

# AME NEWS



SUMMER 2019



## WELCOME

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Summer's officially here with most hoping for improvements to the weather. It's been a challenging spring across the country, from extreme dryness in the west (though some of us in AB were blessed with snow on June 7th!), to extreme wetness in the East. While we have no control over mother nature, weather extremes lead to tough and challenging circumstances where exceptional management skills will help you get through them.

Here at AME, we would like to introduce Cassandra Rasko to the team as a Sales Associate and Social Media Communications. Cassandra has a Bachelor of Science in Biological Sciences and in Agriculture from the University of Alberta. She's grown her skills through her role as a Program Manager for the Agriculture and Food Council for nearly 3 years, where she developed programs like the Niche Meat Food Processor Network and a Business Mentor Program.

We would also like to welcome Nicole Davis to CTEAM as the Human Resource Management instructor for CTEAM. Nicole's career spans 25+ years aligning business goals with HR best practices resulting in high performance workplaces.

Nicole runs Nicole Davis Consulting, providing Human Resource expertise in-

areas of leadership and employee development, communication and conflict resolution, and managing family dynamics in the workplace. Nicole has spent the majority of her career working in the agriculture industry, and has experience working with and for family owned and operated private businesses.

We have lots going on this upcoming winter we want to share with you. International politics are playing heavily in the agriculture markets making things uncertain for many of us and creating marketing challenges. In November, Heather is excited to be taking the AgriTechnica 2019 Tour group to Germany, Luxembourg, finishing in the Netherlands while Larry is heading to Sweden to help launch Sweden's version of CTEAM. In addition to the next intake of CTEAM starting in December, after a successful run this past winter, we are continuing with both face to face and Online programming this next winter for both Introduction to Price Risk Management as well as the Machinery Investment Management, giving people learning options to accommodate their learning preferences and schedules.

We're excited as we prepare for this next winter of learning opportunities, and encourage you to **Invest in You**.

- Heather Broughton, AME Principal



**Cassandra Rasko**  
Sales Associate &  
Social Media  
Communications



**Nicole Davis**  
CTEAM Instructor

 **Invest in You**  
Strategic Skills for Farm Managers **LEARN MORE**



## AGRITECHNICA TRIP 2019

AME is excited to be hosting a small group agriculture themed tour this fall, leaving November 9th, to Germany, Luxembourg, and the Netherlands for 12 days! It promises to be a blend of agriculture stops, historic sites, and your own exploration time. Lawrence Rowley from Leader Tours has worked with Heather to put together this exceptional itinerary including:

- Tour with a welcome dinner at a traditional German brewhouse,
- 2 full days attending AGRITECHNICA 2019, the largest farm show showcasing agriculture machinery, attracting exhibitors and attendees from all over the world,
- Lowenburg Castle visit in Kassel,
- Heidelberg Castle and City Tour with a local guide,
- Visit to the Ederbach Monastery and Steinberg Winery Tour and dinner,
- Tour of the DLG Testing Centre for farm inputs
- Hof Seer farm visit and lunch,
- Tour of Trier featuring Roman & Medieval history
- Luxembourg Unesco Tour,
- Lemken Factor visit in Alpen,
- City Tour of Amsterdam,
- Farewell Dinner on Amsterdam Canal Cruise,
- Time on your own to explore

If you haven't had a chance to travel with us at AME previously, our trips to various locations in the U.S. and Brazil over the last number of years, have offered exceptional learning opportunities about agriculture internationally, including both challenges and successes, through private tours of farms, agriculture businesses with the opportunity to ask questions in a small group environment.

**A personalized experience, thoughtful tours and a small group ensures you get a premium experience! Only 4 spots remaining!  
Registration deadline is July 15th, 2019**

## TESTIMONIALS

*"We saw it as an investment in ourselves. The biggest thing for us was that we were going to focus on our farm for four weeks out of the year, and solely on the farm, without the distractions that being at home brings. CTEAM gave us the opportunity and the professional feedback we needed."*

**-Lesley and Scott Burton, Tillorie Farms, Tilley, AB (CTEAM 2016-2018)**

*"Investing in yourself is the most important thing you can do, as it's the one thing that you have the most control over and it's something you can leverage for yourself and your business."*

**- Terry Aberhart, Aberhart Farms, Langenburg, SK**

## AME COURSE DATES

### CTEAM 2019-2021

**Module 1 - December 2-6, 2019**  
Abbotsford, BC

**Module 2 - March 16-20, 2020**  
Calgary, AB

**Module 3 - December 7-11, 2020**  
Guelph, ON

**Module 4 - March 1-5, 2021**  
Montreal, QC/ Ottawa, ON

### Price Risk Management Using Future's and Options

**In Person:**  
February 11-13, 2020  
Guelph, ON

**Online:**  
January 13-29, 202  
March 23-April 18, 2020



### Managing Investment Costs of Machinery

**Online:**  
January 27- February 7, 2020  
February 24- March 9, 2020

## BOB ROSS MEMORIAL SCHOLARSHIP



Robert (Bob) L. Ross was instrumental in inspiring and encouraging farm management excellence across Canada and the United States through his leadership and passion for the agricultural community. A dairy farmer and farm business consultant from St. Marys, Ontario, Bob fought a courageous battle with cancer, passing in March 2014.

In 2014, as a tribute to his passion, leadership and legacy, the Robert L. Ross Memorial Scholarship program was established.

"Bob Ross was instrumental in the creation of CTEAM. His passion for farm business management excellence was exemplified as he encouraged and supported the participants through his many years of involvement with the program," says Heather Broughton, AME Principal. "This scholarship is a tribute to his dedication and commitment."

The Robert L. Ross Memorial Scholarship has been established to ensure Bob's legacy lives on and continues to inspire the next generation of remarkable farm managers.

The Scholarship will be awarded to a deserving farmer who emanate and demonstrate Bob's lifework through their passion and devotion to excellence and leadership within the agricultural community.

Eligible applicants must demonstrate:

- A progressive operation and entrepreneurial spirit
- How the value gained from the program will be used
- To contribute to the farm business
- To contribute to the agricultural industry at large
- Why taking CTEAM interests you personally
- Passion for the industry

The successful recipient will have the chance to take part in a life-changing learning opportunity. The recipient will receive \$4,500CAD to be applied towards tuition and travel expenses for the CTEAM program.

The Scholarship has been offered on an annual basis since 2014 and will be awarded in October, 2019. Scholarship applicants must submit a completed application form along with 2 non-family references by September 15th annually.

Any industry stakeholders interested in becoming part of and supporting the Robert L. Ross Scholarship are asked to contact AME.

**CLICK HERE  
TO APPLY**

# AME and BDO Collaboration Upgrade

## Financial Benchmarks

Larry Martin

All CTEAM grads will know that we put a lot of emphasis on financial ratios, both for monitoring business performance and for developing strategy. The benchmarks that have been used in recent years are based on work done 25 years ago in Western Canada from a diverse sample of farms.

In the past two years AME has teamed up with the accounting company BDO to provide updated and more specific benchmarks. The results are on our website and featured in an article in the June issue of Country Guide.

The premise of our work starts with the question, what do the most profitable farmers in various industry categories do that make them profitable, and can we learn from them?

To answer this question, we need access to farm financial records. Because BDO wants to provide management advice to their farm accounting customers, they saw the advantage for their business of working together. They provide financial data anonymously and we do the analysis as a third party. In this second phase of our collaboration, we received just over 1400 income statements.

We separate them into industry categories based on sources of revenue – e.g. if more than 50% of your farms' revenue is from grain and oilseed, then it is in the G&O category. Then for each category, we separate farms into four categories based on their profits, using the ratio net profit per dollar of sales as the criterion.

Finally, we use the average of several ratios of the most profitable 25% of farms in the category as the benchmarks. Circling back to the basic question, the answer is, for example, the most profitable G&O farms are earning 70% gross margins per dollar of sales. The benchmarks are all based on percentage of sales. From the cost side, they include cost of goods sold; direct operating expenses, operating overheads; annual cost of capital and interest. For each of these there is a corresponding margin ratio: gross margin; contribution margin; earnings before interest, taxes and depreciation; and net earnings.

In the second year of our collaboration, the 1400 farm records were enough to separate out G&O farms in Ontario and Manitoba as well as dairy farms. The idea of the project is to expand and update the ratios.

You can see the results on our website, [www.agrifoodtraining.com](http://www.agrifoodtraining.com), and read about it in the May 31 issue of Country Guide magazine. But there are some extremely interesting outcomes.

One is the range of performance between the most and least profitable farms. For example, the range in percentage gross margin for G&O farms is 14% and 13% for dairy farms. That sounds rather innocuous until you put it in context: for a farm with \$2 million of annual sales, 14% means a difference of \$280,000 left after paying for seed, feed, fertilizer, and crop or animal health costs and before paying for labour, machinery operation and capital costs.

Second, while the benchmark gross margins are to similar for G&O farms between Manitoba and Ontario, all similarity ends there: direct operating expenses, operating overheads and capital costs are higher for Ontario, but of course, so is revenue per acre. And that's one of the things we can do with the data, i.e. provide per acre benchmark costs.

We're really excited about this project because it's based on reality and provides extremely useful information that can help improve management decisions. BDO will use it with their customers and we will most assuredly be using it CTEAM to both understand past performance and to improve strategy as well as future performance. **DOWNLOAD THE REPORT HERE.**

**What do the most profitable farmers in various industry categories do that make them profitable, and can we learn from them?**

## CTEAM ALUMNI PROFILE: FARBUCKS

At AME, we get really excited when we hear of great things happening with our CTEAM Alumni. Take Lynn Dargis for example, an entrepreneur running a mixed farming operation and launching a grain pricing website and app called Farmbucks! Lynn is an Alumnus from the CTEAM Class of 2007-09 and her story is below:

As written by Lynn Dargis.

I'm Lynn Dargis and I was born and raised on a mixed grain and cattle farm in northeast Alberta. I'm 1 of 5 daughters and our parents raised us that as women, we could do anything that we put our minds to! After receiving my diploma in Agriculture Production and Management in 2006, I returned home to farm alongside my parents. Shortly after, in Aug 2007, we lost both my parents tragically and suddenly. I was a young 21 year-old girl determined to find a way to keep farming and continue my parent's legacy. I am proud to say that I have. From downsizing to upsizing, custom feeding cattle to owning my own, I am currently farming 4400 acres and custom feed 2000 head in the winter months with my husband and 3 young rambunctious children (all under the age of 6). Learning that our time on this earth is short, I strongly believe that we should all work smarter, not harder and truly enjoy living in the present. Ultimately, this is the driver behind my vision for starting Farmbucks.

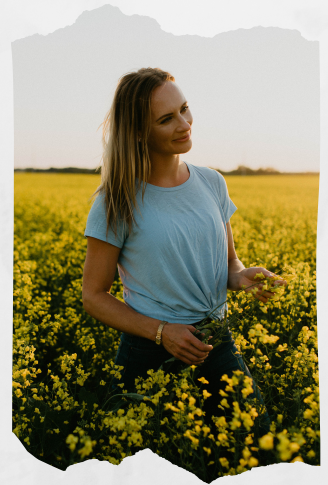
Over the past few years, while trying to grow the business, I became increasingly frustrated by the lack of grain price transparency and methods to sell grain. There was no tool available to efficiently shop my crops to buyers. Selling grain was painful, time-consuming and downright frustrating.

Not anymore. I decided to help farmers and growers by developing never-before-seen technology, Farmbucks! We've developed an innovative mobile app to assist ag users to view real-time grain purchase bids, in an easy-to-use platform. Now farmers will never miss a best priced sale opportunity again, and they can stay better connected — while feeding the world!

I noticed early on that the Canadian ag industry was failing to keep with what has become other industry standards. We live in a digital age where consumers demand convenience and accessibility to information at their fingertips. With more elevators and grain buyers entering our marketplace, an app and service such as Farmbucks is more important than ever before.

Farmbucks empowers farmers with the right data, instantly; we leverage technology to centralize real-time grain pricing information. We simplify grower's lives and provide essential information in order for them to make confident and profitable decisions. We display the top prices around each user according to their chosen location, grain types, grades, and protein levels. Farmbucks offers a side-by-side comparison, making it easier to catch pricing opportunities as they come up. In addition, we provide distance, contact and history information and the ability to set price alerts.

We are reinventing the tired industry price sourcing practices. Many of our target users do not have time or domain knowledge to become tech-savvy or to understand big tech learning curves. Yet, we still identify their incredible importance in global food supply chain management.



Dominant agriculture industry businesses have largely kept their prices singularly displayed as per their offerings, resulting in searching numerous platforms to compare prices. Farmbucks collects all buyer price bids (real-time) and displays them on our desktop and mobile App Platform. Farmbucks UVP is creating never before seen technology that provides relief and price transparency for farmers and growers across Canada. We help farmers save time and make more money for their hard work. They deserve it!

We are currently focusing on developing our service and are working on some exciting new releases that will grow our comprehensive database and provide maximum value to our users. Be sure to follow along at [www.farmbucks.com](http://www.farmbucks.com) or **download** the Farmbucks **app**.

***If you'd like to be featured in an upcoming newsletter, please contact us.***

# THE CHANGING FACE OF INTERNATIONAL AGRICULTURAL TRADE

Larry Martin

Two recent papers from Agri-Food Economic Systems\* by very well qualified authors do an excellent job of describing significant changes that are occurring in international trade, changes that carry considerable risk for Canada. The major factors are:

- A decline in effectiveness of the rules-based trading system of the WTO. Not only have the US and China ignored the rules by unilaterally increasing tariffs, but the US has substantially neutered WTO's ability to referee disputes by blocking appointments to dispute panels. As the US ignores the rules, inevitably other countries will follow suit, pushing the trading system toward "the strong will dominate".
- The escalating trade war between China and the US has negative consequences for the whole world, including Canada, as it begins to slow economic activity everywhere, thereby reducing demand for products and services.
- The outbreak of African Swine Fever in China (as well as Vietnam and North Korea) may alter agricultural trade patterns markedly with a likely 20-30% reduction of the Chinese hog herd. For context, analysts have estimated that a 19% reduction would be equivalent to the entire North American herd. Strong Chinese demand for meat may have impacts on markets for other species, though only limited effects have been felt to date, in large part because of the China/US trade war.

- Canada has boxed itself into a particular corner between China and the US as the result of allowing a senior Huawei Executive to come to Canada and then holding her for extradition to the US. This latter event has particular implications for Canadian agriculture since China has taken action against Canadian exports of canola, pork, wheat, soybeans and dairy genetics.

Vladimir Putin apparently observed that "when tigers fight in the valley, the smart monkey sits aside and waits to see who wins." This is an apparent reference to an ancient Chinese text on war strategies that suggests a third-party watches as two strong adversaries fight. When the two are both exhausted, the third party takes advantage.

There is much debate about who will "win" the US/China fight, with some expecting the tough guy in Washington to prevail. I think they are naïve: the Chinese have far more patience and don't have an election in 2020. Putin is following through on his quote with major sales of agricultural products to China. As I write this, it was announced that the Chinese trader COFCO is in talks to acquire a 25% share in the deep-water grain terminal in the Russian port of Novorossiysk as part of its expansion in Europe.

This and a number of other actions suggest that Putin has a good idea of who will win, and is taking advantage.

This is all happening at the very moment that international trade is most needed because of the Swine Fever, and at a time when Canada has fantastic trade opportunities.

But is Canada capable of being a "smart monkey"? Given that we have shot ourselves in the proverbial foot by allowing the Huawei Executive to come to Canada knowing that we would detain her, is it even possible to be a smart monkey at this point? In addition, there is a strong perception that the Prime Minister's constant sermonizing about human rights and insistence on including them in trade agreements have turned off a number of potential allies who are not willing to help.

Improving human rights is obviously important. But not having trade relations with countries won't give us a chance to make a difference. Other countries support human rights under separate programs with less sermonizing.

Canada has an excellent reputation as a trusted supplier of quality products that should be an asset when the US is proving once again that it cannot be trusted to play by agreed rules. This should have put us in an excellent position with China and with other importing countries. Maybe it's not too late to change course and play the smart monkey role.

\*Mussell, Al, Douglas Hedley, Ted Bilyea, and Mike Gifford, *The New Geo-Political Economy of Food, Agri-Food Economic Systems*, May 2019  
Mussell, Al and Douglas Hedley, *Global Trade Policy in Disarray: What Risks for Canadian Agri-Food?*, *Agri-Food Economic Systems*, June 2019