



# The Young Farmers Newsletter

Vol 2  
Winter 2005

## A Growing Opportunities Initiative

### Bob Elliot

Stonewall - Bob Elliot isn't the kind of guy to let the grass grow beneath his feet - not when he could be cutting it, baling it and selling it to American customers.

Elliot, 37, has taken his dairy-farming heritage and combined it with modern marketing savvy to develop forage into a cash crop for the family's Stonewall farming operation.

The 3,600 acres he and his parents, Harry and Bonnie Elliot, operate between their two farming businesses, produce alfalfa for export and forage seed under contract to Canadian companies as well as producing their traditional grain and oilseed mix.

#### Diversification helps sustain and grow the operation

It's a diversification that sustains the grain farm economically as well as environmentally. It also keeps Bob busy - very busy - doing something he loves. "I wouldn't do anything else - just the variety and the challenge. I like the challenge," he said.

Forage has always been produced on the farm, but up until a few years ago, it was sold as milk.

Bob's grandfather William was one of the first dairy producers in the province to import registered Holstein stock from Ontario in the late 1920s. His father, Harry, continued the dairy tradition.

Then came Bob. When he started farming at the age of 17, he took a very different view of forage. One of the first cash crops he ever grew on his newly rented land was forage. He sold it to a dairy farm in Dalton, Georgia - and the customer found him. That's when he knew he was on to something.

Over the years, Bob gradually assumed management of the hay and grain operations on the farm, while his dad continued to manage the dairy operation. The 70-cow Holstein herd was the longest genetic line in the breed's registry for Manitoba. But the day came when the family had to make some tough choices about its future.

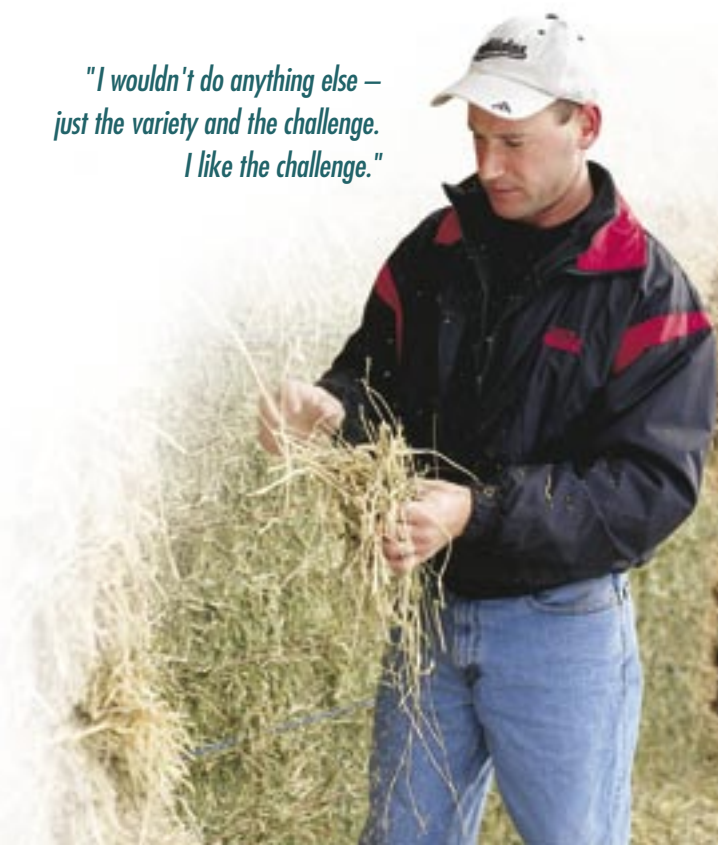
Residential development associated with Stonewall's boom as a commuter community was constraining the farm's ability to operate, let alone expand. Transferring the dairy operation from one generation to the next was going to be complicated. Bob would have to borrow the capital to buy out his parents' quota so they would be able to finance their retirement. Financing the deal would have required an expansion, which would mean a new location and a bigger barn.

"It was totally possible - if that's what you really like to do," Bob said.

It wasn't.

Bob was naturally more geared toward the people side of the farming business. "That's why I was working towards the certified seed, the export hay and the custom work - trying to get enough revenue to phase out the dairy. Eventually we grew the business to where we could make more money selling the hay than feeding it, and be in less of a tied-down situation."

*"I wouldn't do anything else –  
just the variety and the challenge.  
I like the challenge."*





*"If I let my ag rep know what's going on, he'll often connect me with good contacts. It works to my benefit to let him know what I have."*

He also wanted more flexible family time. Whereas his parents were both employed on the farm, Bob's wife, Karen, has a non-farming career that she not only enjoys but which provides a significant proportion of the family income while he builds equity in the farm business.

"We never saw each other. We were farming 3,000 acres at that time and we were growing certified seed and we exporting hay and loading trucks and we were custom haying, custom swathing, custom combining - and milking cows. There wasn't enough time to live."

The cowherd was sold April 27, 1997. Closing the barn gave Bob more time to focus on the things he really enjoys about farming and to be more involved with his children's lives, Katelyn, now 16 and Ryan, 13.

He's the first to admit he likes the socializing part of the hay business. "Marketing. I like talking to the people. I'm not very good at selling things over the phone. I have to drive to the guy's place and talk. Everybody you talk to has different ideas and I've met a lot of great people in South Dakota, North Dakota, Iowa, Wisconsin and Minnesota."

He never attended university, which he regrets because he feels it would have strengthened his business management skills. Bob filled the gap as best he could by taking extension courses through Assiniboine Community College during the winter.

### **Networking and industry connections create business opportunities**

He helped form a local marketing club and he maintains a close connection with his local Manitoba Agriculture, Food and Rural Initiatives representatives in Stonewall and Selkirk. "We talk all the time," Bob said. He finds ongoing communication with department staff helps him make industry connections and stay abreast of new government programs. And when Bob was organizing local farmers to fill their own unit train with canola for the first time he turned to his ag rep to help them wade through the paperwork.

Bob also sees an advantage in making sure his ag rep knows what he's doing on his farm. In his experience, when buyers from outside the region are looking for supplies, often the first place they call is the local ag office. "If I let my ag rep know what's going on, he'll often connect me with good contacts. It works to my benefit to let him know what I have."

While the two Elliot generations maintain separate farming businesses, they operate together. They've been transferring equity from one operation to the other over time through the farm machinery.

The Elliots also work with another neighbour on the custom hay production and export business - a business relationship built on mutual understanding and trust. Key to their success has been recognizing that things can be fair, without always being equal.

"Everybody just agrees that it can never be balanced with the work and the labour and machinery - you'll never hit a hundred per cent. But it evens out over time."

Their main focus is keeping their customers happy, even if it means sourcing hay from another supplier if their own supplies run short. It doesn't always pay off at the time, but over the long haul, they are able to keep their customers loyal.

Although all three operators maintain separate ownership of the hay they produce for export, Bob handles the marketing for all. Their neighbour

manages the trucks, the drivers and customer follow-up after delivery. The first 10 years they exported their hay through brokers, but Bob decided in 1993 they could do even better if they sold direct.

### Direct sales key to increased revenue

"That's been my philosophy from the start - get direct," he said. "That's why the forage seeds, that's why the certified seeds. Take as many people out of the middle as we can and leave more on the table."

So Bob hired a friend with a truck to take a load to an auction in Sauk Center, Minnesota. "I decided whatever I get for the load, if we lose money, that's just cost of advertising," he said. "It just opened up all sorts of avenues."

Every second week through that winter, Bob had a load of hay delivered to a U.S. auction. "From there, we just had people that started to call us," he said.

He also co-operated with American hay producers, networking with them and their customers. "People don't believe that, but weather here and the weather there are never the same so either he's got something I need or I've got something he could use," he said. "We share customers and we deliver direct to each other's customers and we just have a gentlemen's agreement that we don't step on anyone's toes."

The fact is, some of the customers are too big to be consistently serviced by one supplier. "So we've got three or four guys that we can call and have a conversation over it, and everyone just verbally agrees to jointly deliver to clients as needed so we can satisfy those customers."

Up until the Canadian dollar's recent surge against the U.S. currency, the difference in exchange rates covered the cost of transportation, which allowed the better quality Canadian forage to be competitive at U.S. market prices.

The margins have narrowed in recent months. "It's still better margins than growing commercial grain. But it's also a lot more work," he said.

Labour is one of their biggest challenges, which is why Bob is careful to cultivate mutually beneficial business relationships. "We work with a lot of gentlemen's agreements, we don't have written contracts," he said.

His side of the operation is the largest, so they document the hours spent in each operation's fields. "In the end, they bill me for custom work because we always have more. And it works out."

They are finding the forage also adds value to the farming operation through weed control and improved fertility. It was a lesson learned the hard way after renting some parcels of grain land that had herbicide-resistant weeds and low fertility. Alfalfa has a way of tackling both problems while providing the farm with a saleable commodity.

"Alfalfa is a real bonus in terms of gross return per acre with less inputs."

Bob is well aware that the scale of equipment and the management decisions required in farming nowadays makes it harder to involve his kids in the day-to-day operations in the way he was involved as a child. But he's enthusiastic about the opportunities the industry offers – and hopes all the same that they do catch the farming bug.

*"We share customers and we deliver direct to each other's customers and we just have a gentlemen's agreement that we don't step on anyone's toes."*



# Advantages & Disadvantages of VERBAL and WRITTEN agreements

The handshake is a long standing way of doing business in rural Manitoba. Verbal or gentlemen's agreements can be entered into quickly and work well for both parties. Before entering a verbal agreement, it is important to weigh the risks and consider the option of a written agreement.

Many farmers are reluctant to use a written agreement because:

- They do not want to give the impression that they distrust their neighbours by requiring a written contract.
- The time and cost to prepare a written agreement may not seem justified when dealing with other farmers or community members.

While valid, these objections do not account for the cost, frustration and relationship damage resulting from a disagreement. No one plans for agreements to fail, but the shortcomings of verbal agreements are magnified when disagreements occur.

If a dispute arises it often comes down to "their word versus mine." It becomes difficult to prove what the terms of the agreement were and the credibility of the parties becomes the deciding factor.

Written agreements provide a record of what the parties have agreed to. This is particularly valuable when the parties are sharing costs.

Many written agreements also include dispute resolution mechanisms that:

- Clarify the expectations and responsibilities of all parties to the agreement. If a dispute arises, the agreed-upon resolution mechanism can prevent costly legal action by providing an alternative to court proceedings.
- Provide a valuable guide to heirs if either of the parties to the agreement should die.
- Provide documentation for tax purposes.

While all contracts and agreements are subject to the risks associated with disagreements, they can be minimized by putting the agreement in writing. A written agreement is not a sign of distrust – it shows that the parties want a clear understanding of the promises each has made and are committed to the success of the agreement.

*For assistance developing written agreements, contact your local Manitoba Agriculture, Food and Rural Initiatives office.*

*Information prepared by Bob McKenzie, Farm Management Specialist*

## MANITOBA Hay Listing Service is...

*an up-to-date website that lists hay for sale throughout Manitoba, for the benefit of both buyers and sellers. Hay types offered are alfalfa, alfalfa-grass, timothy hay, timothy seed straw and cereal straw. The location, hay type and producer contact information are all provided in a searchable database. If you have hay for sale and would like to be listed, contact your local Manitoba Agriculture, Food and Rural Initiatives office. To view the Hay Listing, go to [www.manitoba.ca/agriculture/news/](http://www.manitoba.ca/agriculture/news/)*



# 4-H

## Experiences for a Lifetime



### FOR DARLENE GRENIER, 4-H IS A FAMILY AFFAIR.

Following in her parents' footsteps, the mother of three has become a 4-H leader, along with her husband Edward, in their hometown of St. Leon. Darlene's experience with 4-H began as a youth. A nine-year member in the Somerset Combined Club, she participated in crafts, sewing and home design projects, even sewing her high school graduation dress as her final 4-H project. When asked about what she gained from her 4-H experience, she talks about friendship, leadership, communication and life skills.

"The 4-H motto is really true to its form," says Darlene. "To really learn how to do something, you have to try it – even if it's something you've never considered before. It's a lesson that applies to anyone, of any age."

Darlene and her five siblings were all 4-H'ers and are now leaders across Manitoba and Saskatchewan. The third generation, Darlene and Edward's children aged 12, 11 and nine, is now active in the 4-H club, participating in a variety of projects such as crafts, sewing, woodworking and gardening.

Darlene says 4-H has become part of their family social life. "4-H has helped teach my children about respect for others and their community," she says. "They're not intimidated by responsibility; they rise to a challenge and aren't afraid to speak up. These are values that are echoed in the 4-H program."

Becoming a 4-H leader challenged Darlene to develop her own skills through teaching and working on projects, she says. The Grenier children have also expanded their skills and, together, they've strengthened their family bond.

"Working with our children on their 4-H projects throughout the year provides us with an opportunity to interact with them in a positive way. We are spending quality time together, teaching our children a new skill and also learning more about them as people – the best part is that we all see it as fun, not as work," Darlene said.

The communities of Somerset and St. Leon embrace the 4-H program, Darlene says. The youth become involved because the community values the skills they learn. The 4-H program helps develop the future leaders of the community. Darlene notes that the 4-H experience changes the attitude of the members and leaders involved. Instead of saying... "What can you do for me?" They ask... "What can I do for my community?"

**For more information on the 4-H program contact your local Manitoba Agriculture, Food and Rural Initiatives office or visit [www.4h.mb.ca](http://www.4h.mb.ca)**

*Information prepared by Tiffany Johnson-Sheldon,  
Provincial 4-H & Youth Specialist*

## 4-H

### A Hands-On Learning Experience

4-H is an organization for rural youth between the ages of 8 and 19. The 4-H program is dedicated to offering hands-on learning experiences in the areas of project skill development, communication, meeting management and leadership. 4-H is supported by Manitoba Agriculture, Food and Rural Initiatives (MAFRI), Agriculture and Agri-Food Canada, and corporate and individual sponsors. It is administered by MAFRI staff through the department's local offices.

#### WHAT DO THOSE H'S STAND FOR?

- Head, Heart, Hands and Health.
- To give of yourself in those areas to your club, community and country.

4-H provides youth with the opportunity to develop meeting management skills, as they form the Club executive. Bookkeeping and record-keeping skills are gained through experience on the executive, and in their project work. Youth develop their communication skills by participating in the club communications program.

# Do you need to add to your Family Farm Team?

## Families resolve interpersonal and business issues by expanding their team

Managing a farm business has never been easy. Limited resources, production risk strategies and planning for business growth have always required careful consideration and discussion among farm family members.

Today, the tough issues are multiplying. Advances in technology, global trade issues, marketing options and complex risk management programs put tremendous pressure on the family farm. In addition, many families want to grow their business so it is viable for children and grandchildren to continue to make their livings off the land. They struggle to balance the external pressures with maintaining healthy, positive family relationships and open communication channels.

There are a variety of public and private sector professionals available to help farm families work through complex business decisions and thorny family relationships. Some of those resources are described below. If you know that your family farm team would benefit from outside advice, but are unsure how to approach the issue, staff at your local Manitoba Agriculture, Food and Rural Initiatives office can help you access the services you need.

**A farm family consultant** can help build skills and knowledge in specific areas such as production and marketing management, economics, financial and business management, marketing decision-making, and succession planning. While often having their own specific area of expertise, they can also identify farm family business needs and may also refer the family to other professional resources if necessary.

**A family farm coach** is an advisor who helps build healthy, supportive relationships within the farm business. They coach the family in developing communication strategies that contribute to business growth while maximizing personal satisfaction.

**A mentor** is someone outside the family enterprise, perhaps a peer or neighbor, who can offer expertise and perspective gained from their own personal experience.

Another source of specialized consultants is the **Canadian Association of Farm Advisors**. This professional organization increases the skills and knowledge of farm advisors to farm producers, their families and agribusiness. The Association includes accountants, lawyers, financial planners, bankers, insurance brokers, trust officers, agrologists, agricultural economists, home economists, educators, family therapists and farmers.

A directory listing of members is available from the **Canadian Association of Farm Advisors, 1848 Portage Avenue, Winnipeg, MB R3J 0G9**

Phone toll free **1-877-474-2871**  
or e-mail **info@cafnet.com**  
or visit their website at **www.cafnet.com**

**Elaine Froese is speaking at Manitoba Ag Days 2005 on this topic. For more information go to [www.elainefroese.com](http://www.elainefroese.com)**

Information prepared by Dennis Hodgson, Farm Management/Agri-Ventures Specialist, Swan River and Cathy Vanstone, Acting Family Living specialist, Winnipeg.

Prepared by Manitoba Agriculture, Food and Rural Initiatives.



## DID WE MISS ANYONE?

If you know any young farmer who did not receive a copy of *The Young Farmers Newsletter* have them contact us at [youngfarmers@gov.mb.ca](mailto:youngfarmers@gov.mb.ca)  
We will gladly send a copy to them.

## SHARE YOUR THOUGHTS

We'd like to know what you think of *The Young Farmers Newsletter*, and what you'd like to read about in future issues. Email your thoughts to us at [youngfarmers@gov.mb.ca](mailto:youngfarmers@gov.mb.ca)

GROWING Opportunities

Canada  Manitoba