



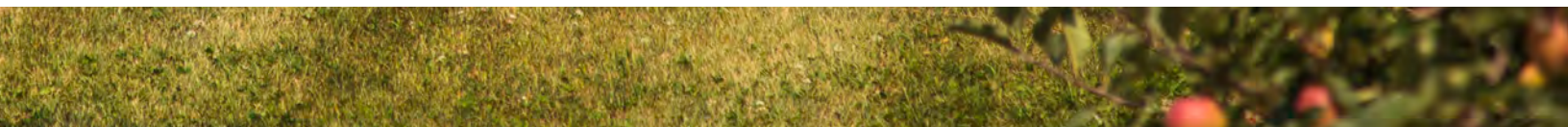
Greenbelt Farmers: Sowing the Seeds of Success

Wheeler Group Inc.



Possibility grows here.

Eighteenth in a series
Friends of the Greenbelt Foundation Occasional Paper
July 2015



Copyright © 2015 Friends of the Greenbelt Foundation
All Rights Reserved

Friends of the Greenbelt Foundation
661 Yonge Street, Suite 500
Toronto, Ontario
M4Y 1Z9
Canada

Tel (416) 960-0001
Fax (416) 960-0030
info@greenbelt.ca
www.greenbelt.ca

ISSN 1912-4171 Friends of the Greenbelt Foundation Occasional Paper Series (Print)
ISSN 1912-418X Friends of the Greenbelt Foundation Occasional Paper Series (Online)

The Friends of the Greenbelt Foundation is committed to promoting awareness and education about Ontario's Greenbelt. To this end we occasionally publish research and general interest papers that explore our three program areas: viable agriculture and viticulture; vibrant rural communities; and, a restored and protected natural environment.

Greenbelt Farmers: Sowing the Seeds of Success
Prepared by Wheeler Group Inc.
ISBN 978-1-927075-10-4

The views and opinions expressed in this report are those of the authors only and do not necessarily represent the views of the Friends of the Greenbelt Foundation, their Officers or Directors. We have done our best to confirm that all facts and figures are accurate. However, we do not retain liability for any errors or misrepresentations.

All photographs are courtesy of the Friends of the Greenbelt Foundation.

As the researchers conducting this project, Jim Wheeler and Art Smith would like to thank those organizations and individuals who put forth the names of prospective farms.

They also wish to acknowledge the contributions of Lilian Schaer of AGRI-FOOD Project Services Ltd. who documented the interviews.



Possibility grows here.

Titles in the Friends of the Greenbelt Foundation

Occasional Paper Series

- 1 - Farmers' Markets: Opportunities for Preserving Greenbelt Agriculture
- 2 - The Holland Marsh: Challenges and Opportunities in the Greenbelt
- 3 - Planting the First Seed: Creating Opportunities for Ethnic Farmers & Young Farmers in the Greenbelt
- 4 - Greenbelt Walks: An Overview of the Opportunities and Challenges of Major Trails in the Greenbelt
- 5 - Ontario's Greenbelt in an International Context: Comparing Ontario's Greenbelt to its Counterparts in Europe and North America
- 6 - Greenbelt Agriculture: A Breakdown of Agricultural Facts and Figures in the Greenbelt
- 7 - Bringing Local Food Home: Legal, Regulatory and Institutional Barriers to Local Food
- 8 - Greening the Economy: Economic Stimuli and the Opportunity for Restructuring for Sustainability in Canada
- 9 - Greenbelt Grown: A Profile of Agriculture in Ontario's Greenbelt
- 10 - Holland Marsh Agricultural Impact Study
- 11 - Ontario's Greenbelt in an International Context
- 12 - Inside and Out: Sustaining Ontario's Greenbelt
- 13 - Climate Change Adaptation: Ontario's Resilient Greenbelt
- 14 - Evaluating the Economic Benefits of Greenbelt Assets
- 15 - Farming in Ontario's Greenbelt: Possibility Grows Here
- 16 - Agriculture by the Numbers: Understanding the Greenbelt's Unique Advantages
- 17 - Local Leadership Matters: Ontario Municipalities Taking Action to Strengthen the Greenbelt



Table of Contents

1 Overview	
1.1 Introduction	7
1.2 Methodology	7
1.3 Farms Profiled.....	9
1.4 Summary of Findings.....	10
1.5 Overview of Profiled Farms.....	11
1.6 Common Management Practices and Attributes	12
2 Farm Profiles	
2.1 Beverly Greenhouses.....	15
2.2 Carncroft Farms.....	21
2.3 Carron Farms.....	27
2.4 Cooper's Farm and CSA.....	33
2.5 Greenwood Mushrooms	39
2.6 Meyers Fruit Farms	45
2.7 Tigchelaar Berry Farms.....	53
2.8 Vineland Estates Winery.....	61
2.9 Wilmot Orchards.....	67



Overview

1.1 Introduction

Many farmers by their very nature are entrepreneurial and are seeking new opportunities, innovating, and adapting to the changing environment. Based on a strong understanding of their operating environment and using certain management practices, these farm operators are managing their farms in a way that translates into financial success and the long term viability of their farm operation within the Greenbelt.

Providing examples of success and the best practices used by the successful operations can be helpful to the agriculture and agri-food sector. As well, planners and policy makers can be well served by having a better understanding of the approaches, management and other best practices, and tools used by farm operations.

1.2 Methodology

The project was undertaken over the winter of 2014-15. Calling on their experience and a brief literature review, the research team of Art Smith and Jim Wheeler determined the scope of the profiles and the best practices, business attributes, and management principles which would be explored in the profiles.

Selecting the Farms

Several farm organizations and economic development agencies were canvassed while the researchers were identifying prospective candidate farms. From those leads, suggestions from the Friends of the Greenbelt Foundation, and the researchers' personal knowledge of Greenbelt farmers, a slate of potential participants was assembled. Almost all farm businesses contacted agreed to be the subject of a profile. When developing the parameters of their engagement, the participant farms were assured that they would have ample opportunity to review the work of the researchers and retain final approval of their profile. The farm operators found the interview transcripts very accurately reflected their statements, and hence the profiles drafted from them were approved by those profiled with very few amendments required.

In accordance with the objective of the project, farm participants were selected on the basis of their

innovation and demonstrated success in agriculture. The research team attempted to engage producers of a broad range of commodities, although in the end most were in horticultural production. The profiled businesses are broadly dispersed geographically throughout the Greenbelt.

Profiled farms were deemed to have satisfied the “successful” criterion if they had some longevity to their farm operation, they were growing their businesses, and they were recognized within the farm and economic development communities as leaders. The participants have been innovative in a number of different aspects, including production practices, business structure, and marketing strategies.

The Interviews

The principal means of capturing profile information was a personal interview by Art Smith at the location of the profiled business. One to three members of the senior management/ownership of the business were involved in a two to three hour discussion. The farm was provided with a comprehensive interview guide in advance of the interview to facilitate the discussion. The interview was documented and those notes formed the basis of the written profile.

Once a profile was composed, the notes and the draft profile were shared with the interviewee to ensure accuracy and to obtain their corrections, suggestions, and approval. The researchers attribute the minimal participant input at that stage to the comprehensiveness of the interview guide, the sharing of the guide in advance, and the skill of the recorder who accompanied Smith in all interviews.



Figure 1: Locations of profiled farms



“ Technological innovation is considered essential by these farms, and innovation in marketing approaches and business structure was also in evidence.

1.3 Farms Profiled

Farm	Owner	Location	Specialty
Beverly Greenhouses	Jan and Dale VanderHout	Waterdown	Greenhouse cucumber
Carncroft Farms	Jenny and Luke Carnaghan	Blackstock	Lamb, beef and field crops, direct marketing and value chain
Carron Farms	Jason Verkaik	Bradford	Carrots and beets, ethnic vegetables, Harvest Share Box program
Cooper's Farm and CSA	Steve and Lisa Cooper	Zephyr	Vegetables, on-farm market, agri-tourism, community farm
Greenwood Mushrooms	Clayton Taylor, part owner and GM	Greenwood	Mushrooms, production, packaging and merchandizing
Meyers Fruit Farms	Fred, Jim and Aaron Meyers, and Elly Hoff	Niagara-on-the-Lake	Tender fruit, wine grapes, and flowers
Tigchelaar Berry Farms	Dan and Jeff Tigchelaar	Jordan Station	Day-neutral strawberries, apples, and U-pick vegetables
Vineland Estates Winery	Allan Schmidt, part owner and GM	Vineland	Grape growing and winery – restaurant, farm-store, social media
Wilmot Orchards	Charles and Judy Stevens	Newcastle	Apples and blueberries, U-pick, and on farm café/market

1.4 Summary of Findings

Assessment Framework

The management and performance of the Greenbelt farms profiled here can be better understood by considering the context of the practices of farmers across Ontario. The Agri-Food Management Institute (AMI) conducted a baseline survey of Ontariform management planning and practices in 2010-2011 to guide their efforts as a non-profit business management agency charged with enhancing business management on the province's farms. Their survey did not focus on farms determined to be especially successful or innovative, but canvassed the general Ontario farm population.

An overarching AMI finding was that, "only 22 per cent of Ontario farmers reported having a farm business plan and of those, less than half update their plan regularly." The survey found that Ontario farm businesses were distributed almost evenly (17-23 per cent) among five categories based on demographics, business attitudes, and business management behaviours. Classifying an individual farm business into any one of the categories is fraught with risk as few farms cleanly match all of the parameters of any category. Notwithstanding that caveat, the farms profiled herein can be confidently assigned to two of the five categories: Developers and Planners.

The AMI categories of Ontario farm businesses are:

Sunsetters

As suggested by the name, those farmers nearing the end of their business years and most focused on succession issues.

Sceptics

Most likely to be small farms, confident in their production, risk averse, see no value in planning, and are more likely to be downsizing.

Independents

Very confident, feel successful, averse to planning, not involved with farm organizations, and less likely to engage outside help or expertise. Most of these farms are not growing and are experiencing many cost, market, regulation, and personal barriers.

Planners

Profit oriented, average-sized farms, most likely to be increasing sales, very confident in their business management, most likely to conduct all types of business planning, organized and open to risk, and most aware of government programs and funding.



“Most of the farms profiled are active in industry associations and extol the benefits that accrue to their businesses from that exposure.”

Developers

Largest farms and most likely to be expanding, less confident in their business abilities, but optimistic about their future. Developers are technology oriented, seek outside help, and are involved in farm organizations. Their challenges are input costs, regulations, and access to capital.

“ A true value chain marketing approach was employed in only one instance, but most if not all of the farms profiled work very closely with suppliers and customers, sharing plans with them.

1.5 Overview of Profiled Farms

A review of the nine individual farm profiles will confirm that those farm businesses align with the characteristics of AMI's Planners and Developers categories. They are average or large farms which have been growing and have plans for additional growth. They are either advanced in business planning and business management (production, financial, human relations, risk, cost containment, and benchmarking) or in many cases are striving to introduce better business management practices into their operations. Formal strategic and business planning in the profiled farm business is no more prevalent than AMI found in the general Ontario farm population.

Technological innovation is considered essential by these farms and improving marketing approaches and business structure was also in evidence. Most of the farms practice some form of diversification, either by design to manage risk and accommodate operational factors, or in response to business opportunities that arose. Product diversification is common among almost all of these farms and multi-channel market diversification is also very common, not surprisingly considering the number of horticultural operations in the group. Notwithstanding the fact that most sample farms employ diversification, two of them capture the benefits of a very specialized operation, suggesting that the dangers inherent in specialization can be mitigated through risk management.



The more sophisticated and complex operations clearly define management roles, employing both autonomous and/or team decision making approaches. Most seek outside expert advice and expertise to help them in managing their farms, and most participate in farm organizations both as a service to their industry, and to gain exposure to trends and upcoming challenges, and to identify opportunities.

A true value chain marketing approach was employed in only one instance. Most of those profiled work very closely with suppliers and customers, for example, by sharing their plans with them.

The operators/managers of each profiled farm demonstrated passion and enjoyment in their farm. Many cited their passion as a key factor behind their success when coupled with the perseverance required to carry through with decisions in the face of challenges and roadblocks.

1.6 Common Management Practices and Attributes

	Beverly	Carncroft	Carron	Cooper	Greenwood	Meyers	Tigchelaar	Vineland	Wilmot
Formal Strategic Plan					•			•	
Formal Business Plan	•		•	•	•	•		•	
Structured Decision Making	•			•	•	•	•	•	•
Family Succession	•					•	•		•
Growth Plans	•	•	•	•	•	•	•		•
Seek Outside Advice	•	•	•		•	•	•	•	•
Value Chain Approach	•	•	•		•	•			•
Innovative Production	•	•	•		•	•	•	•	•
Innovative Marketing		•	•	•	•	•	•	•	•
Diversified Products		•	•	•	•	•	•	•	
Multi-Market Channels		•	•	•		•	•	•	•
Direct-to-Consumer Marketing		•	•	•			•	•	•
Advanced Final Management Focus					•	•	•	•	•
Focus on Cost Containment	•	•	•	•	•	•	•	•	•
Noteworthy HR Practices					•	•		•	
Risk Management Practices	•	•	•		•	•	•	•	•
Industry Leader	•		•		•	•	•	•	•
Government Programs	•	•	•		•	•	•	•	•

All farms profiled share a passion for farming and for their particular business, stress the importance of perseverance when challenges arise (follow a decision through), and cite the importance of employing and demanding trust, honesty, and integrity. Most farms employ a degree of each beneficial practice cited in the chart. Lack of a notation (•) therein should not be interpreted as a deficiency on the part of that operation. The business' maturity, size, and complexity along with other factors must be taken into consideration.

Success in the case of the profiled farms is characterized by:

- A passion for farming and their particular business (all)
- Growth orientation and growth plans (all)
- Focus on cost containment (all)
- Insistence on trust, honesty, and integrity (all)
- Personal relationships/interaction – peers, outside experts, industry organizations, clients, and suppliers (8)
- Production innovation (8) and marketing innovation (8)
- Comprehensive risk management (8)
- Participation in government programs (8)
- Industry leadership by farm owner (7)
- Structured decision making (7)
- Multiple market channels (7)
- Willingness to change (majority)



Interestingly, the nine profiled farms do not necessarily exhibit the presumed traits of successful businesses.

- Only two farms profiled have a formal strategic plan. They are the ones with several owners and professional management.
- Only six prepared a formal business plan.
- Family succession is a concern of only four with two of these being seriously concerned.
- Financial management is pursued enthusiastically by only five of the businesses.
- Despite most having several or many staff, only three employ any noteworthy human resources practices.

Several of the farms profiled, however, appreciate the importance of more planning and better business practices as they grow.

In addition to the presumed traits of successful businesses, the profiles indicate five factors as being critical.

- Most of those profiled are active in industry associations and extol the benefits that help their businesses from this exposure.
- Participation in government programs would not be promoted in most management texts, but is critical to most, if not all, of these farms' success.
- Passion for farming and their businesses is viewed by those profiled as particularly critical to their success.
- The intangibles of honesty, integrity, and trust are not often highlighted in texts on business management, but are considered imperative by these business operators.
- Either diversification or specialization, with proper safeguards and risk management, can be rewarding strategies.

Larger farms with multiple owner/operators, including larger family farms, might identify some beneficial practices by reviewing the Greenwood and Vineland Estates corporate profiles. Those considering starting a farm can gain helpful insights from the Carncroft and Coopers profiles.

Local economic development and funding agencies should note that many of these very successful farm operations do not necessarily employ all the business practices that may have been beneficial.



Beverly Greenhouses

3.1 Introduction

Brothers Jan and Dale VanderHout co-own Beverly Greenhouses Limited, a greenhouse cucumber producing farm located near Waterdown, City of Hamilton. They are the third generation in the family business started by their grandfather 55 years ago. The farm encompasses 230 acres, with 22 acres of greenhouses, 60 acres of field crops, 10 acres that are rented out, and the balance in wetlands and environmentally sensitive areas.

Through gradual growth and crop transition, the business evolved from a small tomato production facility to today's large greenhouse, producing exclusively cucumbers for the past 36 years. The key drivers for that transition were the benefits that accrue from specialization: one set of equipment, a restricted carton inventory, and one set of farming know-how. This focus on a single commodity is standard practice in Ontario's greenhouse vegetable industry today.

The VanderHouts have greenhouses at two farm locations. Crops are staggered and planted in three intervals, with three to four turnovers per year, thus leveling labour demands and achieving more consistent production. To address declining margins in the sector, management has maintained a strategy of growth and a focus on cost competitiveness.

Jan and Dale jointly manage the farm, although Jan is the President. The brothers' father, while still active in the business, is not involved in day-to-day management. All of Jan's and Dale's children work on the farm as soon as they are capable. Jan has 22-year-old twin sons, one not intending to farm, the other finishing a business degree prior to joining the farm full-time.

Company Aspirations

The VanderHouts share the dual business goals of many farmers: the opportunity to generate a living and the benefits of a positive family and living environment. Dale and Jan were born into the business and continue to farm because it is in their blood.

3.2 Successes

The VanderHouts rate their business as very successful financially and attribute that to passion, hard work, and aptitude for what they do – managing margins and keeping costs down. They are passionate about reinvestment and capital growth, rejecting the alternative strategy of shareholder withdrawals.

Along with the pride of producing food, they have some “non-business” sources of pride.

- Providing local employment, both for young workers and for families striving to be self-sufficient
- Publicly promoting agriculture and what they do
- Finding solutions to societal and environmental problems that were thought to be unachievable. An example is water saving recirculation within the greenhouse. The VanderHouts explain: “Nobody was doing this 15 years ago because it was widely believed to not be possible. We proved them wrong. Being part of that bigger group of growers and working towards solutions like that is satisfying. Our objective is not to leave here in 20 years and have everything contaminated – this is our sustenance.”

3.3 Current Challenges

Sustaining their growth is important to the VanderHouts and their short term plans include a further seven acres of cucumbers.

Should they be successful in attaining an alternative energy contract, their plans to develop a large natural gas co-generation plant will proceed to the implementation stage quickly, demanding a great deal of their attention.

Determining the future ownership and management of the business will be critical as they incorporate the next generation into Beverly Greenhouses. They will be starting succession planning, and will give this matter more focus in the near future.



3.4 Strategic Focus and Decision-Making

In many respects the VanderHouts manage their business the old fashioned way, employing prudence, caution, and sound debt management. Conservative growth and capital retention are important to them and they guard information about their financial performance closely. Jan and Dale manage their respective areas of expertise autonomously, with major decisions discussed within a larger group of family members, consultants, and advisors.

Beverly Greenhouses has neither a documented strategic plan nor business plan, although long term direction is a constant topic of discussion.

They hold the philosophy that if you are not moving forward and growing, your business has a limited future. The greenhouses grew incrementally over the last 55 years in relatively small stages, which suited their business and the available technology of those decades. But growth has accelerated recently- they built a seven acre addition three years ago and plan to add another seven acres. If the VanderHouts were developing a greenfield operation in 2015 employing the latest technology, they would need to start with 10-20 acres of greenhouses to capture the necessary benefits of scale.



Production is limited to greenhouse cucumbers, and the crop is marketed as a commodity to a wholesaler. They do no value-added activity or direct-to-consumer marketing. The simplicity of this business model is a strength because in addition to the benefits of scale they can focus on doing what they do well.

“ The key drivers for the transition [from a small tomato production facility to today’s large greenhouse] were the benefits that accrue from specialization: one set of equipment, a restricted carton inventory, and one set of farming know-how.

The owners avoid multiple inventories of packaging and they require only a single line of equipment, which contributes to their profitability. Unlike the risk mitigation that most field crop producers practice through the planting of a number of crops, it is common practice in the Ontario greenhouse vegetable industry to pursue the benefits of specialization. That approach has worked well for the VanderHouts.

Addressing the risks of specialization is one of the factors behind an existing Beverly bid to develop an energy co-generation plant in conjunction with the greenhouse operation. The plant would be natural gas fueled with the electricity sold into the provincial grid, and generator heat transferred to the greenhouses. Their income will be more diversified and there will be reduced energy costs for the greenhouses. The carbon dioxide generated in the energy plant will enhance the greenhouse environment, thereby increasing productivity. In a digression from food production, the potential to invest in commercial property has also been explored as a means to leverage capital and increase revenue.

Large indoor production facilities like theirs can appear more industrial than agricultural to those not knowledgeable about greenhouse vegetable production and to municipal governments seeking to maximize tax revenues. When considering adding value to their crop or introducing complimentary packaging on-site, they have opted against that approach: “The city or municipality takes an entirely different look at an operation crossing that line between agriculture and commercial business. Unfortunately, you can’t compete with the big companies unless you can do it as part of your farming operation at those lower agricultural tax rates.”

3.5 Best Management Practices

Marketing

Beverly Greenhouses is minimally involved in the marketing of their cucumbers, handing that responsibility over to a wholesaler broker. Their production expansions have been based on a thorough assessment of market growth and would not have been undertaken without prospects of high market demand. Most of their product is marketed in Canada, whereas in the Ontario greenhouse industry the majority of product is generally exported to the United States. Food safety is an increasingly demanding market requirement, and as a result, Beverly Greenhouses’ cucumbers are produced in accordance with formal food safety and traceability programs.

The VanderHouts, by virtue of their innovative, biological pest control regimes, may have a product differentiation opportunity in markets that appreciate reduced pesticide use, but that potential has not yet been pursued. They note, “Greenhouse vegetables are commoditized so a marketing opportunity has to be hot, not just lukewarm, in order to differentiate a product.”

Financial Management

Beverly’s growth has been based on the financial management principles of strict cost control, access to generous capital, manageable debt levels, and rainy day savings. While others may favour maximized leveraging of equity to finance growth, the VanderHouts are pleased with the results from their approach. “The Canadian dollar in the 60 cent range (1990s) was a significant contributor to the success of this export-oriented sector. The growers who took that windfall and reinvested it are the ones still here today.”

While the VanderHouts focus internally on their finances they have virtually no benchmarking or comparing of financial information with peers within the greenhouse community. “Close to the chest” describes the level of data sharing within the sector.

Production Management

The greenhouse industry in Ontario is regarded as a model in terms of technological advancement and Beverly Greenhouses is on par with the rest of the industry. They describe themselves as “pretty aggressive”, at the same time being cautious to only incorporate the new technology which makes sense for the business.

- Ensuring adequate sources of high quality water has been a focus in this business and Beverly has adopted advanced water recycling technology for both cost and environmental reasons.
- New high technology cucumber sealing, packaging, and palletizing equipment has reduced labour costs, generating an early return on the capital investment. At a rate of 19-20,000 cucumbers an hour, the packing line is highly efficient.
- Biological pest control is employed to control a variety of detrimental insects. Orius is a bug that feeds on thrips and parasitic wasps control whiteflies. Bug lights eliminate damaging moths.



- The recent introduction of seedling production within the operation provides more control over this critical stage of production and reduces the possibility of pest infestations carried with purchased seedling plants.

Human Resource Management

Jan and Dale employ the same strategies of respect for employees and empowerment practiced on many successful farm operations. There is too much going on day-to-day for management to control, and giving workers responsibility also increases commitment and job satisfaction. They stress that finding a competent employee to empower can sometimes be difficult and cite their desire to recruit a lead in biological pest control as a particularly perplexing issue.

Jan is especially proud of how the company has helped many students finance their education and how employment in their greenhouses has instilled a work ethic that will benefit former staff in future endeavours. He has the testimonials from former employees to prove how they valued their Beverly Greenhouses experience.

The VanderHout brothers consider succession planning an ongoing necessity: “You need a plan when you’re farming with your brother.” Jan and Dale have several children and they are confident that one or more of them will be their successors. At their relatively young ages the brothers have not been pressured to devote a lot of time to succession.

Risk Management

Beverly Greenhouses’ financial risks are mitigated through participation in government-funded agricultural programs: AgriStability, AgriInvest, and Self Directed Risk Management. To protect against the catastrophic impacts of a major disease or pest outbreak, a complete market collapse, or a natural disaster, they carry business interruption insurance.

Outside Advisors and Support

Jan and Dale source information on trends and opportunities from peer growers, suppliers, and publications, and through Jan’s participation on various industry association boards: the Ontario Greenhouse Alliance, Ontario Greenhouse Vegetable Growers, and Ontario Fruit and Vegetable Growers.

Beverly Greenhouses operates within a corporate structure established on the advice of accountants and lawyers.

The business has taken advantage of Growing Forward 2 funding and would entertain using Greenbelt Fund or other non-government assistance.

Carncroft Farms

3.1 Introduction

Several farms profiled in this series have cited working with others as instrumental to their business success, but none have pursued that approach more successfully than the Carnaghans. The sharing of ideas, equipment, and knowledge with neighbouring, like-minded peers is not pursued for the sake of profit as much as it is a community philosophy. Their lamb enterprise employs a unique three party ownership and operational arrangement. In partnering with other lamb producers and an abattoir in a value chain, they have leveraged their collaborative efforts to their collective benefit.

The origin of Carncroft Farms' operations has little relevance in terms of the business' success today, but it is important to the current Carncroft owners. The farm was established in Scarborough in 1837 and relocated to Blackstock, Durham Region, by John Carnaghan in 1955. John's grandson, Luke Carnaghan, and his wife Jenny, took up the reins of the operation in 2003 when the business was comprised of 15 beef cows and 100 ewes.

Today, Carncroft Farms owns 250 acres and rents 100 acres in the area. The cow-calf side of the business is based on 40 primarily Angus beef cows that are rotationally grazed, with stockers sold to a neighbouring feedlot. Their land produces hay and pasture, as well as corn, soybeans, and wheat. The business adopted a formal partnership structure between Luke and Jenny last year.

Like many establishing farmers, the Carnaghans have relied on off-farm income. For the past 17 years Luke has worked full time

Company Aspirations

The Carnaghans' goals are modest: to make a living, build a future for their children, and have a career that they enjoy. Their short-term goal is to replace the income that Jenny no longer earns when she returned to work full time on the farm. While most of the farm operators profiled in this series identify returns and profit as key motivators, Luke and Jenny value different outcomes.

for a neighbouring cash crop farmer. Jenny held down a full time, off-farm job until seven years ago when the couple started their family which now includes three young children.

Lamb production is the main enterprise for Carncroft Farms. The operation has been expanded from their own herd of 150 ewes to a 700 ewe operation with ownership shared among three parties. Both Jenny and Luke are optimistic about the potential of the sheep industry in Ontario, and are constantly seeking new ways to improve and expand their business.

The Carnaghans attribute their success and optimism to two strategic decisions. In each case they capitalized on their strengths, assets, and abilities while partnering with others to boost returns. When faced with the challenge of building their herd, they joined forces with a young neighbouring farmer and have since grown the herd to 700 ewes.

The barn they use is owned by a third individual who happens to be Luke's cash crop employer and the father of Luke's and Jenny's herd expansion partner. The cash crop farmer owns the barn and one-third of the ewes. The Carnaghans and their partner own the other two-thirds of the ewes and provide the sheep operation labour. The venture is not structured as a three way ownership, but the expenses and profits are shared by the three parties.

“ In partnering with other lamb producers and an abattoir in a value chain, Carncroft Farms has leveraged their collaborative efforts to their collective benefit. ”

In the second instance, the Carnaghans shifted their marketing strategies in 2013 from traditional livestock auction sales serving the Christian and Greek Orthodox Easter markets to year-round lambing and collaborative marketing with five other Ontario lamb producers and a major Ontario lamb abattoir to serve markets throughout the year. The producers formed Trillium Lamb Inc. to manage relations and pricing with Newmarket Meat Packers.

3.2 Successes

The Carnaghans consider themselves to be in a “good place” in their business and lives. They are making a living, are happy, and are doing what they want to do. Unlike farms with multiple owners seeking returns on capital, or farms pursuing growth to accommodate additional family members in the business, the Carnaghans can pursue what is important to them. Their priorities and accomplishments include being able to keep the family farm in operation. They also take pride in the relationships they have developed: “A huge asset is the core group of farmers that are our generation who grew up here and came back to farm. We use each other's knowledge and share equipment if needed. This does not happen in all farming communities, but we have a great group of friends and neighbours in this area.”

The key strategic decision to join the value chain eliminated the risks of once-a-year market prices and instability. The abattoir fees are pre-determined and set for a lengthy period.

The Carnaghans credit the success of their relatively young business to their pursuit of further education and business skills, and the networking and mentoring of nearby farmers, in particular the crop farmer for whom Luke works. Open-mindedness and courage in the adoption of different production practices has also been helpful.

The Carnaghans reflect: “We are on a good path and headed for continued success.”

3.3 Current Challenges

The Carncrofts do not identify any significant current challenges. If they elect at some point to expand their sheep operation they will be required to expand facilities and source additional breeding stock – projects that would bring challenges that they have proven themselves capable of overcoming.

3.4 Strategic Focus and Decision-Making

There is no formal strategic or business plan for Carncroft Farms. The Carnaghans have not felt the need for any formal long term planning because they have been on a track to expand their sheep herd and have just recently changed their lamb marketing approach. They appreciate the value that could accrue from more formalized long term thinking and fully expect to reach that point as their family ages and succession becomes a more important consideration.

The owners of Carncroft regret that they did not take the decision to expand the sheep herd earlier. Nonetheless, their expansion relied on their unique three-party production partnership. Financing the expansion without the three-way partnership would have been difficult. In terms of joining the value chain, that option was not available until their production reached the required threshold to be a member. Capitalizing on those possibilities and achieving the benefits of both decisions demonstrates their ability to generate solutions, as well as act on opportunities.

A decision currently before Carncroft Farms concerns the sourcing of the breeding stock for further herd expansion and the dearth of new sheep genetic producers, those who provide rams and ewes to commercial producers like Carncroft. This could represent a business opportunity for the young couple who share an optimistic view of the sheep industry's future, especially those who have proven their adeptness at forging alliances and using knowledge from fellow farmers.

The sheep barn used by Carncroft Farms is at capacity, and any expansion in the flock will require the construction of additional lamb finishing space.

Luke and Jenny are open to new ways of improving and expanding their business. Growing edible beans is an endeavour Luke favours, though it would require purchasing or renting additional land. Other potential moves include an expansion of the beef cow herd and entry into the dairy sheep sector. Specialization in farming has become the norm in Ontario, with a drive for efficiency and economy of scale to remain competitive in global markets. The Carnaghans are well established in sheep production where markets are underserved and growth can be accommodated. They may well need to seriously weigh the benefits of any further diversification against the returns that could accrue from growth in their lamb operation.

“ The Carnaghans credit their success of their relatively young business to their pursuit of further education and business skills, and the networking and mentoring of nearby farmers.

Management at Carncroft Farms is relaxed, with the Carnaghans making most decisions related to the three-party sheep operation. Luke makes cropping and beef decisions autonomously and Jenny manages the sheep operations. Only the more important issues are considered jointly.

3.5 Best Management Practices

Marketing

Carncroft Farms has committed to a term of membership in the marketing value chain to send the bulk of their lambs to Newmarket Meat Packers, the value chain abattoir. In return for that commitment, Carncroft avoids the market price uncertainty of selling through the auction market system, shortens the distance to truck lambs to market by half, and has increased certainty of payment. When the Carnaghans were supplying restaurants prior to joining the value chain, the market demand for carcass cuts was uneven, resulting in difficulties marketing the remaining parts of the carcass and hence reduced profitability.

Carncroft maintains a freezer trade business where customers can buy individual cuts, or a whole or half lamb carcass, cut to their specifications. Prior to entering the value chain, this marketing approach was envisioned as the principal manner of selling their lamb. The Carncroft Farms' website promotes the lifestyle attributes of the farm, as well as their lamb products, and they maintain Twitter and Facebook accounts.

Adhering to food safety and traceability programs are mandatory within the value chain. The Carnaghans take advantage of every opportunity to promote their direct-to-consumer, freezer trade business through Foodland Ontario and Durham Farm Fresh Marketing Association.

Financial Management

Luke and Jenny appreciate the benefits of good financial management and acknowledge that they could be more on top of operational costs and returns. Jenny is responsible for managing finances, and has a good handle on costs and cost containment. They are confident in the advice they receive from their accountant.



Membership in a beef management club affords an opportunity to benchmark costs against those of other local beef producers. Likewise, their colleague Trillium Lamb Inc. producers employ a common cost of production calculator to generate comparable cost data. Like many peers, the Carnaghans find it difficult to ascertain accurately their financial performance compared to that of cooperators with whom they share data. Attributing some shared costs to a number of enterprises can be difficult in a diversified business.

Production Management

Retaining young ewes to grow the breeding herd and at the same time maintaining market income is a constant challenge and conflict. They overcome the problem by sourcing some replacement ewes from established value chain partners.

Timing of their lambing had, until 2013, been a challenge, as traditional spring lambing conflicted with Luke's full time cropping job, an issue partially addressed by Jenny's return to the farm business. To achieve a year-round lamb supply, the Carnaghans employ an accelerated lambing program with each ewe lambing three times every two years, rather than the traditional alternative of annual lambing. Lambing seasons are also staggered among value chain members to ensure an even supply of animals to Newmarket Meat Packers.

Trillium Lamb Inc. shareholders and suppliers all use Radio Frequency Identification tags on their lambs, so each carcass is traceable back to the farm of origin. Newmarket Meat Packers has updated its equipment to

read and share carcass information with the farmers. The Trillium producers can then use those numbers to select genetics based on carcass traits, such as percentage cut-out or shipping weights.

Carncroft Farms uses innovative technology as much as possible:

- They have been collecting sheep production data electronically for several years in order to manage the breeding herd to achieve maximum production. The practices employed by specialized breeders to advance genetics within the sheep industry are being adopted by some large commercial flocks like Carncroft Farms.
- New equipment is being installed to expedite the feeding of lambs with milk.
- With the assistance of an Ontario Ministry of Agriculture, Food, and Rural Affairs specialist, Carncroft Farms has developed and implemented a conveyor belt feeding system - a novel development for the province's sheep industry.

“ A huge asset is the core group of farmers that are our same generation who grew up here and came back to farm. We use each other's knowledge and share equipment if needed. This doesn't happen in all farming communities, but we have a great group of friends and neighbours in this area.

Human Resource Management

Human resource management demands have not yet materialized at Carncroft Farms. When exploring further flock expansion or entry into sheep milk production, the Carnaghans will need to consider the potential staffing implications.

Risk Management

The wheat, corn, and soybean crops are largely forward contracted to control market risk, but crop insurance is not carried.



Carncroft Farms participates in the government-funded AgriInvest and AgriStability programs.

Their most significant risk management strategies are their value chain marketing with its guaranteed annual pricing, and their production diversification.

Outside Advisors and Support

The Carnaghans have an established group of outside advisors: their accountant, lender, crop specialists and agronomists, and livestock nutritionist. The relationship they value most is the one forged with a sheep veterinarian, as specialists in sheep health are not easy to come by, and veterinary advice is often needed to deal with immediate and critical issues.

Luke and Jenny identify informal continuing education and learning from others as keys to their success. Luke participates in the Durham Soil and Crop Improvement Association and Durham Cattlemen's Association. They involve themselves in community and peer events, educational seminars, and extension meetings to stay abreast of industry developments and to exchange and share information with others.

Carncroft Farms has received assistance from the provincial government and other agencies to grow their business. They used Growing Forward 2 funding for farm projects, and Kawartha Conservation Authority top-up funding through the Environmental Farm Plan program. Cost-share funding was received to support their food safety and traceability programs, an improved handling system for cattle and sheep, a software program to monitor sheep medication use, and data collection equipment to read electronic sheep tags.

Community is very important in Luke and Jenny's lives, once again demonstrating how their values extend beyond the financial performance of their business. To achieve work-life balance they take regular family vacations and volunteer on the local fair's board. Jenny serves on the local elementary school parent council, while Luke coaches and plays hockey.



Carron Farms

3.1 Introduction

Jason Verkaik is the fourth generation in his family to farm in Ontario. In 1934, Jason's grandfather and his two brothers moved to the Holland Marsh to clear land and begin farming in the area. Thirty years later, each of the three brothers decided to create their own family business. Jason's grandfather started Carron Farms in 1964, naming his new company after their two main crops: carrots and onions.

In the mid-1970s, Jason's father and uncle took over the farm. They continued growing carrots and onions in the Marsh, and started producing cabbage on high land mineral soils outside the Marsh. Low profitability in cabbage production prompted a conversion of the high land acres to a corn, wheat, and soy cash crop rotation. In 1979, a state-of-the-art bulk onion curing facility was added to the farm, and in the 1980s they entered into vegetable packaging, building a carrot packing facility for their own crop. Carron Farms vegetable growing now involves 250 acres of Marsh and high land, and they buy vegetables from other Marsh farmers to supplement their own production.

Jason returned to the farm full-time after graduating from Ridgetown College in 1992. The strategic focus turned to generating more revenue in 2003 when the Verkais invested in a packing line and automated packing system for onions. Five years later, Jason completed the process of buying the farm from his father and uncle. It was then that Jason began a re-branding of the business, including a new marketing approach based on telling

Company Aspirations

Jason Verkaik loves both farming and the family benefits derived from living and working in agriculture. He also finds the promotion of Ontario food and the sustainability of Ontario food production personally rewarding. While Jason is proud of Carron Farms and its present operations, he has ambitions to grow the business further, connect more closely with consumers, and continue to innovate.

his family's story of farming and where food comes from. In order to concentrate on marketing, he employed staff to assume some of the tasks he had been spending a lot of time on, including managing both packing plants.

Jason pioneered the Harvest Share Box program in his area, based on some previous endeavours with FoodShare in Toronto. He hired his sister to manage the new initiative as a separate enterprise. In only five years, Harvest Share has grown from 64 to over 500 customer families. The Verkaiks provide a few of their own vegetables in the weekly box, and source the rest from other growers of quality produce, or from the Ontario Food Terminal – all Ontario grown. Not only is Harvest Share self-sustaining, it has propelled Carron Farms into trying new products, such as Indian Red Carrots and multi-coloured beets, to meet the desires of consumers, including new Canadians.

Trials with various carrot varieties provided the knowledge needed to introduce a multi-coloured carrot pack sold through Sobey's. More than 50 acres of East Indian Red Carrots and 100 acres of multi-coloured heirloom carrots are now grown in Ontario every year.

“ Jason began a complete re-branding of the business, including new marketing based on telling his family's story of farming and where food comes from.

3.2 Successes

While Carron Farms has grown under Jason's direction, there have also been trying times and challenges. Strengthening the balance sheet through debt reduction has limited the direct returns to him as the owner of the company, but has positioned the business for further growth. He explains: “There's a lot of work still to do, and also a continual drive to keep going.”

The growth of the Harvest Share Box program is a source of pride, as has the introduction of new vegetable varieties and colours. These successes have been widely recognized: Jason was a finalist for the annual Ontario Outstanding Young Farmer, based on his innovation, business management, and industry contributions.



3.3 Current Challenges

Jason expects that their current water use and waste water disposal issues will grow more intense, and that drives a search for innovative solutions. Jason's growth plans include building the food box program its own on-farm facility to allow it more production autonomy, and an educational component involving on-farm student cooking. He also hopes to introduce more fruit into the food box.

3.4 Strategic Focus and Decision-Making

A three year business plan guides Carron Farms and annual reviews and revisions keep it current. Jason appreciates the value that a strategic plan could bring to the business, and has one in the development stage.

The company was more export oriented 10 to 15 years ago, but fluctuations in U.S.-Canadian currency rates favoured an increase in domestic sales share. Carron Farms now markets 70 per cent of its products in Ontario. The Harvest Share Box program has helped in achieving that goal.

Purchases from other farmers have increased to optimize efficiency of expanded packing capacity.

Flexibility in the varieties and types of vegetables produced has been critical to their success. Carron Farms abandoned attempts at growing ethnic vegetables on their high land after experiencing extreme production variability. They focus on innovation and diversity within their core vegetables - carrots, onions, and root crops such as beets, and exploring further ways of directly engaging consumers.

Jason is the company's decision maker as the sole owner. Suggestions from staff are encouraged and the advice of an accountant, personal financial advisor, business consultant, bank manager, and Jason's father are all carefully considered.

3.5 Best Management Practices

Marketing

Carron Farms strives to serve consumer and customer desires for high quality, nutritious, and bold tasting vegetables. Innovation in product offerings is a strategy which works for them, opening doors to retailers looking for new products and engaging chefs seeking ways to differentiate in offerings to their patrons. Food safety and traceability plans underpin a commitment to meeting consumer expectations. Jason maintains an eye on market opportunities by reading culinary magazines and business publications like Canadian Grocer.

“Innovation in product offerings is a strategy which works for Carron Farms, opening doors to retailers looking for new products and engaging chefs seeking ways to differentiate in offerings to their patrons.”

Carron Farms is certainly not the first farm business to build direct consumer contact through a food box business, though the growth in their program demonstrates that they have their finger on the pulse of consumer demand. They are capitalizing on the growing food buyer's desire to buy locally and sustainably produced food.

Carron Farms has an impressive website promoting the business, the Harvest Share Box program, and local food.

The introduction of new vegetable varieties and colours is the main area of Carron Farms' production innovation. In terms of marketing, the Harvest Share Box program and Jason's efforts to connect with customers and chefs are at the forefront.

Financial Management

Jason notes: "It is a competitive industry. There are financial pressures, competitors in the marketplace, and the red tape that is in our industry (water, etc.) from where it used to be – all of that has brought a lot of challenges to farmers today."



Jason cites continuous learning as a critical success factor and includes reading, attending trade shows, LinkedIn conversations, and networking with researchers and other farmers as means to stay current.

Jason readily admits that financial management was not a strength when he took over direction of the farm, and that in the early days of his ownership he thought finances would take care of themselves if production was done well. He stresses that financial management is more important now than ever in achieving success. Carron Farms benchmarks costs informally and measures business performance regularly, and finances are reviewed weekly.

Carron Farms takes advantage of opportunities for cost sharing with governments and agencies where the objective of the program coincides with the objectives of the farm business. Environmental Farm Plan funds and support from Lake Simcoe environmental funding have been accessed.



Jason states with pride that he is learning to become a better farmer, to understand the needs of the vegetables, and, like an increasing share of Ontario farmers, the needs of the soil.

Human Resource Management

Jason cites the empowerment of employees as a key to the success of Carron Farms. As the business has grown, trusting staff with daily operations frees up valuable time for him to make larger scale management decisions. Jason's sister operates the Shared Harvest Box program with a great deal of autonomy. He has matured from a micromanagement approach to operations.

Risk Management

Carron Farms participates in the government funded risk management programs offered to fruit and vegetable producers – AgriStability, AgriInvest, Self Directed Risk Management, and Production Insurance for hail and frost.

The firm also carries business interruption insurance.

No single customer represents more than 25 per cent of sales to safeguard against accounts receivable risks.



Outside Advisors and Support

- Relations with public officials can be very beneficial. Carron Farms works closely with the Muck Crops Research Station on production matters and with the Ontario Ministry of Agriculture, Food, and Rural Affairs on water and wastewater projects, some of the most challenging issues for Marsh growers and Carron Farms. “These relationships and the support of these organizations are what has kept farmers farming in the Marsh.”
- They conduct on-farm research trials every year, and Carron Farms works with the researchers from the Muck Crop Research Farm on publicly funded trials. Sharing experiences and findings with researchers provides valuable insights and potential innovation opportunities.
- Jason views participation in farm and business organizations as beneficial to Carron Farms as a source of industry intelligence, trends, and emerging issues. He has served four years on the Ontario Fruit and Vegetable Growers’ Association Board and is currently Chair of the organization.
- Jason cites continuous learning as a critical success factor, and includes reading, attending trade shows, LinkedIn conversations, and networking with researchers and other farmers as a means to stay current. “Having a good perspective and understanding of the benefits and challenges in the industry as a whole is important.”

“ Jason views participation in farm and business organizations as beneficial to Carron Farms as a source of industry intelligence, trends, and emerging issues. ”



Cooper's Farm and CSA

3.1 Introduction

Steve and Lisa Cooper have been farming since 1993. Together they run a Community Supported Agriculture (CSA) venture, take part in five farmers' markets, and operate an on-farm store and roadside stand. Their farm is in Zephyr in Durham Region, northeast of Newmarket.

Their CSA offers subscriptions for vegetables, beef, chicken, turkey, eggs, pork, and the "Super Duper Cooper Special" that combines all the CSA offerings. Participants can come to the farm to see how livestock is raised and produce is grown, and the Coopers are always willing to answer questions. The CSA was launched in 2007 with 50 families, and has now grown to 550 in the summer and 250 in the winter. Their on-farm store is open five days a week from June through October and every other Saturday in the winter, selling pickles, jams, jellies, preserves, beef pie, shepherd's pie, and beef tourtiere, and offering CSA pick up. During the summer, the roadside stand is open seven days a week.

The Coopers farm 100 acres and rent another 300 acres nearby, using it for their livestock production and CSA, as well as pasture, hay, and growing some feed crops.

When they started farming in 1993, the Coopers established a beef cow-calf operation similar to one run by Steve's father. They soon realized they could not make a decent living with 150 cows and some cash crops.

Steve had been growing and selling sweet corn since 1981, when he was 11 years old. The Coopers were invited in 1999 to join a committee planning a new farmers' market in Newmarket. This led them to expand produce

Company Aspirations

The Coopers are clear in what they want from their business: independence in terms of self-direction (accountable only to themselves), financial sustainability from the farm (no off-farm work), and an enjoyable lifestyle. They appear to be meeting these goals.

offerings beyond just sweet corn, and they gradually grew to be participants in nine farmers' markets. During this time, they tried many different kinds of crop and livestock production, from raising meat goats to selling produce in the wholesale market, but it was not until Lisa lost her job in 2004 that they committed to working full-time in the farm business.

The Coopers realized that further education would be critical to their success. Steve enrolled in the Advanced Agricultural Leadership Program (AALP) in 2005, and completed the CTEAM (advanced farm management) program offered by Dr. Larry Martin. Lisa also completed the AALP program.

“ Building an agri-entertainment business was part of the Coopers' move away from commodity agriculture to direct marketing, where both they feel they've found their niche. ”

The Coopers built an agri-entertainment/education business by setting up a corn maze, offering farm tours, and building their CSA program. This was all part of their move away from commodity agriculture to direct marketing, where both Steve and Lisa feel they have found their niche.

3.2 Successes

The business is meeting its main objectives by providing two full-time wages and continuing to grow. The Coopers consider their farm to be a work in progress, always changing and adapting to customer demands. They continue to diversify their customer experiences.

The Coopers were recognized with a major award as Canada's Outstanding Young Farmers of 2010, a tribute to their innovation and farm management.

Success is attributed, among other things, to:

- Continued education. Both Steve and Lisa returned to post-secondary education at Ridgetown College and participated in the Advanced Agricultural Leadership Program. Steve also completed the CTEAM program, an advanced farm business management course.
- Willingness to listen to others and apply those learnings.
- Embracing entrepreneurship. A “go for it” attitude and a drive to please customers are essential in their type of business.
- Having a plan and sticking with it, but also continuously revising it to evolve with changing opportunities.
- Learning from mistakes. The Coopers reflect: “I wish I had gotten smarter earlier. We wouldn't be where we are now if we had not made those mistakes.” Notwithstanding the value they place on those painful lessons, they stress the importance of looking forward without dwelling on the past.
- Family support. Lisa and Steve cite the encouragement and the hands-on farm support they have received from their families as important to their success.



3.3 Current Challenges

The Coopers stress the importance of always looking for new opportunities. Deciding on new directions is the biggest challenge facing the Coopers at this point.

They consider their farm unit as the asset base upon which other businesses can be built. The most obvious options are those they can implement within their farm store. There are a number of potential agri-tourism enterprises which would be natural fits with their current operations, undertakings in which others have been successful in Ontario.

Their CSA customer base includes teachers who co-ordinate school culinary programs and use the CSA contents for school lunches. There are opportunities to build on those connections in terms of hosting school groups or growing the CSA program.

The Coopers believe that with the addition of appropriate facilities it could be possible to host a variety of functions on the farm. They are also interested in the concept of incorporating on-farm dinners with celebrity or local chefs. These initiatives have not been investigated to the extent that they would need to be prior to undertaking a new venture, but the Coopers are open to the concepts at this point.

3.4 Strategic Focus and Decision-Making

The Coopers have an informal strategic plan which they revisit frequently. They believe their next step in operating the expanding business is the creation of a more formal plan and a shift in their personal focus to managing from that plan: "It is a struggle to function at the management, executive, and working levels, and devote enough time to all things."

Mutual respect and capitalizing on their respective strengths are cited as keys to their success. They operate as Co-CEOs, jointly discussing major decisions but not getting involved in each other's specialty other than as a sounding board. Lisa is the Treasurer, the "face of the farm," and operates the CSA program. Steve is the Chief Operating Officer, Chief Financial Officer, and the agronomist, growing 91 crops. Notwithstanding the adoption of management practices beneficial to the business's success, the Coopers' acceptance of the need for change was the critical factor in their decision making. The Coopers credit the Advanced Agricultural Leadership Program and its international travel component with the broad outlook and critical analysis skills which inspired their fundamental shift from beef production to consumer marketing of produce.

“The innovation in this business, unlike many other farms, is in marketing with new variety trials identifying product diversification opportunities.”

The Coopers state with only a hint of humour that they make their best decisions when they are 2,000 miles from the farm, emphasizing the importance of perspective and dispassionate assessment.

Key decisions over the last 30 years for the business have been to:

- Exit commodity production and find a new niche.
- Focus on profitability since the establishment of the Greenbelt meant they could not sell their land for a developer price.
- Establish a customer base through direct marketing, thereby building value in the business beyond that of the land.

3.5 Best Management Practices

Marketing

The Coopers have developed a multi-faceted farm-market operation, seizing new opportunities and responding to customer feedback and market trends. The innovation in this business, unlike many other farms, is in marketing with new variety trials identifying product diversification opportunities. Through customer testing in co-operation with the Ontario Farm Fresh Marketing Association they explored customer service enhancement. The Coopers monitor and analyze consumer spending and disposable income data, and interact with customers at farmers' markets and on-farm to identify trends.

“Maintaining frequent contact with customers is considered important to success, and the Coopers share plans and weekly updates with customers and solicit feedback.”

The Coopers note: “We are pioneers in a new area, among the first people to bring scale to a CSA and do it as a business that is part of a regular family business.”

The Cooper's Farm promotion and outreach strategy favours social media and word of mouth over media advertising. “Spending money on advertising doesn't pay like good word of mouth does.” They maintain a comprehensive and appealing website and use Facebook and Twitter to generate awareness and interest. Maintaining frequent contact with customers is considered important to success and they share plans and weekly updates with customers and solicit feedback.

Groupon has drawn large numbers of customers/fun seekers to the farm and the corn maze. The Coopers explain: “When growth stagnated, we had to look at what could be done to overcome the stagnation. It was a struggle to get people to the corn maze at first because of the farm's location on a side road and competition nearby. We participated in a Groupon promotion, selling 3,000 Groupons. This took us from no customers to a field full of cars.” For four years the Groupon effort delivered 10,000 people. In 2014, the Coopers elected to forego Groupon, believing they had built a customer following for the maze, and they had their best season to date. Groupon is now an accepted and commonplace strategy to increase customer traffic in many lines of business, but when the Coopers started with Groupon in 2010, their foresight was truly innovative.

Financial Management

Steve's participation in the CTEAM program provided managerial accounting skills which he considers extremely important. He finds it difficult to formally benchmark against other farm businesses because their operation is so multi-faceted and the production component is only part of the enterprise. Compartmentalizing their business records into two or more enterprises might be a strategy for the Coopers to consider, thereby generating financial and costing reports that could be compared to similar businesses.



Human Resource Management

The Coopers consider themselves as coaches rather than managers of staff and they are strong believers in accommodating their peoples' learning curves. "Empowering employees to make decisions shows faith and trust. If employees do something wrong we consider it our fault, not theirs. We do not chastise or penalize for decisions that don't go well."

“ Networking with a wide array of individuals and organizations contributes to awareness, knowledge, skills, and opportunity identification. ”

When hiring, the Coopers appreciate that most staff come without qualifications for either farm or retail positions, so they hire on potential. Personality, existing skills, and the ability to learn are the prime criteria when recruiting.

Risk Management

Cooper's Farm employs relatively little in the way of formal risk management strategy and programs. Diversification in farm products, the agri-tourism component, and multiple marketplaces (farm, farmers' markets, and CSA) afford some risk protection. They also participate in the AgriInvest program.

The Coopers have adopted only those practices and participated in programs with the potential to deliver on their business objectives.

- **Formal Food Safety Planning.** The Coopers are cognizant of food safety and cross contamination potential on the farm and at their markets. In their direct-marketing environment, a formal plan is not required by buyers. They practice food safety protocols and practices that are part of their culture.
- **Traceability and Certification.** Likewise, while these practices are becoming commonplace on many farms to satisfy market demands, the Coopers are not asked by their customers to provide these formal product assurances. The Coopers manage these issues on a personal basis to develop the customer trust that is critical to success.

Outside Advisors and Support

Networking with a wide array of individuals and organizations contributes to awareness, knowledge, skills, and opportunity identification. Among their network, the Coopers cite the Ontario Berry Growers, Ontario Farm Fresh Marketing Association, Ecological Growers, York/Durham Farm Fresh, Ontario Fruit and Vegetable Conference, CTEAM Alumni, and Canada's Outstanding Young Farmer program.

The Coopers have limited involvement with governments and agencies. As an independent producer and marketer of unregulated products (no marketing boards), Steve and Lisa encounter few requirements to develop relationships with government organizations, and see few benefits to Cooper's Farm pursuing relationships beyond the municipal government level. They have not to date taken advantage of government shared cost funding or the Growing Forward 2 program.

Greenwood Mushrooms

3.1 Introduction

Greenwood Mushroom Farms was formed in the early 1960s. In 1978, it expanded to include a group of mushroom growers in Durham Region to achieve efficiencies of scale. Clayton Taylor, who bought into the business in 1990, is the managing partner, with decision making and direction provided from the partnership team of five owners. Greenwood has two production sites in close proximity to each other, and a large processing and packaging operation. To achieve preferential tax benefits the functions of i) providing production inputs, ii) producing, processing, and packaging the mushrooms, and iii) the marketing and merchandizing, are divided between three separate companies, all part of the same partnership. Ontario Mushroom Farms is the growing substrate (compost) producer for all Greenwood Mushroom Farms' operations and those of its partners, as well as for sales to other mushroom farms in Ontario and eastern Canada. Ontario Mushroom Farms is currently expanding its compost production facilities through a major expansion, incorporating European technology and expertise. Growing substrate produced by Ontario Mushroom Farms' expanded facility translates into mushroom production with a total retail value of \$160 million.

Odour from the composting operation has caused considerable conflict with neighbours. To address this issue, the company is adopting newly available technology to enclose the operation. This involved the rerouting of a small stream in concert with the local municipality and Conservation Authority.

Greenwood Mushroom Farms is responsible for the production of their own crops, and the processing and packaging of the crops produced by Greenwood, by company partners in operations independent of Greenwood, and by a few other growers who supply mostly specialty varieties.

Company Aspirations

Greenwood is earnings driven. They enjoy the challenge of growing high quality mushrooms. Their guiding objectives are to produce a high quality crop at the lowest possible cost and be adaptive to deliver what consumers want.

Windmill Farms markets the output from Greenwood Farms' packaging operation and provides store level merchandizing services to retailers of their products. Retail, food service, and pizza markets are supplied with over 100 distinct products, each meeting the particular specifications of the customer.

The business has expanded in several phases over the years, incorporating significant mechanization, with the objective of establishing cost stability and production consistency. Greenwood operates one of the largest mushroom enterprises in Canada, with 360 employees.

3.2 Successes

Clayton Taylor proudly asserts that the firm's lenders assess Greenwood's financial performance as very successful. Farm Credit Canada frequently calls upon Greenwood management to present on business planning for staff and clients.

Taylor sums up their success by contrasting their growth to the struggles in recent years of several large competitors in the Canadian mushroom industry: "We must be doing things well." That is not to suggest that Taylor relies on outsiders to gauge their success. The partners are very satisfied with their returns, with confidence reflected in their multi-million dollar ongoing and recent investments.

The company attributes its success to:

- Its people. They are highly trained and experienced, and are very good at what they do.
- The ability to seek out and implement new technology to reduce costs and achieve high quality.
- Their three company business structure and its preferential tax treatments.
- Good relations with government officials and economic development agencies, and the leveraged funding to support their expansions.

3.3 Current Challenges

The large size and complexity of Greenwood presents two challenges for management. Firstly, growth requires the sharing of management responsibilities and expertise among a larger number of individuals, adding further complexity and placing different demands on senior managers.

Secondly, labour needs are growing in the face of government reviews of, and subsequent restrictions on, foreign worker access programs. While the policy and program issues will be addressed primarily by the industry association Mushrooms Canada, securing the local and foreign workers for Greenwood's daily operations must be managed by the firm itself.

3.4 Strategic Focus and Decision-Making

The company is fortunate that each member of Greenwood's ownership group has a unique set of skills, from production management to mechanical engineering, finance, and marketing. Significant decisions are made as a management group, led by the managing partner who devotes 20 to 25 per cent of his time to future expansions and business development.

The firm has a strategic plan that receives reviews and revisions at least annually. As witnessed in most exceptionally well managed businesses, the Greenwood team focuses on production, capitalizing on strengths, risk management, strategic investments, and performance monitoring.

Greenwood sticks to its knitting, producing only white and brown mushrooms, at which they are very proficient. They purchase other varieties of mushrooms, so Windmill Farms can provide a one-stop shopping experience for customers.

The company has explored entry into the prepared salad category, but has opted against diversification into this area for a number of reasons, most notably food safety risks.

While their integration from composting to the retail shelf does not readily lend itself to true value chain management, they share information with and support those with whom they do business, generating mushroom growth substrate (compost) for their exotic variety producers, and assisting those smaller producers in achieving organic and food safety standards. Likewise they support their retail customers by providing merchandizing support in the form of in-store display management.

“Windmill Farms has been described as one of the best managed agricultural businesses in Canada and its success story has been showcased by Farm Credit Canada.”

Strategic positioning of a business can be very beneficial to its financial performance. Greenwood has worked with the mushroom industry association to actively promote its status as a farming operation rather than an industrial operation. Recognition as a farming business provides access to government programs and funds, and affords the firm the benefits of operating under the provisions of the Farming and Food Production Protection Act.

When asked what they could have done better, Taylor cites two examples. Had they land-banked more adjoining property for expansion years before it was needed, they could have reduced the acquisition costs significantly. Additionally, they wish the technology they are introducing to alleviate their odour problems could have been adopted sooner, but the systems have just recently become available.

3.5 Best Management Practices

Marketing

All manner of mushrooms are offered - several private label lines, organic, sliced, triple-washed, colour blended, gourmet, and various package formats. Merchandizing services are provided for retail customers. By taking these approaches, Windmill has maximized brand identity and developed customer loyalty, verging on customer dependence.

Food safety, traceability, and organic certifications are in place. Serving the chain store and food service sectors requires assurances of quality and food safety, which Windmill is able to provide. Other food producers who are unable or unwilling to attain those standards are ill-advised to explore those markets.



Financial Management

As one would expect from a large, successful, profit-driven enterprise, the company focuses on numbers; collecting production and financial data, analyzing, and responding. Costs of production for both mushroom production and plant operations are reviewed weekly. Greenwood also measures its costs against its peers across Canada and internationally, to identify areas for improvement.

Taylor believes that it is critical to have the capital necessary to push the business forward. In the early days Greenwood took the approach most businesses must take. To build a strong balance sheet the partners plowed all the profits they possibly could back into the business.

“The company attributes its success to the ability to seek out and implement new technology to reduce costs and achieve high quality, as well as its good relations with government officials and economic development agencies, and the leveraged funding to support their expansions.”

Production Management

Greenwood employs a Hazard Analysis Critical Control Point (HACCP) system to maintain product quality and an Environmental Farm Plan as a component of their sustainability efforts.

Like many businesses with sustainable growth, Greenwood could easily have been the victim of its own success. One of their biggest associated challenges has been management development. The luxury of complete control in the hands of a few must often be sacrificed as a business expands beyond a critical mass. Delegation and reliance on others becomes essential. Taylor believes the keys to their management development are calculated recruitment and investment in qualified individuals.

Human Resource Management

Labour costs are 50 per cent of Greenwood's cost of mushroom production. Hence, human resources management is critical. A large workforce comprised of people from diverse backgrounds can create challenges due to miscommunication and suspicions of preferential treatment. The company strives to treat all employees alike, whether it is in terms of workplace safety, harassment, discipline, or benefits. All





Greenwood human resource strategies, policies, and practices are documented in a personnel policy book, made available to all staff.

The firm also profit-shares with staff to encourage pride in performance.

Partners and senior management are 40 to 65 years of age, not yet presenting a serious succession issue for the firm. Notwithstanding that, the partners brought an employee into the ownership group six years ago to partially address future succession challenges. Another wise strategy has been to introduce more mechanization, thereby reducing the dependence on highly skilled production expertise – those who practice the “art” of mushroom production.

Risk Management

In a firm like Greenwood, risks come in many forms, and the significant investment of the partners warrants constant risk mitigation. The company subscribes to the government offered financial support programs for agriculture – Self Directed Risk Management, AgriStability, and AgriInvest. A full time staff member is dedicated to accounts receivables to safeguard revenues. Cash reserves are maintained at an appropriate level to provide an adequate buffer. Additionally, the risks associated with loss of critical, specialized production expertise is mitigated through the adoption of technology.

Outside Advisors and Support

Like most expansionary businesses the size of Greenwood, the firm depends heavily on outside corporate lawyers and accountants. A production consultant from Europe visits a few times per year to train staff and provide advice.

Taylor and his partners stay current with industry developments by travelling to other jurisdictions, monitoring investments within the mushroom sector, and staying abreast of legislative changes.

Funding for Greenwood’s considerable expansion has been aided by government investments under the Rural Economic Development program, the Local Food Fund, and Growing Forward 2.



Our biggest single asset is our people and their ability to adapt, innovate, and deliver in an ever-changing business climate.

The management team at Windmill Farms is considered one of the most experienced in the industry worldwide with extensive knowledge in all phases of mushroom production, sales, distribution, and marketing.

Meyers Fruit Farms

3.1 Introduction

The company name can be deceiving. The Meyers family fruit farm has not just changed as the business has evolved, but has embraced diversification over the past 60 years. Production of wine grapes, greenhouse flowers, and herbs have been added to the operation. This diversified growth has generated a number of business challenges.

Meyers Fruit Farms was started by Fred's first generation immigrant parents in 1955 when they bought the home farm near Niagara-on-the-Lake. Today, Fred and his sister Elly manage the business, along with Fred's son Jim and Elly's son Aron. The farm includes 250 acres of owned and 100 acres of leased land where the family grows peaches, nectarines, pears, plums, fresh grapes, and wine grapes. There are also approximately 15 acres of floral greenhouses producing upwards of 100 different potted flower products – Easter and other lilies, potted mums, cyclamens, poinsettias, bulbs, and even Shamrocks. Approximately 70 per cent of the farm's floral sales are direct to customers in the United States, with the remainder serving customers in the Canadian market. Their fruit is marketed across North America in partnership with a major neighbouring fruit producer and wholesaler.

Company Aspirations

- Growth and profitability are essential, within an enjoyable work environment for the owners and employees.
- Provision of an opportunity for the next generation of Meyers to participate in the business if that is their desire.
- Meeting their responsibility to provide employment for their staff. The Meyers believe they have an obligation to succeed in business in order to provide their employees with a good living and a productive career.

After high school, Fred was offered an opportunity to work on a neighbouring farm, which began his farming career. Elly joined him in the late 1990s as Fred's partner. Jim, who is now the Sales Manager, joined in 2003, and Aron came on board a year later and is full-time greenhouse Production Manager. Jim's brother Blake is also part of the company's management team.

The farm is divided into two incorporated companies; Meyers Fruit Farm and Flowers (Fred and Elly) which is responsible for production, and Meyers Flowers (Jim and Aron) which is responsible for sales. The two were separated to manage equity for the next generation and to minimize risk, particularly due to the business's heavy exposure to the U.S. market.

Meyers Fruit Farms is in the planning stages of a major expansion.

3.2 Successes

By most business measures, Meyers Fruit Farms is highly successful.

- They rate their financial positions as "Ok plus," after 60 years of profitability.
- Operations have been diversified and have been expanded considerably.
- Fred and Elly's children have assumed significant management responsibilities and ownership shares.
- The Meyers cite the development of a loyal customer base as a key accomplishment.
- The longevity of employees' tenures with the farm is a testament to how the Meyers treat their staff, and that is important to them.



The Meyers reflect: “Our success on the farm has come from generations of hard work and attention to detail. It has been our commitment to provide our customers with a goodness only fresh fruit can provide.”

The Meyers credit their success to:

- The vision and work ethic of Fred’s and Elly’s father.
- Always striving to be the best and challenging themselves to be better at everything they do.
- Their diversification of products, employing their strategy to develop a market, and offering purchased product prior to establishing their own production capacity.
- The conviction to take advantage of opportunities. As an example, they were fortunate that a neighbouring farm became available to purchase and appreciate now how important it was that they made that commitment.
- Strong relationships with flower customers. Retail buyers seek ways to differentiate from the broader market and to offer their customers “new” products. The Meyers work very closely with those they supply to supplement their product line.
- Their company philosophy of giving value to the consumer.
- Their valued employees, who they call the backbone of the company.
- Knowing their market and working hard to keep current with trends.

“ Flexibility is critical. Growth and diversity require new management techniques and markets are constantly evolving.”

3.3 Current Challenges

The Meyers family has, by virtue of the nature of their business, faced many significant challenges, and overcame these by making key decisions.

- High interest rates and difficult peach markets were issues in the 1980s. Debt reduction and diversification into the greenhouse sector proved to be wise strategic approaches.
- The 9/11 crisis created border issues for short periods of time with respect to getting product across the border. The Meyers had to live with that difficulty.
- The invasion of the Plum Pox virus had serious implications for the marketing of Ontario tender fruit. Fred participated in the industry-government policy discussions on how to deal with the threat and by doing so helped achieve an outcome that supported Meyers Fruit Farms’ objectives.
- On the floral side of the business, fluctuations in currency values are always a big challenge with the majority of the product marketed to the U.S. Selling directly to customers rather than paying brokerage fees or taking lower prices has kept the firm profitable in the periods when the Canadian dollar was at par or above U.S. dollar values.

Other more current challenges include:

- Cost escalation. Increases in the Ontario minimum wage have significantly increased production costs in this labour intensive operation. Indexing of the legislated minimum wage to other economic indicators should from now on eliminate sudden large increases like those experienced in the last two to three years.
- The Meyers are witnessing the same increasing regulatory burden that many farm operators are faced with. In their case, more stringent border crossing demands and increased food safety requirements are problematic, or at least perennial nuisances. The produce industry's CanadaGAP food safety protocols are viewed as reasonable, but time consuming.
- Water management issues pose a considerable challenge. The farm will be implementing some changes to meet the Ministry of the Environment and Climate Change expectations regarding storm water management. With respect to their nutrient rich, greenhouse wastewater, more controlled disposal systems will be introduced. The specific approach has not been identified yet, but it will certainly entail additional costs.

3.4 Strategic Focus and Decision-Making

A formal written strategic plan has not been developed for Meyers Fruit Farms, but they do have a number of strategies that guide their long term development.

- They are not looking for new greenfield opportunities, as there is plenty of scope for capitalizing on their strengths and building on what they are already doing. For example, to achieve maximum efficiency when exporting they have been buying fresh herbs to fill their transport trucks (a complementary product line in the retail floral department). There was an opportunity to grow those herbs themselves and the Meyers have recently embarked on that path.
- The Meyers indicate: "Our strength has been our diversification, and we will likely have to diversify again. Our approach is to buy something in, develop a market and then grow it ourselves, such as we did with the shamrocks."
- The Meyers have also chosen to be, as they say, "meat and potatoes" flower producers and marketers with little value added to the potted flowers they sell.



- Where they prefer to add value is in the service they offer to supermarkets. Large retailers are striving to reduce labour costs so the Meyers assume some of the retailer's traditional in-store merchandizing functions.
- They follow a "sales driven" philosophy, responding to market demand and customer interest.
- Maintaining an optimistic outlook can be a very important strategic goal. The Meyers each have an area of the business which they view with great optimism, whether it is wine grapes, tender fruit, or flowers.

The Meyers are striving to become more organized in their decision making, introducing owner meetings where the managing shareholders hash out major issues. In daily operations, Jim and Aron handle the sales and production responsibilities respectively, with a great deal of autonomy.

Business plans have not been put together in the past, though they are developing one to support the financing of the current expansion. Financial institutions have centralized their loan approvals processes with more emphasis on written plans, and less on historic client relations. Accordingly, the Meyers have found it necessary in this instance to retain a business specialist to generate a professional plan.

3.5 Best Management Practices

Marketing

Meyers Fruit Farms does not employ the services of a broker, choosing to sell their floral line directly to retail markets. This contact with the market affords them a good understanding of what their customers value. They have marketed their own product since the 1990s and it is the relationships with customers that ensure sales and margins when the market is a bit tougher.

The high quality they strive for in fruit production comes from investments in modern growing techniques, and state of the art warehouse, packing, and logistics technology. They also grow the newest fruit varieties which offer the best taste, colour, and size. Meyers' fruit is marketed across North America under the Seasonal Delight Fruit brand, in partnership with major fruit producer Abe Epp and Family Farms. By consolidating production, their Seasonal Fruit Sales organization markets the fruit from nearly 1,500 acres of tender fruit. That represents 65 per cent of Niagara nectarine production and 25 per cent of Niagara's peaches. Access to those volumes of fruit enables the sales organization to supply major retail promotions and ads throughout the season.

Meyers Fruit Farms maintains an impressive website for a business that wholesales its products.

The Meyers share their business plans with customers and suppliers, which is a wise approach to ensure smooth operations and solid sales relationships.

Financial and Production Management

Fred's father was very conservative, and Fred considers himself still somewhat financially conservative.

Benchmarking costs against similar enterprises is not conducted, though they use internal measurements to gauge performance. There are some industry benchmarks for fruit production against which the Meyers' performance could be checked. While there are some benchmarking opportunities for mono-culture flower growing, because their operation produces such a diverse range of products, the monoculture data is not readily applicable to their operation.

The Meyers Fruit Farms operations are expensive in terms of inputs. Cost containment can in some instances significantly enhance profits, and in other cases market prices can be maintained at a point where the Meyers' products are competitive. The business collaborates with others when beneficial, for instance consolidating

large loads to share transportation costs. When growing a diverse number of product lines and upwards of a hundred different floral products, keeping on top of costs is a real challenge. To address that need Meyers Farms are adopting a program whereby they will know their cost of producing each floral unit within one-half of a cent. They note: “It becomes harder to rely just on instincts as you get bigger.”

U.S. flower sales represent the Meyers’ dominant revenue stream, so mitigating currency exchange fluctuations is key to managing their finances. The Meyers’ CIBC foreign exchange “partners” provide various tools to manage that risk. They do not practice receivables protection, which some advisors might consider a risk prone practice, and most of their sales arrangements are informal. When marketing their fruit they have no contracts and rely on trust, which is understandable considering their very close and solid relationship with their marketing partner.

In day to day operations, management is very hands-on and leads by example, which the Meyers believe contributes to valuable camaraderie with employees.

For the last two years the Meyers have found their “next-day job board” very helpful in organizing tasks and staff. “Everyone knows where they are going and what to do and we can communicate the next day’s work in advance with the least effort required.”

The Meyers categorize themselves as “medium” in terms of production innovation. They strive to stay current with new technologies but stress that not all technological “advances” are cost effective. The greenhouse offers the best opportunity to introduce new technologies, especially where labour reductions can be achieved. Biological pest controls are being introduced in the greenhouses and vineyards. Variety trials with plants from all over the world are run in the greenhouses.

Food safety and traceability programs are employed and an Environmental Farm Plan guides their operations from an environmental perspective.

Human Resource Management

The farm has 25 full-time and 75 part-time employees. The part-time staff includes 25 students and 50 Jamaican and Mexican workers who are sourced through the Seasonal Agricultural Worker Program.

The Meyers treat employees the way they would like to be treated. Their benefits package is seen as a big motivator for employees. They have been offering a profit-sharing plan for full-time employees for five years. They hope to take that profit sharing to the next step by better informing staff of how things are going and by more directly relating the work of the individual staff member to the business’s bottom line.

Transferring management responsibility to younger family members requires constant communication and well defined roles. The Meyers see this as an ongoing and essential part of achieving a smooth succession. A business specialist from the University of Guelph has provided management training.

Risk Management

The business has faced many significant challenges and several categories of risk, and it has a mitigation strategy to address each. The Meyers leave little to chance, taking advantage of every opportunity available to ensure success.

- Financial instability and production risks are bolstered by participation in the government funded farm programs: AgriStability, AgriInvest, and Self Directed Risk Management.
- Crop Insurance is also employed for the orchard crops.



- To manage production costs they contract natural gas for the greenhouses.
- Forward contracting minimizes the risk from currency exchange fluctuations.
- Private insurance fills some gaps that are left.
- They plan production to avoid over or underproduction by analyzing historical sales data and trends.
- The Meyers maintain a diverse customer base to protect against payment defaults. To do so, with only a few major Canadian retailers, requires that a significant portion of their production will continue to be marketed in the U.S.

Outside Advisors and Support

In most business components the principals engage outside expertise which is both prudent and constructive for such a complex farm operation. The services of accountants, lawyers, a controller, along with business planning and government relations experts are called upon when making planning and management decisions. On the production side, the Meyers source the advice of pest management and greenhouse growing experts.

In addition to purchasing outside expertise to enhance their business performance, the Meyers expose themselves to trends, industry issues, and potential innovations and opportunities through a variety of methods. Staying current is a business strategy. Besides providing a means to give back to the industry, they have found benefits from participation on the boards of the Ontario Fruit and Vegetable Growers Association, the Tender Fruit Growers Marketing Board, and Flowers Canada. They are also willing to share their experiences through trade shows and industry events.

The Meyers stress that waste management requires constant attention, and if not carefully managed could be an area of conflict with the Ministry of the Environment and Climate Change. Open communication and demonstration of intent to improve are fundamental to that relationship.



Tigchelaar Berry Farms

3.1 Introduction

Tigchelaar Berry Farms Inc. in many ways exemplifies the manner in which many successful family businesses evolve. They have specialized in a profitable enterprise. What was in the early days a focus on production to meet a voracious market is in more recent times supplemented with enhanced business management. The established business is spawning sub-businesses, and the current owner-operators are contemplating the entry of their children.

Dan and Jeff Tigchelaar are third generation Ontario strawberry growers, currently based near Vineland. In the 1990s, the brothers took over the strawberry farm their father had developed in the Binbrook area. When the traditional strawberry business began to decline, they recognized a need to diversify. In 1995 they purchased their current farm in Vineland and started growing day neutral strawberries in 1998 with four acres of the crop. Their initial years with day neutrals were a struggle: "it's a completely different crop than growing June bearing strawberries." It was not until varietal and cultural changes were made that their business started to really take off.

The Tigchelaars have discontinued their Pick-Your-Own operation in Binbrook to focus on expanding their day neutral business. They still grow apples in Binbrook, as well as mixed vegetables and some cash crops, and

Company Aspirations

The Tigchelaars farm to make a good living for their families, and they are driven by strong faith and a spiritual connection to food production. The overarching goal for the Tigchelaars is how they can reflect and incorporate their strong faith into what they do and how they run their business. They note: "We've always tried to stay in the top 10 per cent of what's happening in our industry."

Recently, the brothers are focused on the potential for their children to have a future in the operation: "Another objective now is how we get this business to the next generation in a good, solid way."

have a 10 to 15 acre Pick-Your-Own strawberry operation in Jordan. Notwithstanding their diversification, approximately 80 per cent of their efforts are focused on the day neutral berries.

The business was incorporated in 2000. For taxation reasons, all the land is held outside the company by family members and rented to the corporation. Tigchelaar Berry Farms Inc. is comprised of only the berry plants and equipment.

Family involvement has always been significant. Dan, Jeff, and their spouses have 11 children. Three of Dan's children are married and are involved in the farm operation.

“ With minor modifications, the Tigchelaars’ berry equipment has been creatively adapted to serve the needs of a neighbouring grape grower, thereby generating another source of revenue. ”

3.2 Successes

The Tigchelaars have experienced challenging times in their early day neutral berry business, but overall they rate their business as a success and see a bright future. Tigchelaar Berry Farms is profitable, they continue to innovate production techniques, thereby maintaining their leadership status in the berry sector, and they are addressing the dual management challenges associated with a large and growing business and the introduction of the next generation of the family into management.

The brothers attribute their accomplishments to several factors:

- The strength of the partnership between Dan and Jeff. They respect their clearly delineated areas of responsibility and trust each other's decision making.
- They are fortunate to have natural advantages in the quality of their land and its proximity to Lake Ontario.
- The local food movement has generated a consumer willingness to pay a higher price for local food and the Tigchelaars are capitalizing on that over a longer season with the day neutrals. “We can't compete on price alone, but because consumers are willing to pay more for a quality local product, we can survive.”
- The Tigchelaars have been open to change and innovation. They relocated their main operation to a different region and adopted day neutral strawberries when that production system was relatively new to Ontario. They have experimented with different lands within the Niagara region and sourced enough land to accommodate the need to continually move producing fields to new properties.

Their innovation has been recognized by the Ontario Premier's Award for Agri-Innovation and by the Niagara Entrepreneur of the Year award in 2009.

3.3 Current Challenges

Dan and Jeff intend to continue using a considered and careful approach to deal with some of their current issues:

- The ongoing necessity to address land availability as the berry crops cannot be grown repeatedly on the same fields for disease and pest reasons. Hence, they have a constant need to be securing appropriate land nearby.
- The need to introduce more innovative retail marketing.

- The integration of new initiatives and diversified revenue into the corporate structure. The current farm market expansion and relatively new custom spraying service are being established within the existing business structure rather than as separate corporate structures.
- Rising labour costs, increasing water taking permit restrictions, and minimum labour and food safety regulations.
- Limited access to plant material and varieties specific to Ontario's climate.

3.4 Strategic Focus and Decision-Making

Tigchelaar Berry Farms Inc. has no written strategic plan. The brothers prefer to sit down every winter and strategize about what will be new in the next year and how those changes will be implemented. Dan and Jeff plan to spend more time thinking about long term direction as the next generation enters the business.

Dan is corporate President and Jeff is Secretary, with ownership and responsibility shared equally. The brothers have not chosen to formally delineate responsibilities between them, a practice which many successful farms deem critical. To avoid overlap and conflict they are constantly communicating so that they know exactly what the other is doing in the shared responsibility areas of production and marketing. While they are comfortable in this arrangement today, they acknowledge the importance of defining management autonomy when more family members are brought into decision making positions. The brothers employ what they term a very methodical approach to decision-making, carefully assessing the business environment, their growth plans, and the farm's future needs. They credit this approach with the major advancements of their business, which have included:

- Getting into day neutral berries.
- Experimenting with different land in the Niagara area.



- Incorporating the business, with land kept outside of the company. By following this approach the rent paid to shareholder land owners is a company expense and business income can be transferred to shareholders through rent payments that are set to maximize joint tax advantages. Capital gains tax exemptions can also be maximized.

3.5 Best Management Practices

Marketing

Tigchelaar Berry Farms experiences strong demand for their product, especially outside the Ontario June bearing strawberry season. Their first flush of picking is almost complete when the June crop hits the market, affording them a distinct price advantage.

They are often challenged with shortage of product. To maintain customer loyalty and to exhibit fairness they do not contract with individual customers, but commit percentages of the crop to buyers, thereby sharing the crop equitably.

Clearly labelling their retail packaging to promote its local origin helps capitalize on their “local food” advantage in a marketplace supplied with imported strawberries year round. Food safety and traceability protocols and certification are prerequisites to their retail chain store marketing.

The Tigchelaars strategically market their production among a number of customers without spreading their limited supply among too many buyers. That approach limits accounts receivable pitfalls and the risk associated with potential loss of a singular market. The farm sells a share of their production to Loblaw's. A quantity is sold from the farm, to both further marketers and the consuming public. They also supply smaller retailers, restaurants and dealers who source the berries at the Ontario Food Terminal wholesale market in Toronto. “It is important to be balanced in your customer base,” they advise.



Through constant communication and sharing of information, their relationship with that single chain store has matured to the point that the retailer understands and accepts the production constraints that can influence product availability.

On-farm marketing has not been a strength of the Tigchelaars, with little innovation at that level to drive consumer sales. To address that opportunity Dan's daughter and son-in-law are now focused on expanding this sector of the business through a new innovative on-farm market and scratch bakery. They also took over an established farm market and bakery.

Financial and Production Management

The Tigchelaars manage their farm finances like many successful farm operators. They call it the “Big Pot” approach. The principals take from the farm only what they need, investing as much as possible back into the operation. Advanced tax planning is employed to achieve the most beneficial outcomes for the farm and the owners.

Dan and Jeff have an appreciation of their business management needs. In their early days growing day

neutrals, demand outstripped supply and the Tigchelaars could afford to focus on maximizing production and refining their field practices. They now recognize their growing enterprise requires more financial management and monitoring. An outside business analyst has been engaged to perform a quarterly review of their financial records, identifying opportunities to strengthen their bottom line.

Financial performance management and cost benchmarking have not been extensively practiced by this farm operation while the main objective was increased production. Peer performance data is available on request from Agricornp, the government agency that administers government financial support programs for farmers. The Tigchelaars use the Agricornp data to monitor their costs against those of others strawberry producers. They are currently refocusing on cost containment as an opportunity to increase profitability, with labour receiving special attention. Notwithstanding the benefits of cost containment, they will not put their high value crop at risk to achieve minor cost savings.

In a farm profile on best management practices one might not expect to see the brothers' acknowledgement that in day-to-day operations they employ a "fly by the seat of our pants" approach to their production. They use that phrase to emphasize the importance of quick decision making and response to the unexpected. "We are somewhat reactive but you have to be because every season is so different. For example, last year, we took covers off the strawberries and half the plants were dead."

The Tigchelaar brothers enjoy innovation in production and are constantly striving to improve yields and quality.

“ The Tigchelaars pride themselves on being open to change and adaptive to new opportunities and circumstances, even to the point of contemplating the day when Tigchelaar Farms may no longer be day neutral strawberry producers.

- Biological pest control practices of the greenhouse industry have been adapted to the Tigchelaar strawberry fields, employing the beneficial insects Orius and Cucumeris to control plant and fruit damaging pests.
- Based on early learnings with the biologicals, strawberry rows are now interspersed with oriental peppers and alyssum which act as hosts for the beneficial insects.
- An innovative system of floating row covers promotes late fall plant development and flower bud initiation, thereby promoting an early spring harvest.
- To stay at the forefront of production technology the brothers conduct on farm trials and work on projects in concert with the Vineland Research and Innovation Centre.
- With minor modifications, the Tigchelaars' berry equipment has been creatively adapted to serve the needs of a neighbouring grape grower, thereby generating another source of revenue.

The Tigchelaars found that pioneering in day neutral berry production was fraught with setbacks and learning experiences. Confidence and perseverance in the face of adversity are attributes the brothers cite as key to their success.

Human Resource Management

Treating staff with respect, being sensitive when offering criticism or correction, and generating pride in their work are some of the Tigchelaars' people management approaches.

Much of the Tigchelaars' workforce is Spanish-speaking and the owners' Spanish skills are limited, so they

are planning to address this deficit.

Dan and Jeff used to think they would be farming for about 20 years and then selling because their children would not want to continue, but that may not be the case. The next generation is expressing some interest in the business: “If the kids are going to join us in the business, they need a vision and a passion, and we are encouraging them to figure out what they can bring to the table to make the business better.”

The brothers appreciate that with expansion and family succession they will need to be more hands off on a daily basis and let their children take over. They hope to match the new family members entering the business with responsibilities tailored to their skills and potential, and avoid slotting them into unsuitable and unrewarding positions.

Risk Management

The risks are high in a large farm business growing an annual, perishable, and weather dependent crop. And the risks grow as the business expands.

- The switch to day neutral berry production provided a degree of risk mitigation by virtue of the multiple harvests rather than a single harvest in June.
- Their production innovations enhance the prospects of a good harvest; incorporating biological control agents (good bugs) in the fields, and the floating covers they apply to protect fruit buds and ensure the earliest possible spring harvest returning maximum revenue.
- Investment in irrigation provides both necessary moisture for crop growth and frost protection.
- Government funded support programs are accessed: Self Directed Risk Management, AgriInvest and AgriStability.

“ The Tigchelaar brothers are fortunate to have natural advantages in the quality of their land and its proximity to Lake Ontario. ”

Outside Advisors and Support

The Tigchelaars are constantly seeking out advice, support and assistance from many sources and applying that learning to their business. They reciprocate by sharing their expertise and experience with others.

- Production trials are conducted with the Vineland Research and Innovation Centre and salt trials with some Tigchelaar plants have been initiated with Niagara College.
- Collaborating with other growers at the Ontario Berry Growers and the North American Berry Growers events provides new insights, and the meetings and conferences offer a venue to share their experiences.
- Their sources of information include OMAFRA crop specialists, industry supply businesses, Bartlett Chemicals and Vineland Growers Co-operative, industry publications The Grower and Berry Bulletin, greenhouse growers when exploring biological pest control, and Quebec day neutral berry growers.
- Government cost-shared funding has been accessed to develop their traceability program, and Environmental Farm Plan funds have supported their adoption of GPS technology and the addition of wind curtains on their sprayer.

Vineland Estates Winery

3.1 Introduction

Vineland Estates Winery produces a value-added agricultural product and operates an agri-tourism business in a multi-faceted enterprise. They import grape plants, grow grapes, make wine, market in domestic and international wholesale markets, and operate an on-farm wine shop and a four diamond restaurant, along with banquet and wedding facilities. All operations take place on their farm in Vineland on the Niagara Escarpment. Senior managers direct vineyard and winery production, wine marketing, the wine shop, the restaurant, and the warehouse, allowing President Allan Schmidt to focus on marketing, promotional, and industry activities.

Allan moved to Ontario from British Columbia's Okanagan Valley wine region in 1987 to become Winemaker and General Manager of Vineland Estates Winery for founder Herman Weis. Today, Allan holds the positions of President and Managing Partner and his brother Brian is the winemaker and manager of farm operations. The company started out as a family-owned business and is currently owned by a number of investors, with Allan holding a minority interest.

Company Aspirations

As a profit-driven business owned by non-management investors, the primary objective of Vineland Estates is a return on their investment. The goal of the company is to boost quality and average price by selling in the most profitable distribution channels.

The firm prides itself on creating 75 jobs at Vineland Estates that support area families. Allan refers to this as a huge obligation, one that he and many farmers take very seriously.

On a personal note, Allan considers his involvement in the wine industry to be very rewarding. "The wine business comes with a great work environment and sense of community. It is not just my work, but also my life." He hopes to help the industry become stronger and more viable; one that his children may choose to enter.

A further objective of Vineland Estates and Allan, through his industry leadership, is effecting regulatory change, nationally and provincially, which will have a profound positive impact on the future of the industry.

Vineland Estates has produced over 30 vintages since their entry into the Ontario wine industry in the 1980s. The business was established early in the revitalization of the Ontario wine industry. Their volumes support worldwide sales and innovative marketing programs in the domestic market, as they produce 50,000 cases per year, with 70 per cent from their own grapes and 30 per cent from other Niagara growers.

Allan serves on numerous industry boards including the Canadian Vintners Association, the Niagara Wine Festival, Ontario Grape and Wine Research Inc., and the Wine Council of Ontario, of which he was elected Chair in 2013. His brother Brian chairs the industry's quality promotion program, Vintners Quality Alliance (VQA), and was recognized as Ontario's 2014 Winemaker of the Year.

3.2 Successes

Vineland Estates is widely recognized as a quality wine producer and as one of the pioneers in the revitalization of the sector during the 1980s and 1990s.

The firm is profitable, a situation that did not exist for the first 15 years of operations. Allan believes they lead competitors of their size in profitability because they have been around longer and are carrying less debt.

Allan is passionate about Vineland's success in producing quality wine, and its vintages have won many gold medals. "Winning a gold medal at an international wine competition gives a greater sense of accomplishment and pride than profit on our income statement," Allan explains.

Mentorship and staff development provide significant satisfaction for Allan. The wine industry is close knit, and at the same time quite competitive. Notwithstanding the winery's drive to succeed, Allan asserts that it is gratifying to witness the achievements of other wineries they have helped, or wine makers or assistant wine makers they have previously employed and mentored.



Vineland Estates' successes are attributable to:

- Will and determination of the entire team. Allan notes: "It's been the team's success that has gotten us to where we are today, not just a single person or vintage."
- Becoming a member of the Wine Council of Ontario and involved with other industry organizations. The industry can only prosper by working together.
- A Farm Credit Canada vineyard planting program that Allan and other wineries worked on to promote new plantings. Growers could delay paying the cost of vineyard planting until the vines were producing.
- The Vintners Quality Alliance, which sets standards for quality that the industry has continued to raise.

3.3 Current Challenges

Appreciation of the challenges faced by Vineland Estates requires an understanding of the structure, regulation, and limitations imposed on Ontario wine producers and hence the fortunes of Ontario wine grape producers.

- The biggest challenge is that of operating in a marketplace entirely controlled by government regulation. Other than consumer wine sales directly from the winery, all wine in Ontario must be marketed through either the Liquor Control Board of Ontario (LCBO) or a limited number of wine stores grandfathered into the system decades ago. Vineland Estates shares the view of the Ontario Wine Council that the limitations of this system are the biggest barriers keeping Ontario's wine industry from realizing its full potential.
- VQA wines in British Columbia have 30 per cent market share in that province. In Ontario, VQA wines are at eight per cent market share, which will not increase unless regulations change to allow growth. Of the 2,500 VQA wines available in the province the LCBO devotes shelf space to 350 (8 per cent of shelf space), effectively meaning Ontario wineries cannot grow their market share through those channels.
- From a winery's perspective, marketing Ontario wines through the LCBO can be the least financially desirable approach. From a bottle of Ontario wine sold at an LCBO outlet, the Ontario winery receives approximately \$6. The rest of the \$15 represents handling, listing and markup fees, taxes and LCBO profit. The taxes and some LCBO fees cannot be avoided by marketing through other channels, but winery revenues can be increased from \$6 to \$9 per bottle by serving markets more directly. Vineland is aggressive in this regard as explained in the Marketing section below.

“Allan and his colleagues in the wine sector have proven capable of working closely together on research and marketing programs and when addressing past regulatory issues. That collegiality will be required on an ongoing basis to tackle future regulatory roadblocks.”

Vineland Estates is on top of its game and challenges within the business itself are minimal. Continuing to develop new marketing approaches will require some creativity, something Vineland has demonstrated in its wine club and FreshTAP. Allan and his colleagues in the wine sector have proven capable of working closely together on research and marketing programs when addressing past regulatory issues. This collegiality will be required on an ongoing basis to tackle future regulatory roadblocks.

3.4 Strategic Focus and Decision-Making

The strategic direction of Vineland Estates receives a great deal of Allan's time, unlike in the earlier, less stable days. They have seen benefits in integrating their strategic planning into their budget cycle rather than undertaking planning as a separate function.

Operational decision-making centres on a Thursday morning meeting where all eight senior managers share views on activities and issues. This collegial effort helps take pressure off Allan to be the key decision maker, develops a team atmosphere, and underpins a profit sharing plan for the participants.

“ The industry conducts production research collectively through Ontario Grape & Wine Research Inc. and the Cool Climate Oenology and Viticulture Institute at Brock University.

The focus of Vineland Estates departs from the approach of the other businesses profiled in this series in that Vineland operates almost as much as a part of the Ontario wine industry as it does as a standalone business. Allan estimates that while 30 per cent of his time is currently devoted to industry issues in his capacity as Chair of the Ontario Wine Council, in all years he devotes a considerable portion of his strategic efforts to industry-wide regulatory and government policy matters.

3.5 Best Management Practices

Marketing

Vineland Estates' marketing efforts combine opportunities to partner with other Ontario wineries, the strategy of marketing where the returns are greatest, and innovation. They participate in co-operative industry promotion under the industry brand, Wine Country Ontario, and jointly export through an industry group, Wines of Canada.

They pursue retail sales at the winery, restaurant, and banquet facilities and through their wine club to capitalize on the opportunities to increase revenue by direct marketing outside the LCBO. Award winning social media attract customers to their premises and to their wines in the LCBO.

Vineland is an early adopter of wine on tap, selling VQA wines to restaurants in a way that promotes sales by the glass and reduces waste and oxidation/spoilage of part bottles. The wine is supplied in 20 litre stainless steel kegs pressurized with inert gases. This marketing approach recognizes and addresses very real customer problems and involves technology and distribution logistics that are hard for out-of-province competitors to match. Vineland Estates achieved wine on tap sales of \$300,000 in the first year. Six other Ontario wineries are subscribing to Vineland's kegging service, now under a separate company, FreshTAP. The provision of FreshTAP wine from several establishments also addresses the food service industry's desire to offer their patrons variety.

On-farm wine shop customers access tasting notes on iPads at the tasting bars.

The 1,200 members in Vineland's wine club pay a monthly fee for two bottles of wine, one from Vineland and one from a colleague winery (not termed a competitor). The other winery gets increased sales and exposure while Vineland buys their wine wholesale and sells retail.

Financial and Production Management

Allan readily acknowledges that Vineland Estates took on too much debt in its early years and did not spend enough time on budgeting or proper fiscal planning. His personal accounting and business training has proven valuable in bringing more focus to what are now considered critical business

functions. “In a lot of ways financial management defines your success. Like it or not, financial success is your first success. There are no others without money.”

Because margins are small in the sector, Allan considers cost containment more important than maximizing production. Leasing of equipment is favoured over purchase in many instances to achieve this end. Extensive budgeting and the benchmarking of costs against those of colleague wineries identify further opportunities to contain costs.

Wine club members buy futures six to eight months in advance of a new release, thereby contributing to cash flow.

Vineland’s grape and wine production is conducted under food safety and traceability protocols, and the firm is currently exploring HACCP certification to further ensure the safety of their products.

The industry conducts production research collectively through Ontario Grape & Wine Research Inc. and the Cool Climate Oenology and Viticulture Institute at Brock University.

Human Resource Management

Vineland Estates’ human resource management values employees, offers profit sharing for senior managers to instill motivation, and pays employees what they are worth to the organization. Rather than attempting to minimize ongoing payroll costs, Allan believes in minimizing turnover and replacement costs by paying staff what you would be willing to pay to match an outside offer. That is a strategy that less established firms could have difficulty duplicating, but it works for Vineland.

A very open style of management is practised. Staff is encouraged to take chances, try new ideas, and speak up. Group dynamics are encouraged as they produce well thought out solutions.



“ The wine business comes with a great work environment and sense of community. It is not just my work but also my life.

Risk Management

The management team at Vineland Estates employs an enterprise risk management program that can manage up to 20 risks in each of their 12 departments. They devote a great deal of time to risk mitigation, covering everything from weather setbacks to equipment or power failures to computer viruses. The example cited by Allan was their understanding of the impact of an interest rate hike of two per cent and the steps they would take to compensate.

They participate in government funded risk management programs to deal with agricultural related setbacks: AgriStability, AgrilInvest, and Self Directed Risk Management.



Wilmot Orchards

2.1 Introduction

Charles and Judi Stevens own and operate Wilmot Orchards near Newcastle, Ontario, producing high quality apples and blueberries. Charles was born and raised on a dairy farm near Bowmanville and entered the orchard business after university. He purchased the current farm in 1975 as a beef operation with 12 acres of fruit trees, some of which were 80 years old. Charles and his father were partners during the first five years of the business and all of the farm's equipment was bought used. Interest rates were high so every spare penny went into paying down debt. Eventually, the farm became a sole proprietorship, then a partnership between Charles and his wife Judi, before ultimately becoming incorporated. Their daughter Courtney currently works in the business helping to manage the on-farm café and leading social media and marketing efforts.

Shortly after buying the farm, Charles and Judi made a commitment to apple production, planting 30 acres of orchard. To generate cash flow while waiting for the trees to enter production, they grew peas and sweet corn for processing and raised beef cattle.

Their next significant decision was made in 1979 when they added blueberry production to the farm. The Stevens opened their Pick-Your-Own blueberry operation in 1983, bringing the consuming public to their farm to purchase 1,000 pounds of blueberries. They now sell in the range of 110,000 pounds of blueberries annually from 22 acres. Once the Pick-Your-Own business had grown and their customer base was established, they pursued the next stage in their business development by opening the on-farm Appleberries Café, serving and retailing a full line of blueberry

Company Aspirations

Charles and Judi identified that their goals have changed over time. They explain: "When the farm started the objective was to make a living. Then it became growing the business for the future. Today, it is to pass the farm on as a successful business with continued sustainability."

desserts and baked goods. They most recently expanded the café offerings with their branded line of processed blueberry foods; Wilmot Orchards salsa, jams, mustard, syrup, and BBQ sauce.

Apples remain a major crop for Wilmot Orchards, but the Stevens do not market their apples using the Pick-Your-Own approach. Charles stresses apple quality over volume and markets his total crop to a local major apple packer and wholesaler who captures the value in that quality fruit for Wilmot Orchards. When a grower has an established relationship with a multi-market packer the grower payment is based on “pack out”, with larger, higher quality fruit receiving a much better price.

Future growth opportunities for Wilmot Orchards might include further value-added production. The changing cultural makeup of the farm’s customer base could create new options as well. And further exploring the possibilities of social media may be possible. A completely new revenue stream could be built in the hosting of weddings or other events, building on the ambience of the farm. In the near future the 407 Highway will be passing by just north of the farm, potentially enhancing customer exposure, along with the challenges that such expansion would bring.

2.2 Successes

The Stevens are rightfully proud of the farm business they have created. It is profitable, produces a quality product, satisfies customer expectations, and is well positioned for succession.

Charles states that he considers their farm successful, “Unbelievable in all ways, not just financial.” He adds that the farm has fulfilled his need for a challenge. Farming and growing apples is something he believes in and makes him feel like he is doing something good for mankind. His biggest source of pride is the quality of the fruit produced at Wilmot Orchards. Whereas most apple farmers think of bushels per acre, Charles strives for high quality as his strategy for success.



“ The Stevens could not have achieved their success without attention to production and operational detail.

The Stevens attribute their success to multiple reasons:

- **Knowing where the market is going and what is needed or demanded.**

In the case of their apple production, Wilmot Orchards has been at the forefront of new variety adoption. Key to achieving this are Charles' exposure to emerging market trends through his participation in several organizations, his close working relationship with his apple marketer, and his willingness to renovate his orchard to more promising varieties when the signals point in that direction.

- **Being an avid adapter of new technology.**

Wilmot was quick to introduce hail cannons and frost fans to protect their crops from Mother Nature when many other producers resisted those advancements. Charles cites a multiple return on investment from those decisions.

- **Hiring for human resource skills.**

Judi stresses that all employees who connect with their Pick-Your-Own customers or café patrons need good personalities and people skills. The Stevens' focus on positive customer experience is fundamental for a business like theirs to generate repeat sales and word of mouth promotion.

- **Knowing their own abilities, recognizing the strengths of their partners and employees, and hiring out the rest.**

The Wilmot strategy to focus on apple production and place confidence in the buyer of his crop to maximize market returns has proven highly beneficial in terms of fruit quality and financial sustainability.

- **Buying the farm next door to facilitate growth.**

Long term planning has provided the Stevens with growth potential that could have been denied in today's environment of high land prices and strong land acquisition competition.

- **Building the Blueberry Café.**

Charles admits that he opposed it, but they went ahead based on Judi's marketing savvy. Diversifying in this manner capitalized on Judi's skills and background, demonstrating their appreciation for the potential payback on available resources.

- **Building relationships and a team to help make the business a success.**

Employees are key but a successful team includes outside experts like an accountant, investment advisor, lawyer, etc. "You don't build a successful business by yourself."

- **Learning from mistakes.**

"Although some mistakes have been made, they've also provided excellent learning opportunities." Not proceeding with the café earlier was in hindsight an unfortunate deviation from their normal proactive approach. The Stevens are humble people, who readily admit to previous mistakes, although their farm performance reflects few ill impacts from those leanings.



2.3 Current Challenges

In terms of current challenges, Charles contrasts the past and present. He considers that the number one challenge used to be the environment, but today it is the burden of government policy and paperwork. Water taking and disposal restrictions, minimum wage increases, and food safety documentation are the kinds of demands that continue to increase.

“Long term planning has provided the Stevens with growth potential that could have been denied in today’s environment of high land prices and strong land acquisition competition.”

Another challenge over the years has been knowing where to make farm investments to achieve the best possible return. Charles experienced this especially vividly in the early days of the farm when capital was very limited. His continual orchard rejuvenation and adoption of weather risk management technologies are examples of his wise, profit-generating investments.

Maintaining a positive work-life balance can be very difficult for business owner-operators, yet considered by management experts as critical to personal health and good decision making. Charles appreciates this but states reflectively that, “Balancing personal life and business is always a struggle when you live on your business.” The family cottage provides an escape, more so now that the Wilmot operation is well-established.

2.4 Strategic Focus and Decision-making

The business does not have a documented strategic plan, although long term goals are clearly defined and strategic decisions are based on them. The current strategic issue is farm succession planning. Charles and Judi have settled on what they consider to be the preferred governance model going forward through the eventual succession, but it is not yet written down to inform others involved with the business. They are committed to documenting that model soon.



The Stevens spend a great deal of time thinking about the long term direction of the business. An example is the decision to rent a neighbouring property for a 25 year term to provide the next generation a better chance of succeeding with the operation.

Charles, Judi, their banker, and their accountant meet annually to discuss business planning. With the support of Growing Forward 2 funding they have recently completed a formal business plan.

Charles is the primary decision maker for the business. Judi makes decisions regarding the blueberry business, and Courtney helps manage the café and leads the social media and marketing efforts.

2.5 Best Management Practices

Marketing

Wilmot Orchards' direct-to-consumer marketing efforts are restricted to the blueberry operation and agri-tourism aspects of the business. The apples are sold to a wholesale packer. Their website is attractive, informative and enticing, both with respect to the Pick-Your-Own blueberry operation and the Appleberries Café.

Financial & Production Management

Besides the normal financial management capabilities of a successful business, Charles identifies the importance of having investments outside the business as this opens up opportunities for succession planning.

Wilmot Orchards pursues innovative practices including crop protection technologies, on-farm production trials conducted with farm input supply firms and on their own, and marketing through the café and their branded blueberry foods line.

Human Resource Management

The Stevens believe in empowering their employees and treating everyone with respect. They have found it difficult to reach that point consistently but it is a rewarding approach in their view. "A business cannot grow unless employees are empowered on a daily basis. For example, some of the seasonal workers at Wilmot know operational processes and make decisions on their own with the interest of the operation in mind."

- Charles states that they believe in always giving a person a second chance. This approach may be attributable to the truly generous and caring nature of the Stevens, but it is also consistent with business principles of capitalizing on the investment in employees and empowerment through trust.
- They stress the importance of recognizing the abilities and personalities of farm employees and investing in their further development. As an example, two of the farm employees attended the International Fruit Tree Association conference in Halifax this winter. Other employers would consider the associated costs as an avoidable expense.

Risk Management

Wilmot employs several risk management practices:

- Liability insurance to address the high public presence on the farm
- A farm food safety plan, akin to an insurance policy
- Investments in crop protection technology to mitigate weather risks



Outside Advisors and Support

The Stevens could not have achieved their success without attention to production and operational details. But their outreach, awareness of the off-farm environment, and involvement with other organizations and people are perhaps equally important to their growth and business sustainability.

- Outside advisors are consulted – IT specialists, crop protection experts, financial advisors, and OMAFRA staff.
- Charles is very adept at building relationships with people whose perspectives can assist Wilmot Orchards. “Almost everything we have implemented on our farm has been learned from others and adapted.”
- The Stevens share their business plans and value chain development with the apple packer and marketer in their apple operation. “The relationship with the apple packer would not work if there was no sharing of information.”
- Wilmot and Charles personally belong to and participate in several farm and marketing organizations – Ontario Farm Fresh, Durham Farm Fresh, Ontario Fruit & Vegetable Growers Association (Board Director and Committee Chair), Ontario Apple Growers (current chair), and Canadian Horticultural Council (Crop Protection Committee Chair). Charles believes that these leadership contributions to the industry also provide benefits including a broad contextual outlook and a sense of the future.
- Information is sought out globally, particularly with respect to international apple production and marketing, capitalizing on the international marketing experience of the apple packer who markets their crop.



**WEIGH
STATION**
*Please Weigh
Containers,
Before Entering
Patch.*



