

# AME NEWS

An annual newsletter with current information, opinion pieces, and new course information.

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## ***THANKS FOR BEING HERE!***

**from the AME Team**

This year has been full of changes and shifts and before we get into the bulk of the newsletter, we wanted to thank you for being here. If you've requested a brochure, taken a course, or connected with AME: thanks!

So, what's been happening at AME? Like many, we had to shift due to the ongoing pandemic. Perhaps a stroke of luck was moving the CTEAM course to be 50% virtual before March. We also held a webinar series in April and July on managing change, strategy, identifying trends, and managing your mental health.

What can you expect from this newsletter? We'll look more at the need for a change in Canadian agri-food policy, Advanced CTEAM, interest rates, AME going to Sweden, and look back at Agritechnica 2019.

Be well, stay safe, and enjoy!

# TIME FOR A CHANGE IN CANADIAN AGRI-FOOD POLICY

Editorial by Larry Martin

Recently my former colleagues, Douglas Hedley, Al Mussel, and Ted Bilyea published two papers arguing that it's time to consider a new direction in Canadian agri-food policy: one on Canadian and forces putting pressure on Canada's agricultural policy; and one on the destabilizing impacts of US ad hoc made over the past couple of years, mainly to offset the failure of Trump's international trade policy. Illustrative is the recent \$14 billion payment made less than two months before the US election simultaneously with markets making recent high prices for corn, soybeans and hogs! You can find them at [agri-food economic systems - Google Search](#).

But as usual with this group's papers, their conclusions offer questions, but not many answers. Two questions are, "do we really understand what our weaknesses are and to what extent do they need to be addressed? Which are our most vulnerable areas that threaten collapse?" Their failure to answer these questions means they miss the most fundamental question of all, which is **what are the objectives of Canadian agricultural policy?**

One would expect that at least part of policy would be aimed at correcting weaknesses. As CTEAM and CFAME pointed out, an organization needs to have a coherent strategy, know its measurable objectives, have a plan for achieving them, and measure its performance in doing so. The same holds for government policy, and **Canadian agricultural policy fails on all four counts.**

My space is too limited here to go into a lot of depth, but perhaps we can start with an initial look at identifying some of the weaknesses. Assuming our long-term goals have something to do with Canadian Agri-Food being internationally competitive, we can begin to define a partial list of weaknesses:

- An interesting aspect of a functioning market is that benefits get capitalized into costs. In Canadian agriculture's case, relatively constant farm program payments, a 75-cent dollar that improves commodity prices, and some of the benefits of supply management have been bid into land values. This simultaneously contributes to the high-cost structure and presents huge risks if we become the food super power that we could be.
- A parallel issue is the state of our transportation network. While there has been some upgrading of west coast port facilities in recent years, the transportation network has changed little since the 1890's. It is high cost, relatively inefficient, subject to civil unrest, as the past year clearly showed, and loaded with incentives to ship non-agricultural products. This at a time when Prairie provinces' productivity and product diversity are growing, and when competitors like Brazil, Russia, and Ukraine are hugely upgrading their systems.

An agricultural policy mainly focused on income support will not address the foregoing issues. Maybe it's time for Canada to move away from the US model of writing cheques and begin looking at other models from around the world. Holland, Australia, Chile and others focus on investment in infrastructure, research and technology that help their farmers and agri-food industries improve their competitiveness and self-reliance. There is less fear of cross-compliance when it's clear that farmers and food companies need to make changes in order to merit public funds. And, in all the cases I've looked at, the industries themselves define the areas where investment is needed, not some set of faceless civil servants.

There is a lesson here, if we want to learn.

## LET'S TAKE A LOOK AT INTEREST RATES

by Larry Martin

*"This is an interesting time to think about refinancing."*

I subscribe to a little publication called Interest Rate Alert. I find its content very clear, concise, and logical.

A few months ago, it had a startling graph showing interest rates for the past 5000 years. Don't ask me how they compiled the data! I really think the point of the graph was to drive home how low rates at the moment. They have never approached current levels.

In addition, they presented evidence that the Bank of Canada has no inclination to let rates go negative, though a few other countries did during the worst of the recession. As we head strongly into this new wave of Covid, that still may happen. But the point is, don't wait for rates to go much lower than they are right now. Lenders aren't likely to find negative or zero rates very fulfilling for a sustained period of time.

The most basic point of the whole piece is that, if we are at or near the lowest rates in history, maybe, with solid analysis, this is a good time to finance or refinance, especially long-term debt.

Note the caveat, **with solid analysis**. One of the reasons rates are so low is that uncertainty about the future is very high, meaning going hog wild could get you over your head: e.g. most likely some of the low rate is capitalized into land and other asset values. Also, what are the penalties for early loan payments? So, you need to be aware of and focus on debt service ratios or Debt/EBITDA ratios at least as much as in the past. But, especially with Debt/EBITDA ratios under 2.0, this is an interesting time to think about refinancing.

# CTEAM GOES TO SWEDEN

by Larry Martin

Graduates of the last two CTEAM cycles will remember Ove Karlsson, who completed half the course with each class. Ove took the class for material to start a similar course in Sweden.

Well, he did! The Swedish version was last November, and I was invited to help with the initiation. Flying into Copenhagen airport requires a 40-minute train ride to get to Malmo, Sweden, which has one of the campuses of Ove's University, and where the session was held. As usual with European flights, I arrived in Copenhagen late Wednesday morning and arrived at Malmo mid-afternoon, spending the rest of the day trying to stay awake to adjust for the time change.

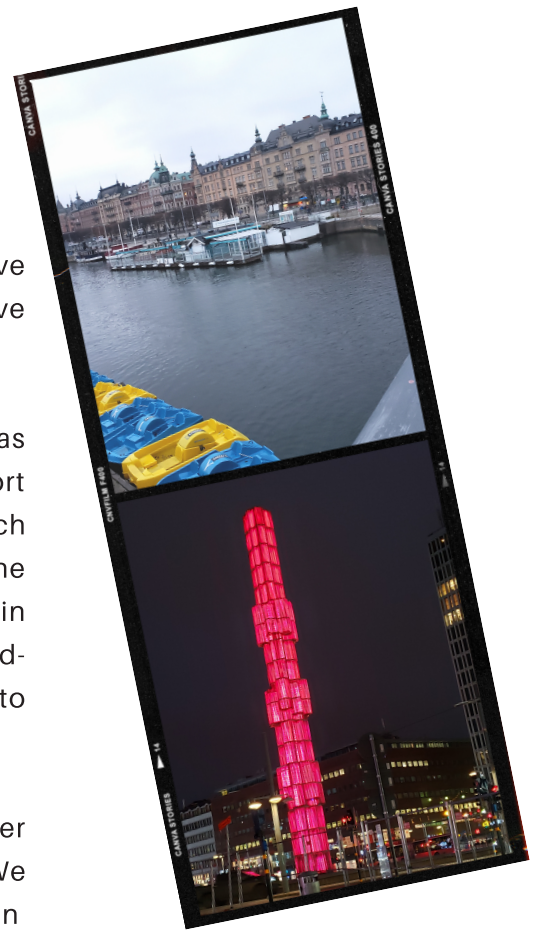
The next morning at 0800, we met the class, a group of eager farmers, farm advisors, and a few agri-business people. We engaged in great discussion until 6:30 PM around a presentation about our planning model, our standardized financial statements, financial ratios, the BDO benchmark study, and selected policy stuff they were interested in.

After a couple of glasses of wine and a little sleep, we were up at 0600 to fly to Uppsala, another campus, for a two-hour seminar on Thursday's presentations in Malmo to students and faculty.

Then came the relaxing part. Ove and I went to Stockholm where we first visited the Old City, on the first day of its annual Christmas Market with fantastic offerings of traditional and unique handcrafts and trinkets. Then, Saturday, we toured beautiful Stockholm (it really is beautiful!!), including the ABBA Museum.

Sunday morning, we drove back toward Malmo. This ended up being my tour highlight! We stopped at an egg layer and grain operation owned by two brothers. They started with the standard tour of facilities and machinery (Sweden has metal petters too!!). We talked about strategy and finance, including the benchmark ratios. The guys opened up their financials, shared them openly, and calculated their ratios. It was an enjoyable day and I learned a lot. Topping it off, we were invited in for a Swedish country lunch. Fantastic!!

That night I enjoyed being a guest at Ove's home. Then Monday morning back to the Malmo campus for another two-hour seminar. Then to the hotel that night (for a great sleep) and back to Copenhagen to fly home. Covid has messed up our plans for more interaction, but we value the great collaboration we've had to date and look forward to much more.



# AGRITECHNICA TOUR 2019 AND LOOKING AHEAD TO AGRITECHNICA 2021

by Heather Broughton

As I write this, I reflect back to last year when our flight left for Germany to host the AgriTechnica Tour 2019. A lot has happened since that day, largely in the last ten months, which has significantly changed most things as we know them, including the ability to travel. It makes me fully appreciate all the places we have been privileged to see on our travels and to again look forward to when we can travel again once safe.

As a group of 16 from across Canada, with 4 from Ontario, 4 from Manitoba, and 8 from Alberta, we met in Hanover, Germany, to begin the 12-day tour with a welcome dinner in a traditional German restaurant. Great beer, food, and laughs give the group the opportunity to catch up with those we knew and welcome those new to AME.

AgriTechnica 2019 was again an excellent show. So much to try and cover in two days, so you needed to be strategic and plan where you wanted to go over the 100 acres of grounds and which of 24 pavilions were your priority to see. We were happy to be able to take in the preview days with fewer people to navigate around. And the Munich Beer Gardens didn't disappoint!!



After 2 very full days at the show, we left for Heidelberg to embark on the start of the travel tour. With Heidelberg as our base, we started with the sites of Heidelberg with a walking tour, took a trip to The Eberbach Monastery & Steinberg Winery, and the DLG Testing Centre where they have tested agriculture machinery, equipment, and inputs for over 130 years. And lastly, the highlight was the Hof-Seeger farm where they toured us around their farm to learn about their pig operation, crop production, land-use policies, and successes and challenges. Peter and Kathrin Seeger then graciously hosted us in their home for a memorable home-cooked lunch, German beer, and conversation. This for many was the highlight of the 12 days because of the genuine German hospitality and open discussions where we learned so much about farming in Germany. And interestingly, Peter had also spent some time learning about pig farming in Ontario, so there was lots to talk about!



From Heidelberg, we toured through Trier and Luxembourg for the next couple days taking in the local sites and history through walking tours before we made our way towards Amsterdam with a stop at the Lemken factory on the way. Lemken is a global family owned corporation of agricultural machinery recognized by how it works in the field and it's notable blue color. The factory tour was really interesting as we were able to see how the equipment was put together. But as important was the presentation by Nicola Lemken, the seventh generation, who emphasized the importance of the companies values and how that drives everything the company does. We talk about the importance of values in CTEAM, but her thoughts made very clear the power of values across a company in so different many ways.

To Amsterdam for the final days before we left for home. With the canals, the Dam Square, history of the home of Anne Frank, museums, the excellent cheese stores and ok, the infamous Red Light District, we finished our days in Amsterdam with a beautiful evening canal cruise and dinner. Many thanks to the great group who were so easy to host and travel with, and to Lawrence Rowley from Leader Tours in Calgary for again, putting another excellent trip together.

AgriTechnica 2021 is tentatively scheduled for Nov. 14 - 20, 2021. It is with hope that in the next months we will have Covid-19 under control with a vaccine and be able to once again travel freely internationally towards the end of next year. The intention for this next AgriTechnica 2021 tour is to go north to the Scandinavian countries. **Please stay tuned to our website!**



# ADVANCED CTEAM

by The AME Team

As part of our continued AME programming, every few years we offer an Advanced CTEAM program. **This program is open to CTEAM and CFAME/EDP Alumni to come back to dedicate time to update their Strategic and Operating Plan for their business.** We are offering the next Advanced CTEAM starting February 22nd, 2021. It will be a five day interactive virtual program spread over two weeks and will include presentations by instructors, small group discussions, and individual time to work on your plan. For many of you, this virtual delivery platform will be much different from the face to face you have experienced in the past, but we are excited for the benefits it allows us to take advantage of. First and foremost, registration is open to the farm unit to participate with one registration fee. It also allows us to invite new presenters from diverse locations without the extra costs of travel. All while still giving the participants the ability to interact in engaging conversations with each other in addition to hearing from experts in their field.

***Advanced CTEAM starts February 22, 2021. Limited availability.***

If you are an AME CTEAM/CFAME/EDP Alumni, we invite you to register for Advanced CTEAM 2021. Our featured presenters include:

Bob Treadway, Futurist, ***How to Proactively Plan for the Future***

Larry Martin, Principal, AME, ***Review of Current Trends & Strategy and Financial Review***

Julia Christensen-Hughes, Founding Dean Gordon S Lang School of Business - ***Creating a Resilient Workforce: Strategic HR in a Time of Disruption***

Stephen Hecht, Author, ***Conflict Resolution Using "Nonflict"***

Nicole Marenick, Maren Marcoux Marketing Inc. - ***Branding & Marketing Your Business***

Nick Horob, Harvest Profit, ***Understanding Your True Cost of Production***

## **Virtual Tours and Interviews led by AME Principal Heather Broughton:**

Hilton Ventures and Origins Malting and Brewing Co. - Sterling Hilton

Ballco Feeders - Jeff Ball

Sandi Brock - Social Media Influencer

Udderly Ridiculous Inc. - Cheryl Haskett

For complete program and registration information, please go to [www.agrifoodtraining.com/advanced-cteam-program](http://www.agrifoodtraining.com/advanced-cteam-program)

# AME ALUMNI PROFILE - BLAIR LOUDEN

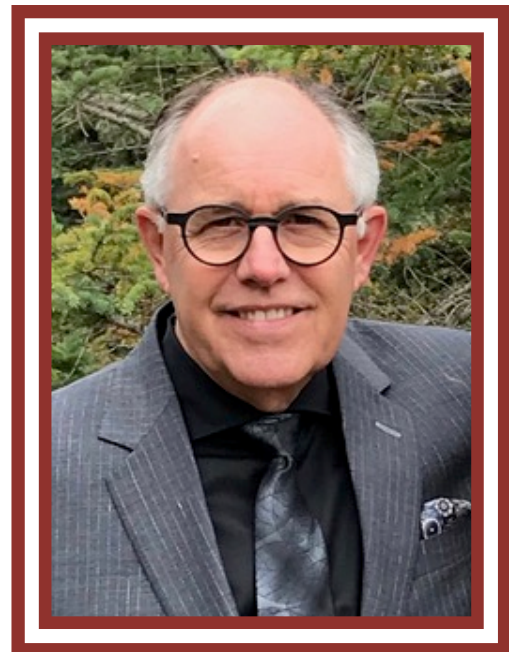
by Heather Broughton

In each newsletter, we like to profile an AME Alumni. In this issue, we would like to introduce Blair Louden, an Alumni of the Executive Development Program.

Blair is the owner/principal of Ceres Ag Management Corp. He has achieved repeated success in small organizations with an alternative approach, start-up ventures, and large corporations with an aggressive change agenda. With 35 years experience in international sales and marketing, grain procurement, risk management, global logistics, plant operations/ manufacturing and crop production agronomy, Blair's core experience resides with ingredient-based commodities in the agri-food processing business, livestock feed and bio-fuel industries. These include malting barley, milling oats, milling wheat, durum, milling and distilling rye, canola, flax, wheat, durum, feed barley and corn.

Blair has expertise in a number of areas including the oversight and management of the following:

- Grain procurement
- Production contracting
- Grain sales
- Hedging and price risk management
- Logistics management, truck, rail, marine container and bulk vessel
- Letters of credit
- Contract execution and management
- All relevant trading reports including, basis and flat price grain positions, spreads, freight variances, receivables and trading margins
- Carrying charge valuations
- Mark to market valuations including inventory, basis, flat price and futures positions
- Foreign exchange risk management
- Month-end trading reports
- New business and market development
- Customer relations



We highlight Blair for a reason. Many companies seek outside expertise to help the company grow and prosper. Depending on farm size and structure, some may have a formal Board structure in place. Or some may have an Advisory Board or Board of Advisors. This is an alternative to a formal Board structure, and a topic we include in our CTEAM course content.



## **What is the difference between a formal Board structure and an Advisory Board?**

With a formal Board, there are more responsibilities and authority as a Board member; decision making, legal liability, responsibility for interpreting the Financial Statements and financial decisions made. Board members are responsible to the organization and shareholders of the company, not the employees. A formal Board is governed by the corporation's bylaws.

An Advisory Board, however, is formed to advise, counsel, and guide management. It can provide fresh ideas and unique perspectives to a growing or transitioning organization. The advisors are typically from different disciplines to complement the strengths and expertise to management. They can provide deeper expertise in skills like finance, sales, marketing, research and development, legal, logistics, and international business. An Advisory Board can also expand a company's networking contacts. The Advisory Board can be used in different ways; to be a safe harbor for sounding ideas, focused input from diversity of expertise and experience, and provide insights on various trends in the industry. One big difference between a formal Board structure and an Advisory Board is the Advisory Board is responsible to the owner/manager. With that said, the owner at the end of the day makes the final decision on implementing the advice given.

There is certainly lots to think about when considering creating a formal Board structure or Advisory Boards for their business and this just scratches the very surface. But knowing Blair, and having worked with him on a Board here in Alberta for a number of years, I wanted to recognize his expertise and highlight him, and note there are others similar to him with different sets of expertise in our Alumni network that can be considered as a Board Member or advisor for your business.

*If you are a CTEAM or EDP/CFAME alumni and would like to be featured in our next newsletter, please contact Heather Broughton at [heather@agrifoodtraining.com](mailto:heather@agrifoodtraining.com)*

## **DECEMBER 2020 CTEAM POSTPONED FOR 2021- NEW SPEAKER SERIES**

*Normally, you would be receiving emails at this time reminding you of the CTEAM registration deadline. Due to the pandemic, we have postponed CTEAM, and will be offering a speaker series in March of 2021 that will give you a taste of CTEAM. We'd love to introduce you to the program while you learn from CTEAM instructors. Registration details will be made available soon.*

## UPCOMING COURSE DATES

Check out the [website](#) for more information, to request a brochure, and to register.

### Course Dates

#### Advanced CTEAM

Begins February 22, 2021

#### Managing Investment Costs of Machinery

January 18-30, 2021

#### Price Risk Management using Futures & Options

February 1-26, 2021

#### CTEAM 2020-2022 Postponed

In its place we are offering  
a **CTEAM Speaker Series  
in March.**

Details coming soon!

## FINAL THOUGHTS

from the AME Team

The holiday season is fast approaching, and we know resources (whether time, financial, or mental) are becoming limited. Be sure to take care of yourself, ask for help when you need it, and enjoy the holidays the best and safest way you can.

If you have content ideas for future newsletters, please reach out to Heather Broughton at [heather@agrifoodtraining.com](mailto:heather@agrifoodtraining.com)

