometimes added details to the conversation. Kumar has the huge responsibility of almost doubling India's dairy production by 2021.

To do so, he has in his pocket a \$350 million plan called "NDDB phase 1" financed by the World Bank.

"We have three major priorities," Kumar explains. The first is to boost animal productivity through genetic improvement. India's cow productivity is 1,000 kg/year, half the world average of 2,000 kg/year. To double individual cow production, he wants to improve the productivity of five dairy breeds and five buffalo breeds (India is the world's largest buffalo milk producer) by importing semen and embryos and by developing a sire genetic evaluation program, as well as young progeny testing.

The goal is to produce 100 million doses of semen with a pool of 2,500 sires.

I ask, does Canada fit in that plan? "Canada is not price competitive in Holstein semen compared to Denmark or Germany. However, we are looking at Canada for Jersey semen," Kumar says. It seems that business is good, however. In a separate interview, Semex Canada representative in India, Vimal Datta, says he gets regular contracts with NDDB, the latest worth US\$2 million. And NDDB is hiring Canadian veterinarian, Dr. Gabriel Couto, to run its embryo transfer program.

Kumar's second priority is to supply Indian herds with a balanced feed ration, using quality fodder and concentrates in a country where sacred cows often graze on garbage along roadsides. "We are developing a national feed card to source good-quality ingredients using a digital platform," Kumar says. Knowing that feed costs accounts for 60 per cent of the cost of production of milk at the farm, the idea is to provide good feed at an affordable price to boost animal production.

With improved genetics through the use of artificial insemination combined with better nutrition, Kumar hopes to reduce their calving interval and get rid of non-productive cows. Between 20 and 30 per cent of Indian cows are unproductive "but they feed nonetheless," he says.

## PROFESSIONALISATION OF THE TRADE

Both Sodhi and Kumar say that India's White Revolution 2.0 needs to grow the professionalisation of dairy producers through education and institutional reforms. More than 100,000 farmers get regular seminars on animal health and nutrition as well as on farm management.

Their goals are in keeping with the country's rural society, they say. Neither Sodhi nor Kumar see the development of giant farms on the California or New Zealand model with 1,000 to 10,000 animals, but even growing the average herd to 20 to 50 milking cows would be a major gain.

But to get there, Sodhi and Kumar know they will need to reach out to farm women, since more and more men have quit their villages to work in service and manufacturing sectors. Already, a third of the 16 million members of India's 200 existing dairy co-ops are women, and the number is still growing, and the country's dairy leaders see it as a positive change. "We are aimed at 50 per cent," Kumar says.

But at the Patel's farm, neither of the two daughters intend to milk cows, and Kater, their 19-year-old son,

## How does a country with 150 million dairy farms double its sales in just five years? It's a case study being watched around the world for signs of how global food output may leap forward

also wants to go study in the United States like his older sister.

So who will milk India's cows?

Without a next generation to take over their farm, they say they will keep the farm, but they will rent it to landless farmers. There are 350 million of them.

With proper education, a new generation of landless women will drive India's White Revolution 2.0, Sodhi and Kumar believe. It will, Sodhi says, be "their economic and social elevator." **CG**

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# The millennial question



Do millennials have the discipline it takes to deliver on their promise?

BY AMY PETHERICK

**A**s chair of the Canadian Young Farmers' Forum (CYFF), and as a millennial herself, Danielle Lee has heard all the stereotypes about millennial farmers, and she knows the challenges millennials face.

Lee's job is to speak out on behalf of young farmers, and to ensure they grow into a positive force in these trying times for agriculture.

So what can she point to that millennial farmers are doing well at? Should we be worried about the "participation ribbon" generation that has their faces always glued to their phones?

**CG:** What kind of farm do you have, Danielle? Is it just you there on a daily basis?

**Lee:** I farm with my mom, my grandpa, and my younger brother. Mom and I primarily do all the farm work. We used to be a dairy farm but now we do beef cattle, and sheep, and we put up our own hay as well. We farm west of Calgary, in the area known as Spring Banks, so we are quite close to the city limits.

**CG:** What's that like, farming so close to Calgary?

**Lee:** A lot of the farms around us are disappearing and a lot of the land isn't being sold for agriculture purposes anymore. But our farm has been here for 105 years and I'm proud to be the fourth generation on this farm. I love being close to the city and having those amenities. Living close to a big urban centre, our family is also big on helping educate people about where their food comes from. I think that's important, especially when you live this close to an urban centre.

**CG:** Sounds like the best of both worlds. Does it change how you farm compared to the average farm in Alberta?

**Lee:** In terms of farms in Alberta, we are probably pretty small. We don't put up any grain, so all of our land is either in pasture or hay for our beef cattle and sheep. And we sell some hay to the equine market.

**CG:** That will keep you busy in the summers! Why did you decide to squeeze in the CYFF too?

**Lee:** Especially in our area, there are not very many other young farmers around. So, I started going to Alberta Young Farmers and Ranchers events, and that gave me the opportunity to go to the Canadian Young Farmer Forum conference. You were learning, but you were also building a network of young farmers across Canada. It was a different learning experience from university, but much more practical I think.

**CG:** Oh, so you fall right in with those statistics that say millennials are the most highly educated generation yet! With a university education, why would you or any other millennial choose a career in agriculture?

**Lee:** There are so many other opportunities out there, but the agriculture industry itself has so many great opportunities too. I think showcasing those opportunities is something we really have to do. We focus so much on the negatives that we sometimes forget to focus on the positives.

**CG:** Do you think that's something millennial farmers in particular should be doing?

**Lee:** Showcasing the opportunities in agriculture is a challenge for all of us, but I think that since millennials are the future of the industry, it's going to impact us even more.

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Whether or not we can use certain products on crops, or medications for animals, and withdrawal periods, and things like that. I really think it's going to impact our generation, and the next generation coming down more so.

**CG:** Do you think this is because this generation truly evaluates their own success that much differently, or is this a way out of competing with those bigger farmers? Millennials are the "participation ribbon" generation after all.

**Lee:** I look at a lot of young farmers out there, and they are busting their butts to get where they are. They are not the ones sitting on the couch! Even though there are challenges, those unknowns, and machinery breaks, and things happen, they still get up the next day and are working their butts off.

Young farmers are dedicated and they love what they do. They know that it's not always easy, it's not a 9-5 job, there are going to be long hours and frustrations, but they're willing to take that risk and go for it.

And all farmers love to brag "I'm getting this many bushels," or "this much for that calf," or "this cow is producing this much milk." With social media we can give people a virtual pat on the back, with just a "like" on a Facebook picture of their wonderful crop. I think sometimes they need to get that validation... but it's not a ribbon. I wouldn't say you purposely think that's what you're doing when you "like" somebody's picture. It makes them feel good; it makes them want to strive to get better.

As young farmers, everybody posts all the good things that they're doing. They're proud of what they are doing and I think it's important to have that pride in what you're doing.

**CG:** So, is that all young farmers are really using social media for? Bragging?

**Lee:** Because there is less agriculture, there is maybe less community than there used to be when my mom was growing up. During all my schooling in Calgary, typically, I was the only farm kid. There were so few 4-H clubs. It's sometimes hard to have that social life balance as a farmer and it doesn't matter what farm they are from, young farmers are all facing the same issues. I have friends I might not see as often as I'd like in person, but I keep in touch through texting or online. So, I think we are more connected nowadays than even 20 years ago.

It's easy to send out a message or a tweet or a text on what the weather is doing, or how crops are, and learn about all different sorts of crops and how they're grown, by being friends with people on social media.

I think that it's a challenge for our industry too, being so much more social. So many of our customers, being that much more removed from farming, we need to show the great things we are doing and showcase the

agriculture in a positive light. I think people, in a lot of cases, maybe undervalue what farmers do. I guess that's our culture because food is always there, we are never wanting for food, and always have that choice to go to the grocery store and have fresh food on the shelf.

So I don't really see it as just doing it to, you know, promote myself. You're doing it for the betterment of the agriculture industry as a whole, is how I see it.

With more social media stories on farming, hopefully people start to, maybe, give a little bit more credit to all the hard work that farmers do put in.

**CG:** What other differences do you see between our generation and the ones before us?

**Lee:** The first CYFF conference I went to was in 2010 and there weren't many women. I mean there were, but comparatively, it was probably 25 per cent women, much less than the guys. And now at our conferences I'm going to say it's almost 50/50. Even our board this year is half women and half men. I guess there were a few years where I was the only girl, or only female, on our board of eight. Maybe two or three of the guys that were on the board did have families with kids. But mostly, the female farmers were at home looking after the kids.

**CG:** That does seem to be in line with a growing female demographic among farmers in general. Are there other things you notice about this generation of farmers?

**Lee:** Farmers nowadays, seeing what their grandparents went through... the struggles and the sacrifices that they made... when I look at young farmers today, I think that some of them aren't prepared to make those sacrifices. They take time to look after themselves a little better than maybe the previous generations did. Mental health is something that we've focused on the last couple of conferences because we've noticed that there are so many things young farmers have going on and, if we don't take care of ourselves, it's really going to affect us in the future.

I think sometimes our generation has done a bit better job of time management and realizing what they're good at and, if they're not good at something, hiring that out instead.

Also, I think that sometimes our younger farmers are more willing to try growing different crops that we didn't care about 20 years ago, growing that different crop to hopefully find that niche in the market because they can't compete with a huge grain farm. And because they can't maybe be the biggest farmer, instead of "how many acres" you're farming, which used to be the measure of your farm, it's "what are you growing," "how are you growing it" nowadays. I think that's a big difference. **CG**



## The cost of soil erosion has continued to climb over the past 40 years, even with widespread adoption on conservation tillage. How can that be?

**BY DAVID LOBB,**

PROFESSOR, DEPARTMENT OF SOIL SCIENCE,  
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**T**he cost of soil erosion in Canada over the past 40 years was examined in a recent study for the Soil Conservation Council of Canada. This was carried out as a follow up to similar work done in the early 1980s, work that led to the major soil conservation initiatives of the 1980s and 1990s. The finding was astonishing: the cost associated with lost crop yields resulting from lost soil has actually gone up rather than down, even though there has been widespread adoption of conservation tillage practices across the country. In the recent study, the cost of soil erosion in the 1970s-1980s, simply due to lost crop yields, was estimated to be about \$1B per year (expressed in 2016 dollars). This is almost identical to the estimates from the earlier studies. The cumulative cost of soil erosion from the preceding decades was about \$20 to \$40B. As of 2011, the estimated cost of soil erosion had climbed to about \$3B per year, and the cumulative losses associated historical soil losses will have grown to about \$60 to \$90B. Although this increase seems impossible, there are some simple explanations for this finding.

The crop losses that are most commonly associated with soil erosion are the lost yields on moderately to severely eroded hilltops. In many landscapes across the country, these eroded areas can account for 10 to 20 per cent of the field; with crop yields typically



**Soil from two halves of a severely eroded hilltop, one half improved through the practice of soil-landscape restoration.**

diminished by 20 to 40 per cent on these eroded areas, this translates into substantial economic losses.

The adoption of conservation tillage reduces this soil loss, but it does not stop it. Some conservation tillage implements may keep more crop residue on the surface than conventional tillage implements, but if they move soil, they can continue to cause soil erosion on hilltops. Even direct seeders, when equipped with high disturbance openers, can result in substantial tillage erosion on hilltops.

Even if conservation tillage practices could stop soil erosion, the regeneration of productive topsoil on eroded hilltops is a very big challenge that can take many, many years to accomplish without

extraordinary measures, such as cover cropping, soil-landscape restoration, heavy manure application, etc. to build up organic matter in the soil. The soil organic matter is important, as it provides structure and stability to ensure healthy physical conditions, and it provides food and nutrients to ensure healthy biological conditions. The adoption of conservation tillage should be considered the first step in a two-step program to regain the productivity and profitability of soil.

Another reason that the cost of soil erosion has increased has to do with crop production. Soil losses and crop losses have persisted on higher value crops such as potatoes where there are limited options for and benefits from conservation tillage practices. In some regions, there has been a shift away from crops such as cereals where there are more options and benefits from conservation tillage to soybeans where there is less cover to protect the soil from wind and water erosion, and less organic matter to build up the soil productivity and profitability.

It is important to remember that without the soil conservation initiatives of the past 40 years, the cost of soil erosion would be much greater than it is today. However, to reduce the staggering cost of soil erosion, not only is it necessary to reduce it through soil conservation practices, it is necessary to aggressively restore and stabilize soils to regain the productivity and profitability that have been lost during decades of past farming practices.

# The value of a handshake

**W**hen I think of the greatest farm leaders today, I think of those who have experienced some incredibly tough moments and who, when their values were tested, stayed true to who they are.

I think of those I saw stand their ground during difficult situations, often with the next generation watching. These moments stand out for me as incredible portraits in integrity — when we are pushed to our roots to challenge our beliefs and values, when we stand our ground, and come through those conversations feeling empowered by what we could communicate.

In my previous articles I have covered what I truly believe are the top skills farm leaders demonstrate. Yet while collaboration, empowerment and focus are powerful tools, if they are used without integrity, none of them feel right.

When we compromise the core of our beliefs — our integrity — we lose ourselves in that dishonesty. Conversations that once inspired us no longer feel meaningful.

Integrity is an important attribute of a great leader, and it demands consistency, i.e. consistency of actions, values, methods, measures, principles, expectations and outcomes.

Integrity also connotes a deep commitment to always doing the right thing for the right reason, even in difficult circumstances.

Integrity seeks to keep the trust of those who have confided in us and, regardless of the consequences, it means choosing the right option.

I have seen families who have lived by a set of standards that have been engrained in them throughout their life. When their core values were put to the test, they stayed firm to their roots.

And in these families, there is usually a consistent pattern. The matriarch or patriarch of the family has led integrity by example, and that approach to leadership is being passed onto the next generation.

When I talk about integrity, I don't want it to be confused with tradition. While many traditions are important, they can lead peo-

ple to not do the right things or to treat people in the wrong ways. Integrity is about how, even in the face of disappointment, frustration or adversity, we can stay true to our core values and honour our promises.

These families know what it takes to succeed in today's challenging times. They are united and follow a sense of purpose. They stay the course, day in and day out.

Sometimes we all question ourselves in the dark moments of frustration — the hail storm that ruins a crop, or the cow that loses the calf we had such hopes for. Maybe it's the time when you spent all that money getting something fixed only to have it break down again when needed most.

I remember once my father had a man do some work for us and it was a disaster. He finished weeks later than promised and to nowhere near a satisfactory level. But my dad had made a promise to pay him. And even knowing he would never do business with this man again, he took the high road to complete the deal.

When I asked why he would pay for it, it was simple to him — they shook on it and that was that. But my dad, and not the worker, had integrity.

I recently witnessed a situation where a farmer, despite being taken advantage of by a large customer for his commodities, stayed the course and allowed the buyer to alter the terms of the deal — and not in his favour, but in theirs.

"We are not getting paid what we deserve," the son mentioned to me in confidence. "The deal is not set up the way it should have been and that is hard for me to watch, but dad gets us into these situations."

It was an interesting moment for me — to see this man who will not deviate from his original agreement and who focuses on the importance of upholding his end of the bargain. His son, while frustrated by the situation, still recognized this and was unable to talk to his father about it.

I appreciated the integrity of them both in this moment — the father upholding his end of his deal and his son protecting his

relationship with his father and confiding in me about his frustrations while silently admiring the integrity his dad is showing.

I talked with the son about it, and we agreed on that leadership trait. It is incredible honesty that his father is showcasing to the next generation, staying true to the agreement he made on a handshake.

The handshake deal is being upheld by the family patriarch and he is staying true to his promise and his values. He is also the one who is setting up the next generation for success.

The next generation witnesses how we handle ourselves in these situations, including how we react to poor decisions that we made or are part of deals that have gone bad. The reality is we need to see it through. We need to show the next generation that mistakes are made but our opportunity in those moments is to stay true to our core values and follow through on our commitments. And of course, to take note of who not to work with or what to correct in the future.

There will always be opportunities to take advantage of a situation, but in those moments, we need to reflect on what that message also means to those around you. What effect will this reaction or decision have on the next generation?

We need to be great role models for the next generation. In those tough moments it is our responsibility to show integrity even when others don't.

We need to show our children how to protect themselves in business interactions, learn from the collective family experience and how to conduct themselves with integrity. And that a handshake can still mean something. **CG**



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# THE RIGHT APOLOGY

A thoughtful apology can rebuild trust.

A poor one just makes matters worse

BY HELEN LAMMERS-HELPS

**A**lthough Canadians are known for saying “sorry” even when someone else bumps into us, this is more of a reflex and a nicety than a genuine apology.

Unfortunately, when it comes to making real apologies, i.e. the ones that count when it comes to restoring the trust of those we’ve hurt or offended through our words and actions, we’re not all that good at it.

This is too bad because when genuine apologies are offered and accepted, they have the power to restore all kinds of damaged relationships, whether that’s between neighbours, spouses or people you work with, or between you and a business you have dealings with, or even between groups of people.

You can probably think of examples from your own life when you were angry but a heartfelt apology from the person who hurt you made all the difference in the world, whether it’s the business that got your order wrong, the spouse who forgot your big day, or the employee who said something thoughtless.

But the opposite is true too. When we fail to apologize, it’s like ignoring a fire, so the tiniest spark can turn into an out-of-control inferno, says Dr. Guy Grenier, a London, Ont. clinical psychologist and author of *The 10 Conversations You Must Have Before You Get Married*.

When you mix business and family the way farming does, especially with all of the stresses that come with it, knowing how to make effective apologies is essential.

Why? Most of us know of more than one farm family where brothers are no longer on speaking terms, or where husband and wife have divorced over unresolved conflict.

**“The best apology is not needing to make one in the first place. Talk about your feelings to prevent miscommunication. If you’re worried, anxious or nervous, say so.”**

## GET THE WORDS RIGHT

The basic apology is fairly simple, and it is always based on two essential components, says Grenier. First is an admission of error, followed by a demonstration of regret.

For bigger offenses, there’s also a need for restitution and making up for the offense.

Yet too many people don’t get it right, or the situation may just be too complex, which is when the science of apologizing comes to the rescue, and it’s easy to see why there are consultants today who specialize in helping companies, organizations and public figures create effective apologies.

For starters, it’s important to show insight into the other person’s feelings, says Grenier. He recommends using statements such as: “I can see how that would have been embarrassing, insulting, frightening, etc.”

There are many ways an apology can veer off course, continues Grenier. Apologies don’t work when they lack sincerity. And when you say, “I’m sorry if you were upset by what I said,” that isn’t really an apology.

Neither is an apology containing a “but.” When you say, “I’m sorry I said that, but I was angry,” you haven’t taken responsibility for the offense, says Grenier. The “but” discounts everything that came before it. And when the apologizer continues to do the offending behaviour, it only makes things worse.

Some people seem unable to apologize. They have bought into the myth that they don’t make mistakes, says Grenier. But understanding that no one is perfect is a basic human insight, he says.

Men, in particular, often have trouble apologizing. They have been socialized to think it’s not masculine to admit you were



## Apology Dos and Don'ts

From Dr. Guy Grenier, clinical psychologist

### The Dos

As a rule of thumb, the sooner you apologize, the better. “It’s like a fire. If you attack it right away, you can extinguish it. If you ignore it, it grows.”

Be sincere. Saying the words without meaning them doesn’t work.

Show insight into the wronged person’s thinking. “I can imagine that made you feel...”

### The Don'ts

Behaviour is more powerful than words, says Grenier. “Talk is cheap. If you promise to change but don’t, you’ve now added insult to injury.”

Sincerity is essential so beware of what Grenier calls the “non-apology apology.” When you say, “I’m sorry you’re upset,” that isn’t a real apology. Or if you say, “I’m sorry, but I wasn’t thinking,” you’re only trying to shrug off responsibility.

— Dr. Guy Grenier, clinical psychologist

wrong. On the contrary, it takes courage to admit you aren't perfect, says Grenier.

Montreal's Richard Tawfik, part of the team that created the Perfect Apology website ([www.perfectapology.com](http://www.perfectapology.com)), says the need for apologies is greater than ever. "We are, as individuals and as a society, becoming increasingly self-absorbed, disconnected, disrespectful and lacking in empathy. It's evident at a micro level and runs right through world politics," he says.

Tawfik and his colleagues created the Perfect Apology website more than a decade ago when they saw a need that wasn't being met. All of the team members had a need to apologize in their personal and business lives for a multitude of reasons but they didn't have a guide or any reference materials.

With backgrounds in public relations, political science and international relations, they opted to research the topic and break it down into easy-to-digest bites which they share on their website.

Based on public demand, they even created a forum for people to post their apologies, although Tawfik points out these apologies have not been judged for their effectiveness.

Tawfik cautions that sometimes a poor apology can make a situation worse. "It may show the recipient that you don't fully understand the situation or the harm you have caused."

#### GETTING AT THE REAL CAUSE

Adeodata Czink, an international etiquette consultant from Toronto, says that if you don't understand why the person is upset, you are better off just saying so.

Then give the person an opportunity to explain.

Conversely, though, when you are on the receiving end of an apology, this is not the time for a lecture, explains Czink. Just say, "Thank you."

Also avoid the temptation to make your apology via email, warns Czink. Apologies are best delivered in person. If that's not possible, pick up the phone, but be sure to ask them if now is a good time to talk about it.

"Don't use email... things are too easily misunderstood," she says.

And if you don't get the apology you want, Czink advises letting it go. Apology or not, if you don't forgive the person, you are only hurting yourself. It's like the old adage, she says: "Holding onto anger is like drinking poison and expecting the other person to die."

Tawfik says the world needs more apologies, especially in these turbulent times. "We're human and we make mistakes," he says. "What we do after we make those mistakes is what's important. Apologies are about self-reflection, responsibility, compassion and empathy — all things that would make this world a better place." **CG**

#### Apology starters\*

Adapted from Adeodata Czink, etiquette consultant, Toronto:

"Sorry, I was out of line."

"Sorry, that came out wrong."

"I'm sorry I offended you."

"What was I thinking?"

"I know what I said was hurtful. I'm sorry."

"I must apologize. I don't know what came over me. How can I make up for it?"

(\*Also check out [www.theperfectapology.com](http://www.theperfectapology.com))



*If it weren't for the messages from some of the leaders I connected with, I wouldn't have this clear vision nor the motivation to go after it. I can't thank you enough for that. — Jen C., AWC Delegate*

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# HORMONES, OR NOT?

**M**enopause symptoms like “hot flashes” and “night sweats” are a big problem for every woman who experiences them. Yes, the symptoms will pass, but in the meantime you’re just miserable.

Hormones like estrogen are involved in keeping your body temperature within a normal range, and when their levels decline in menopause, body temperature regulation is skewed.

## Women need to balance the risks versus the benefits of treatment

Hot flashes are sudden intense increases in body temperature, and they affect about 75 per cent of menopausal women. Of these women, 80 per cent experience the symptoms for about two years.

These symptoms can occur at any time during the day, and usually affect the face, neck, and upper torso.

Night sweats occur during sleep producing extreme perspiration, which drenches pajamas as well bed linens and disturbs sleep. About 70 to 80 per cent of women experience these symptoms.

If your body’s range in ability to regulate its temperature is small, then any change in temperature can produce a hot flash. Some common triggers are tight clothing, drinking alcohol, stress, caffeine, spicy foods,

hot beverages, or even a hot environment like a sauna.

Your body cannot cope with the increased temperature and a hot flash is its attempt to rid itself of some of the excess heat. Often, hot flashes and night sweats are followed by a feeling of chilliness because your body has reduced its temperature too much.

If hot flashes and night sweats are the result of reduced hormone levels, then it would follow that taking hormones should treat the symptoms, and it does.

However, about 15 years ago the Women’s Health Initiative found the use of hormones increased the risk of breast cancer, cardiovascular disease, blood clots, and dementia in older women.

As a result, until recently hormone therapy was contraindicated for menopausal symptoms, but today for moderate to severe symptoms, hormone therapy can be useful with limitations.

If you have moderate to severe hot flashes and/or night sweats, are under 60 years of age, have had your last period no more than 10 years ago, and are healthy, then hormone therapy may be an option.

You need to balance the risks against the benefits. If you have a family risk for breast cancer or multiple risk factors for cardiovascular disease such as a stroke, heart attack, or a blood clot, hormone replacement may not be for you.

However, if you have either controlled diabetes or controlled high blood pressure, it can be used for severe symptoms.

Ideally, you want to use the low-

est effective dose for the shortest possible time, usually five years.

Estrogens are available as both tablets and patches, with the patches seeming to have less of a risk for blood clots.

When you are stopping the hormone therapy, tapering it over several months will reduce the risk for rebound symptoms. And remember, low-dose estrogen creams are available and can be continued indefinitely.

Non-hormonal symptom treatments are focused on working through your nervous system to regulate your temperature. Low-dose antidepressant drugs and some seizure medications like gabapentin help your nervous system maintain the body’s temperature.

And, of course, you can use non-drug approaches to counteract symptoms. Keep physically active, eat a healthy diet, avoid triggers, get enough sleep, dress in layers which can be removed or put on, and keep cool by using a small fan and by drinking cool water.

Your hot flashes and night sweats will eventually diminish. Try to keep yourself comfortable. **CG**



Marie Berry is a lawyer/pharmacist interested in health and education.

## NEXT ISSUE

Probiotics are promoted by movie stars and advertised in your grocery store, but are they good for your health? Next month we’ll take a look at the million-dollar market of probiotics, and the pros and cons that accompany their use.

**B**y late afternoon on Christmas Day the festive holiday spirit had dwindled in all but two of the Hansons.

Seven-year-old Connor ran into his grandmother Donna's kitchen, sliding the last few feet in his socks and ending with a dramatic stop. "Mom? Grandma? Aunty Margaret? Aunty Trina? Why does Santa have three gardens?"

Connor's father Jeff had bought him a book of Christmas jokes as a stocking stuffer, and Connor was proud he could read it on his own.

"Yeah! Why?" yelled his younger sister Jenny, who had run in behind Connor and was pretending to read over his shoulder.

"I'd like to stuff that book inside this turkey," Connor's mother Elaine muttered, too softly for Connor to hear.

"Tell us Connor," said the boy's aunt, Trina, taking a break from peeling potatoes. Trina didn't get home from South Carolina often, so she still had at least some enthusiasm for her nephew and his joke book.

"So he can Ho! Ho! Ho!"

Connor and Jenny collapsed in giggles and ran off to the living room, probably to tell the joke to their father, who had only heard it seven times.

Between the Christmas jokes, the minus 40 weather and Donna's sister-in-law Margaret's questions, the afternoon had dragged on for about 12 years.

Dale's sister Margaret had grown up on the Hanson farm, but she rarely came home. "The air in our condo in Ottawa is so much better for Richard's health," she often said over the phone.

But now that she was back on the farm, Margaret had a lot of questions for the Hansons she'd left behind.

"I don't suppose you're growing lentils?" she'd asked in the car on the way home from the airport. "I've been eating them for years, and I've

## A starry night at Christmas

The whole family gets together, and there's only one word to describe it

read that farmers can make money growing them."

Rather than explain that the Hansons had been growing lentils since 1992, Dale just nodded and said he'd look into it. After that, he'd tried to stay out of her way.

In the kitchen, Margaret was frying onions and celery for the stuffing. And asking more questions. "Donna, what do you think about these genetically modified crops? I hope you're not growing any."

ret's questions. The two siblings had gone out together in the cold to drive their father Ed and his partner Helen back to their condo in Weyburn after everyone had finished eating raisin pie.

"Not a good sign, Dad letting me drive him," Dale said to his sister while the two of them watched Ed and Helen slowly make their way up the three steps to the front door of the condo.

"I suppose not," Margaret said.

### Connor raced into the kitchen. "Why was the snowman looking through the carrots in the fridge?"

Donna was trying to find the best way to answer that question without getting Margaret started on the evils of Roundup when her daughter-in-law passed Margaret the oil for the pan. Margaret looked at the bottle and said, "Glad to see you're using canola oil. They say it's the healthiest."

Donna was deciding whether or not to tell her sister-in-law about canola oil when Connor and Jenny came back to the kitchen with another instalment.

"Why was the snowman looking through the carrots in the fridge?" Connor asked.

"Why?" Trina answered.

Both the kids yelled the answer together, gleeful. "He was picking his nose!" They howled with laughter as they rushed off to the living room.

It was after Christmas dinner that Dale got the worst of Marga-

"That's why I came home this Christmas. What if it's Dad's last?"

"Let's not get morbid," Dale said, pulling the car onto the street.

"He's nowhere near as strong as he was before the stroke," Margaret pointed out.

"None of us are getting younger," Dale said.

"I was wondering..." Margaret left a long pause and Dale left town and headed out onto the highway. It was a cloudless night, and the stars seemed extra bright in the punishing cold.

Finally she went on. "Has Dad... you know... updated his affairs?"

"What's that?" Dale asked, eyes on the road.

"We haven't discussed his estate in a while," she said. "And things have changed."

CONTINUED ON PAGE 70



## REFLECTIONS

BY ROD ANDREWS

RETIRED ANGLICAN BISHOP

“Changed? You mean Helen?” Dale asked. “Helen’s not in the will. She has her own assets.”

“No...” Margaret paused, awkward. Dale had almost never seen his sister tongue-tied. He braced himself. Finally she carried on with what she’d wanted to say.

“The land he owns. I know it’s gone up quite a bit. In value... you know... over the past few years. It’s gone up much more than the portfolio he set aside for me...” Margaret looked out the window. “I just wondered if he’d said anything about making sure things were... you know... fair.”

Dale’s mind swam. Margaret had barely been home in years. He’d spent his whole life on the farm. His wife, his son. They’d all put sweat equity into the land. All of the summers they’d spent working on the farm while Margaret had been mailing postcards home from downtown Europe. And the land values might have gone up, but that didn’t mean there was enough extra cash to pay out his sister. Not without some advance planning. Dale swallowed hard, both hands tightening on the wheel.

“Well...” Margaret went on, and Dale wished she’d just stop talking.

“Well...” She started again, and let the rest out in a rush. “I wanted to say that I hoped he didn’t make any changes. I don’t need more.”

Dale looked over at her. Now Margaret was the one looking out the window, not making eye contact.

“I didn’t have kids,” she said. “While you were putting in all that time building a business I was travelling the world,” she said. There was a minute or two of silence and Dale heard a crack in her voice when she spoke again. “I don’t feel at home here anymore. When I’m in Ottawa, I miss the open spaces. And the friends I used to have here. And things like the stars.” She nodded at the window. “And I suppose things would’ve been different if I’d stayed.”

“But I just want you to know,” she said, still looking out the window. “If Dad has made any changes, then if... well, when something happens, we can just disregard it. I don’t want you and your family to have to worry about your future.”

Dale was completely and totally speechless. Neither of the siblings said anything for the next 10 minutes, until finally Margaret broke the silence. “I’ve been reading, and I have a few questions about that medication you’ve got Dad taking.”

Dale let out the breath he’d been holding, and smiled at his sister before he started in on the latest debate.

Donna opened the door for her husband and Margaret when they got back to the farm.

“Nice drive?” she asked her husband, one eyebrow arched, knowing that a car trip with Margaret could be a trial.

Dale smiled and nodded. “Great,” he said, leaving Donna puzzled.

Then Connor ran to the door, still holding his book. “Grandpa! Aunty Margaret!” he shouted. “How many presents can Santa fit into an empty sack?”

“How many?” Dale asked.

“Only one!” Connor grinned. “After that it’s not empty!”

“I have a retirement plan. I don’t intend to see snow and ice again.” My friend abhors all things winter. He does not curl, ski or walk a dog. He feels confined when frost builds on his window panes. He and Ebenezer Scrooge have lots in common.

I enjoy the seasons of the year. In spring I relish the crackle of ice in the early morning. The summer patchwork of colours captivates me. In the autumn I am fascinated by huge flocks of birds preparing to fly south. Unlike my friend, I am not depressed by the first snowfall.

When I reflect on the past year, the miracle of growth bubbles up. In June I drove my 1945 John Deere AR around and around a small field. I pulled a 1942 Massey seed drill and seeded a field of oats. In September the oats were swathed with a binder and fed into an antique threshing machine. It was a thrill to see the grain flowing into a horse-drawn wagon. In the evening the community gathered for a harvest meal. We were a table of eight. A man sitting across from me put his hands together symbolizing prayer and pointed to me. I said a prayer of thanksgiving. My heart was full of thanks for friends, food and a time of sowing and reaping.

For thousands of years, men and women have come together to pray for growth and to offer thanksgiving for the fruits of the land. When we read the Old Testament, we find that special days were set aside by the Hebrew people to celebrate different phases of the agricultural year. The Jewish year begins in autumn with Rosh Hashanah. This was the time to harvest the olive crop. In April or May there was the barley harvest, followed by the wheat harvest in May or June. As the summer closed, the fruits, figs, grapes and pomegranates were gathered. The focus around these events was gratitude to God, the creator and nurturer of all.

I volunteer at the Western Development Museum in Saskatoon. This month the museum is hosting more than 2,000 children over a two-week period. The program is called “Christmas 1910.” Each child has an imaginary dollar to spend for Christmas gifts. They learn about going to town in an open cutter with a horsehair robe to keep them warm.

Recently our world has seen more than its share of conflict, tensions and war. Our Governor General, Julie Payette, shared a profound insight at her installation in October: “We are all aboard the same planetary spaceship.”

Back to Ebenezer Scrooge. The cold within him froze his old features, nipped his pointed nose, made his eyes red and his thin lips blue. Old Scrooge despised Christmas as “humbug.” He was cold-hearted and tight-fisted, subjecting his clerk, Bob Cratchit, to grueling hours and low pay. He callously refused to make a monetary donation to help the poor.

Scrooge was a pitiful and unenviable man until he met the three Spirits of Christmas. In the end, Scrooge gave Bob Cratchit a raise and became like a “second father” to Tiny Tim, Cratchit’s son who walked with a crutch. Scrooge was a happy man on Christmas morning, treating everyone with kindness, generosity, and compassion, embodying the true spirit of Christmas. “God bless us, every one!”

Giving is good for us and for our world. We should do it often. We’ll be glad we did and better for it.

Merry Christmas and a Happy New Year.

**Suggested Scripture: Psalm 8, 2 Corinthians 13:11-13**

**Leeann Minogue** is the editor of *Grainews*, a playwright and part of a family grain farm in southeastern Saskatchewan.

# Test your outlook

**BY KIM GERENCSEK, K.A.G.  
GROWING FARM PROFITS  
CAFA DIRECTOR**

## Price vs. Cost

\*The following three lines are excerpted from Seth Godin's Blog, October 16, 2017

"Price is a simple number. How much money do I need to hand you to get this thing?"

"Cost is what I had to give up to get this."

"Just about every time, cost matters more than price, and shopping for price is a trap."

Does what Godin writes strike a chord with you? When I hear of farmers selling out their longtime input supplier to buy fertilizer for \$5 per tonne cheaper from the dealer 20 miles down the road, I can easily understand that this is someone who does not understand price vs cost.

## Expense vs. Investment

Too often there is confusion about what constitutes an expense and what constitutes an investment. An investment will provide a return over what you've paid, an expense will not.

Examples of investments are crop inputs, land, hired help, and quality advisors.

Examples of expenses are repairs, fuel, and equipment.

Sadly, when profitability is at risk, the first place many farmers look at is what falls under investment.

## Price vs. Value

Price is what you pay.

Value is what you get.

And while it seems simple to distinguish one from the other, when emotion enters the equation we find that value is often seen where it does not actually exist.

## Profit vs. Cash Flow

When I was still farming, the first year that dad wasn't actively farming on his own any more and had rented us all his land, I was negotiating with him on when he wanted to get paid the rent (in the current year or after Jan. 1). When he offered to defer to the new year since he had enough old crop sold already, I thanked him while admitting that it would help us since we were tight on cash for the next couple months. His reply was, "I thought you said this farm was profitable." I told him it was, yet he wasn't able to recognize that even though we weren't flush with cash at that moment, we were profitable.

Often when working with clients, I am offered a projection that they might have built on their own. Whether they call it a profit projection or a cash flow projection, it usually is a combination of both: it contains cash flow items like loan payments as well as expense items like (non-cash) depreciation. Doing so makes the result of the exercise look much worse than it actually might be.

Profitable businesses run into cash flow challenges at times; unprofitable businesses run into cash flow challenges most of the time. To rectify the issue, one must first know whether the problem is profitability or cash flow.

## Problem vs. Opportunity

Recently, I read an article written by a farm advisor who described the panic of a client who hedged 30 per cent of his new crop production at a profitable price. The panic was because the market had moved higher. His view was that this was a problem, but the advisor patiently guided him through the reality that this was actually an opportunity to price more crop.

The producer viewed the situation as a problem because he felt he "missed out" on selling for a higher price. The reality was that he was already priced at a profit (a meagre one, but still a profit) and now had the opportunity to price in even more profit. Sadly it seems he would have been happier if the market had moved down because his hedge would have been even more in the money despite the fact that the remaining 70 per cent of his new crop was unpriced and might then be unprofitable.

## To plan for prosperity

Objectivity can be difficult to maintain when making business decisions. I know; occasionally I have the same difficulty in my own business, and that is why I have a business advisor.

As entrepreneurs, we get caught up in what we're doing, what we're trying to solve, or what we're working to create. We can get so engrossed in our own ideas that we sometimes fail to see what is blatantly obvious, that which can bring faster results, a more desirable outcome, or just less stress. Garnering the perspective from someone outside our business is a great way to test our outlook.

## UPCOMING EVENTS:

Farm Succession Update; January 18, London, ON  
Farm Succession Update; January 24, Abbotsford, BC  
Farm Management Update; February 8, Red Deer, AB  
Farm Update; March 8, Ottawa, ON  
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