

November/December 2006

AgriSuccess

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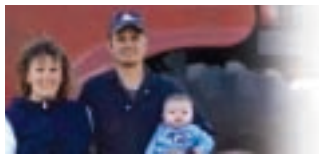
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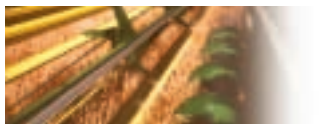
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We have lots of help from little kids this season

Now we need help from the big ones

Farm Credit Canada will be hosting Holiday Cheer events across the country. As you get ready for the hustle and bustle, think about ways you can help make the holidays special for people in your community.



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Canada

This art was generously donated by the child of an FCC employee. Special thanks to Emily, Megan, Kyle, Cole, Joel, Kaytlyn, Kendall, Mitchell and Jordan.

Kaytlyn – age 7



Letter from the editors



FROM KEVIN HURSH AND ALLISON FINNAMORE

When was the last time you heard the term “hired hand”? Maybe it was on a black-and-white cowboy movie on late-night television.

Our thinking about farm employees has changed, even for part-time employees. At one time, some may have considered them transient and expendable. No more.

These days, if your farm business has employees, they’re likely viewed as valued participants working towards the success of the operation. If they aren’t, they should be.

If your operation doesn’t have employees, is taking that step right for you? How do you attract and retain employees? How do you ensure their safety in a farm working environment? How can you use their brainpower rather than just their hands?

The fancy name for all of this is human resources. It sounds like a term reserved for big corporations in city office buildings, but human resources are increasingly important to the success of primary agriculture.

In this edition, our feature stories and many of our recurring columns are focused on the topic of human resources. We hope you find the information and opinions useful and thought-provoking.

Your comments are always welcome. You can e-mail us through info@AgriSuccess.ca or call 1-888-332-3301.

AgriSuccess Journal is a magazine dedicated to helping producers advance their management practices by providing practical information, real-life examples and innovative ideas that foster personal solutions.

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The editors and journalists who contribute to AgriSuccess Journal attempt to provide accurate and useful information and analysis. However, the editors and FCC/AgriSuccess cannot and do not guarantee the accuracy of the information contained in this journal and the editors and FCC/AgriSuccess assume no responsibility for any actions or decisions taken by any reader of this journal based on the information provided. The views expressed in this journal are those of the authors and do not necessarily reflect the opinion of the editor or FCC/AgriSuccess.

Cutting greenhouse gases can save dollars

BY D. LARRAINE ANDREWS

According to a study by the Canadian Pork Council, many of the practices that cut greenhouse gas emissions also translate into savings in energy, water and nutrients.

DGH Engineering conducted the study using four identical 800-head weaner barns at BioSearch International in the RM of Rockford, Man. Two treatment barns were fitted with wet/dry feeders, inexpensive air-to-air heat exchangers, and a night setback device that cost less than \$60. Pigs were fed phytase-enriched feed.

No changes were made to the two control barns, which used a standard barley-based diet, dry feeders with separate drinker nipples, ventilation fans and maintained a constant temperature.

Results for the treatment barns indicated the following: water usage in the treatment barns was significantly less due to the design of the wet/dry feeders; propane and electricity costs were lower due to the heat exchanger and the night setback of temperature; manure production was lower due to lower water usage (pigs in the control barns with the drinker nipples were wasting water, which ended up in the pits); nitrogen, phosphorus and potassium levels in the manure were all lower due to diet changes. There was no difference in pig performance between the barns.

The full report, including results and practical recommendations for new and existing operations, is available on the DGH website at www.dghengineering.com. Look under "brochures."

No charge for CGC publications

BY ALLISON FINNAMORE

Canadian Grain Commission (CGC) publications that were available for a fee or through subscriptions are now available at no charge on the CGC web site at www.grainscanada.gc.ca. Subscribers do not have to renew their subscriptions for the crop year 2006-07.

The publications include: Canadian Grain Exports, Elevator Tariff Summaries, Grain Deliveries at Prairie Points, Grain Elevators in Canada and Grain Statistics Weekly.

Eliminating fees for CGC publications is consistent with policies regarding fees followed by other government departments, such as Statistics Canada.

Rising dollar cuts grain prices

BY KEVIN HURSH

Over the last five crop years, the Canadian dollar has appreciated by 26 per cent against the U.S. dollar. The Market Analysis Division of Agriculture and Agri-Food Canada says that has hit grain and oilseed prices hard.

For the 2005-06 crop year, the value of Canadian wheat exports was cut by \$81 a tonne (\$2.20 a bushel) as compared to the 2001-02 crop year. On canola export prices, the appreciation of the Canadian dollar is estimated to have caused a \$99 a tonne (\$2.24 a bushel) price drop over that same time period.

Economists say the market fundamentals for the Canadian dollar remain solid and any possible pullback in value is expected to be modest.



Ag employment challenges



BY KEVIN HURSH

If you want the work done, you'll have to pay a reasonable wage.

Although blanket generalizations can be dangerous, it's probably accurate to say that a lot of producers have to work extra hard to be good employers. Part of that is related to how farms operate, and part is related to employer attitude. For a number of reasons, the skills for managing employees may not be as well developed as the skills for managing the farm's production.

Most farms in Canada are owned and operated by families, with family members doing the majority of the work. As operations become larger or add new enterprises, there is often the need for employees from outside the immediate family. Arm's length employees are a whole new ball game.

Family members typically work long hours, especially in peak seasons, with no questions asked. When you have a vested interest in the operation's success, the motivation is quite different than if you're an employee.

Like it or not, farms have to compete for employees with all the other business operations in the world. Wages and working conditions have to be roughly comparable or it will be difficult to retain people.

On many farms, margins are tight. The proprietors are taking a minimum from the operation for their living expenses. The wages paid to an employee may look like a tremendous amount of money.

However, if you want the work done, you'll have to pay a reasonable wage. Maybe there are other benefits you can offer to make up some wage differential, but qualified workers aren't going to be satisfied with a pittance for wages just because farm returns are disappointing.

Some producers have never worked for an employer or if they have, it was a long time ago. That can make it difficult to relate to employee expectations. Try putting yourself in your employee's shoes. How would you want to be treated?

Even the chain of command can be frustrating for a farm employee. Various family members are likely involved in the operation. What if they give conflicting directions on what needs to be done and how to do it? How's an employee supposed to win in a situation like that?

If there are tensions between family members or a lack of communication, a new employee may soon be looking for other work.

More than most other businesses, farms have their idiosyncrasies. On that tractor, you have to wiggle the battery cable if it doesn't start. Remember to check the differential of that truck for oil every day, since it leaks a bit. We always process the calves on the August long weekend, so you'll need to be working. Did I forget to tell you that?

A new employee doesn't get information by osmosis. It needs to be communicated.

"Finding farm labour is impossible." That's a lament you'll hear from producers across the country. And yet, there are many operations that manage to attract and retain workers. It may not be easy, but it isn't impossible.

If you are going to use outside employees, you have to work at it. ❖



Investing in people helps the farm

BY RAE GROENEVELD

When you think of farming, human resources isn't something that necessarily comes to mind as an integral part of a successful operation. However, a Saskatchewan farm is basing a large part of its profitability on a deliberate plan to get the most out of employees.

Kenton and Pam Possberg operate a 13,000-acre grain farm near Humboldt, Sask. They direct seed a wide range of crops including wheat, peas, barley (malt and feed),

Performance bonuses were awarded to the employees for meeting a certain target.

sunflowers, lentils, flax, oats, canola and canary seed. Managing everything from proper agronomic practices to maximizing equipment has made their farm extremely efficient and productive even in the years where Mother Nature doesn't co-operate.

Kenton and Pam have been selected as Saskatchewan's Outstanding Young Farmers for 2006, partially because of their strategy for training and retaining employees and making them an integral part of the operation.

The Possbergs have looked to other businesses and sectors to get ideas on how to motivate employees and get the most from the people on their team.

"You can't just look at farm business models. You need to be able to look outside of the box – at other business models. If it's been successful there, why can't it be successful here?" Kenton reasons.

Two full-time staff members are a part of Possberg Farms Inc. year-round. Four more are hired to help with seeding and harvest.

The success of the Possberg farm has a lot to do with efficiencies in production generated by employees who know what to do and how to best perform the task.

"Some take training courses through farm machinery dealerships. Some take welding or pesticide applicator courses – whatever we feel could be of benefit to them,"

Possberg explains. "This enables them to run the machinery at peak capacity in the most agronomically sound way."

Possberg says proper training means his staff is more independent and can make informed decisions that save time and money at critical times in the farm production cycle. He believes the time and money invested in training is very worthwhile.

"You more than make up for it if the person is able to get another three acres per hour out of a combine through knowledge of the machine. It's also reassuring that employees know where the limits are, so they are not wrecking the machine and having downtime and additional repair costs."

A team atmosphere is extremely important to Possberg. One of the new strategies implemented this year to foster the team philosophy is involving staff in the budgeting process. All team members were allowed to view the budgets for each aspect of the operation, such as seeding and spraying. Performance bonuses were awarded to the employees for meeting a certain target.

"It's gone a lot better than what I expected. I had the staff coming in, asking how we were doing with our budget, just seeing where things were. That helped them in the decision-making process and gave them the incentive to do their best."

Possberg says normally they would have to get some custom work done, but this new incentive program has, so far, allowed them to do everything on-farm and avoid additional costs such as hiring another sprayer.

A competent staff also allows Possberg to focus on running the farm business. He has a field operations manager who ensures employees are getting the work done.

"Just having him in that position enables me to look at new business opportunities and different ways of doing things. That's allowed our acreage to become more profitable." ❖



Pam and Kenton Possberg with their sons on their grain farm near Humboldt, Sask.

Keeping *your employees*

BY LORNE McCLINTON

Downsizing is history. Canada's baby boom generation is racing towards retirement and there are not going to be enough young people to replace them. The disposable workers of the '90s have become practically irreplaceable today.

Chester Elton, co-author of *The 24 Carrot Manager, A Carrot a Day* and other human resource books, says that while paying a competitive salary attracts workers to a job, letting them know that they are appreciated will keep them.

"Creating a workplace environment where employees feel valued, where they feel engaged and where their opinions matter, are the key things that people are looking for in the workforce," Elton says. "They want to feel that when they speak their employer listens, and when they perform, they're rewarded. 'If I'm in on things, I'm solving problems, I'm building a career, I'm building leadership skills that I might not get somewhere else.'"

"It doesn't cost you any money to tell someone that they've done a good job," notes Greg Devries, owner of Cedarline Farms, a corn, soybean and greenhouse operation near Dresden, Ont. He says mistakes have to be pointed out so that employees can learn by their errors, but on the other side of the coin, people need to feel appreciated.

"A pat on the back is the cheapest thing that any business owner can do. People expect to be compensated but at the end of the day it's not what keeps people happy and employed in the position, it's the appreciation that does," Devries explains.

"You need to be constantly encouraging your employees," Elton says. "An in-depth Gallup study found that highly engaged employees need some kind of positive affirmation at least once a week. Now that doesn't mean passing out Rolex watches or big fat bonuses. Verbal praise ranks very high. Handwritten thank you notes are very high. I mean these are simple, easy, low cost things. Giving out movie tickets, tickets to a minor league sporting event or dinner for two at the local restaurant are ways to let them know, 'I really appreciate you sticking around and getting that last 40 done before the storm hit. Here's dinner for two in town on me. Take your wife and have a great time.' These little things can be very, very much appreciated."

Praise has to be earned and be for something that matters, Elton says. If you just go around saying thank you, thank you all the time, for no reason, it has no meaning. "Specific praise is very valuable. It communicates that I know what your job is; I know what a good job you've done. When I see it I want to make sure I reinforce it. Because here's the thing you know for sure: rewarded behaviour is repeated. So as a manager, I want to make sure that I'm constantly talking to people about what they're doing right to make sure that that behaviour gets repeated."

Farmers are very inventive at coming up with non-monetary rewards to keep employees happy. Some give out the odd free tank of fuel, others offer the occasional loan of a company truck, still others let employees keep a few cattle or farm a few acres using company equipment. Free meat, free produce, use of a garden space and free lodging are also commonly offered incentives.



“We have fun nights a couple of times a year,” Devries says. “One night we played floor hockey and another night we had a basketball net and foosball table. We just had some fun interaction back and forth with them to show our appreciation. At least once a month we do either a pizza or a hot dog day.”

Since most of Devries’ field hands are young Mexican Mennonite workers who send most of their wages to their families in Mexico, he has had to tailor his incentive plan so his workers see benefits.

“We can give these kids all the pay raises in the world and they don’t feel it,” Devries explains. “We had to start looking at different ways to give them incentives. One way we do it, especially with the workers from the Mennonite background, is instead of giving them a cheque, we’ll give them a gift or we’ll give them gift cards. They can put that in their wallet and go to town and spend it as they choose.”

Cedarline’s farm management staff receives a sizable incentive bonus cheque at the end of the year. Devries’ theory is that they get paid first, before anybody from the ownership group. If there are only so many dollars to go around, they go to the managers that work the hardest to get the day-to-day jobs done.

“Bonuses have to be fair and have to be consistent,” Devries says. “When you are establishing a bonus program, remember that you can always make your incentive bonus higher in value but doggone it, it’s pretty hard to make it lower. Probably the biggest pitfall is starting an incentive program at too high a rate because you had an extremely good year. In agriculture, more often than not we have poor years too.”

Experienced farm employees are highly sought-after, and producers are discovering that if they want to keep a good employee in today’s job market, they have to do the little things right. ❖

Tax implications

If a gift or award to an employee is cash or near cash (such as a gift certificate), it could be a taxable benefit to the employee. Complete details can be found on the Canada Revenue Agency website at: www.cra-arc.gc.ca/tax/business/topics/payroll/benefits/gifts/awards/menu-e.html, or contact 1-800-959-5525.

Tina Fehr, an employee at Cedarline Farms, works the production line.



Learning to leverage human resources



BY HUGH MAYNARD

So, are you a “doer” of things, or a manager of people? Your answer to that question pretty much determines what kind of farm you operate, or what kind of farm business you may one day run.

Most of us grow up as doers of things: we start at the bottom of the heap and gradually move upward based on our capacity to do more things better. I once marveled at a young Prairie girl telling me that her daily job was to drive the water truck out to the cattle on pasture, a box on the cab seat so she could see over the dashboard and blocks on the pedals so her feet could still reach the clutch. She wasn’t just doing chores, she was also training for the eventual operation of the farm’s eight-wheeled, articulated tractor that cultivates, fertilizes and seeds in one pass. Doing more things better.

There is a limit, however, and every small enterprise, farms included, reaches that stage where one person or one family can’t do any more things – you can get a bigger tractor but there are still only so many hours in a day that you can drive it. The fork in the road offers two choices – stay a doer of things, or start to become a manager of people who do things for you.

There’s no right or wrong in which fork you choose to take as long as the management role doesn’t suffer. It’s a matter of preference in working style and professional goals – you don’t even have to have employees on the farm, there are lots of benefits from delegating responsibility to external professionals such as crop doctors and livestock technicians.

One of the downfalls of those who choose to become managers of other people is that they don’t segment and limit their “doing of things.” Old habits die hard – “I can do it faster myself” – and while many young producers are shown the ropes for milking cows or seeding grain, few are given the chance to learn the basics of managing people.

A common image of human resource management is one of employee command and control – punch in, punch out; do this, do that. The power of managing

people, however, is being able to work with them so that they can give their best with a minimum of supervision.

Whether it be learning when and what to delegate, or how to clearly communicate delegated tasks (so you don’t have to learn how to explain in a positive fashion how that delegated work should have been done!), being a manager of people means acquiring a whole new skill set – and resisting the temptation for always “doing things.”

So, how do you become an effective manager of people? There are literally hundreds of resource books available online, and lots of courses and seminars offered by colleges and the like. Farm Credit Canada offers courses and you can find more information at www.AgriSuccess.ca. The Canadian Farm Business Management Council has a best practices guide for producers that’s a good place to start (check out their catalogue at www.farmcentre.com/english/products/index.htm or download a PDF document at www.farmcentre.com/english/downloads/bettermanagement.htm).

Thinking long term, programs such as 4-H are an excellent way to provide the next generation with the leadership and communications capabilities that are the foundation of good people skills in any context. ❖





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Canada

Agriculture schools: *looking beyond the farm gate*

BY HUGH MAYNARD AND SUSANNE BROWN

With his new farm management diploma in hand, Marc-André Isabelle figures he can have it both ways.

Isabelle graduated from McGill University's Farm Management and Technology (FMT) program in April 2006. Eventually, he plans to become established on his parents' dairy, swine and cash crop farm in Coteau-du-Lac, Que. But, having just turned 22 years old, right now he really wants to learn more beyond the farm gate.

Isabelle realizes there are great career opportunities beyond primary agriculture and his parents fully support his decision to pursue a degree in agriculture starting this fall.

"I'm coming back to the farm, but with a degree I could also be a feed rep, stuff like that, or I could go and be a teacher. A degree opens a lot more doors," he says.

"The really good farmers are pushing their kids to go to school," says Serge Lussier, Assistant Director of the three-year FMT program at the university's Macdonald Campus. He says grants are even available in some provinces to assist new graduates.

Despite the opportunities, there is still a big problem attracting attention to agricultural programs, even in rural areas, according to Dr. Jean-Paul Laforest, Dean of the *Faculté des sciences de l'agriculture et de l'alimentation* (Faculty of Agriculture Sciences and Food) at Laval University. "To put it simply, agriculture is not sexy."



Laforest says in Canada's eight university agriculture faculties and four veterinary medicine faculties, there is serious difficulty in recruiting new students. This is also a problem faced by many diploma agriculture programs.

Depending on the year and the university, enrolment figures are constantly fluctuating. In fact, he says, "Since 1996, there has been a decrease of about 30 per cent in enrolment in our programs, except maybe nutrition." Laforest adds some faculties are eliminating the word agriculture from their name and programs, but the Laval faculty has adopted a different strategy and is instead emphasizing the importance of agriculture in highly populated urban areas.

"We are already recruiting the maximum from rural areas where we are well known, so now we are basically trying to be more aggressive with our promotion in the

Montreal area to entice more students to be interested in the programs we are offering," Laforest says.

The agriculture programs at the University of Guelph are also diversifying into cities. Starting in 2007, the Ontario Agriculture College (OAC) is introducing two new programs aimed specifically at urban agriculture; one is urban landscape management and the other is crop horticultural and turf grass sciences.

"There is more need for experts in these areas than there was in the past," says Brenda Cassidy, Communications Coordinator for the OAC. "By diversifying our agriculture programs to meet current and emerging needs, we attract a broader array of students," she says. ❖



Safety starts with proper training



BY PETER VAN DONGEN

It's a safe bet most farm managers would love to find an employee who could "hit the ground running." No training. No questions. Just results.

If only life was that simple. The reality is many farm injuries and fatalities are directly related to a lack of worker knowledge. And with the trend toward larger farms and a declining farming population, chances are you've already found yourself calling on inexperienced farm workers to fill your labour needs.

Effective training is about more than providing information.

Clearly, it's unrealistic to expect that all new employees will have the knowledge and skills required to perform a job safely and to your expectations without any training. In fact, even "experienced" farm workers need to be introduced to your machinery and your way of operating. That begs the question: what can you do to start your employees off on the right track and keep them there?

A critical first step is to help new employees gain their bearings through an adequate orientation. Start with a tour of your entire operation, explaining how each aspect fits into the grand scheme of things. Take time to answer all the typical questions: Who should they ask for help? Where is everything located?

This is also a great time to inform new workers about your safety policy. Identify hazards such as dust, noise and toxic materials, and show them where to find and how to use protective gear. Explain what to do in case of an emergency, and point out where to find a telephone, emergency numbers and a fire extinguisher.

After a proper orientation, the employee will be less distracted and better prepared to learn how to perform job-specific tasks. This type of training tends to be more comprehensive and can be viewed as a four-step process:

First, explain why the job is important and how doing it correctly and safely is beneficial. Point out any hazards associated with the job, and explain how to deal with them.

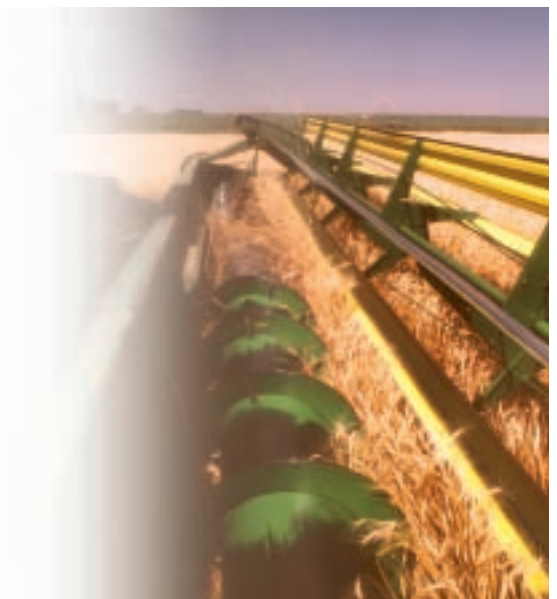
Second, demonstrate exactly how the job should be done. Go through it at a normal pace at first; then repeat it at a slower pace, pointing out the various steps and answering any questions the employee may have.

Third, ask the worker to perform the procedure several times while explaining to you what they are doing and why. Have them repeat the procedure until you are confident it will be handled safely.

Finally, leave the employee to work on his or her own. Check back often, at first, to address any problems or questions.

The key principle to remember is this: effective training is about more than providing information. There's a big difference between telling workers how to do a task, and successfully transferring the required skills, ability and knowledge.

Proper training takes time and effort, but that investment pays long-term dividends in the form of higher productivity, increased job satisfaction and a safer farm operation. ❖



Canada carves out a new research agenda



BY OWEN ROBERTS

Bravely, just weeks before the World Trade Organization talks ended in disarray in Geneva, federal Agriculture and Agri-Food Minister Chuck Strahl presented what he called a new strategy for agriculture science and innovation. Canada has been primed for a new federally driven research agenda for agriculture and agri-food since last winter with a new government, new opportunities with consumers' growing interest in healthy food, and new global realities, particularly rising energy costs and volatile world sources.

Imagine a scenario where plant scientists or animal scientists pursue research funding with agricultural economists.

It was bold for Strahl to announce his plan before knowing the outcome of the Doha round of the WTO. Had the talks not collapsed, and had supply management been threatened by the outcome as some feared, federal research priorities would have had to include more emphasis on helping the dairy, egg and poultry industries be competitive in a brand new world.

But competitiveness has emerged nonetheless in Strahl's program. He says his main focus is to maximize research opportunities and breakthroughs by building partnerships between government, the private sector, academia and industry.

He specifically cites the biomass sector, saying research opportunities are "immeasurable" in their short and long-term results for Canada's economy, and notes the government is committed to moving agriculture "beyond food, feed, and fibre." The time is ripe, he says, "for a new science and innovation strategy that will ultimately increase farmer income."

It was particularly heartening to see elements of his five-part platform (www.agr.gc.ca/science-strategy) including preventing and controlling threats to Canadian food and food production, and exploring opportunities, practices and uses for new agricultural products. These are vital. Canada has an opportunity to take stock of how it can fashion a research agenda that makes producers better

prepared to face the new world, either by standing pat, acquiescing to change, or a bit of both.

A much more uncertain trade environment means we need to take every advantage possible, and increase our emphasis on management (including marketing) and economics. Canada is great at coming up with new crop varieties. We're not as good at finding ways to add value to them, even though sparkling examples exist that show how the public is receptive to developments, such as Omega-3 milk and enriched bread.

It appears the federal science and innovation agenda aims to foster those developments through partnerships. Imagine a scenario where plant scientists or animal scientists pursue research funding with agricultural economists. Or where internationally trained agrologists bring their particular expertise to bear on an opportunity in Canada's agri-food sector. It's possible, and in the case of agrologists, it's already underway in Ontario as part of a provincially sponsored program designed to enhance Ontario's agri-food sector.

Supporting research yields results, and research in the new post-Doha world is imperative. ♦



Promotion pairs pork and pigskins



BY ALLISON FINNAMORE

It takes creativity to capture the attention of consumers. With every food sector fighting for consumers' dollars, plus the myriad of other consumer demands, it's tough to find ways to be heard above the marketing din.

And usually, producers leave the development of attention-getting marketing plans to their various commodity organizations. So, unless you sit on the board of directors or the promotions/public relations committee, chances are you won't have much to do with how your products are promoted.

That works in most cases. Hiring experts to do specialized work is part of a good management plan. But can producer involvement in marketing help sell the product?

Can producer involvement in marketing help sell the product?

meet consumers and help put a local face to the food consumers were purchasing.

Two years ago, Alberta Pork (the organization representing pork producers) teamed with Alberta's professional sports teams and Canada Safeway stores to stress the value of pork in a healthy, active and fun lifestyle. The program was called Pork Sports.

This year, a new element was added to get producers directly involved in the program. Pork Sport spotters made their way to Canada Safeway stores in Edmonton, Calgary, Lethbridge, Red Deer, Medicine Hat and Grande Prairie, scouting for shoppers buying pork. The shoppers were rewarded with \$100 Safeway gift certificates.

"The spotter component of the Pork Sports program gives our producers the opportunity to personally thank Alberta pork consumers for their support over the years by giving something back to them," says Roy Kruse, manager of consumer services for Alberta Pork. "The contact point for

consumers is the meat counter and that's why providing information about pork at the retail level is so important to us."

Overall, the Pork Sport program was a high profile, broad-based marketing campaign that partnered producers, sports teams and retail services to reinforce the health benefits of eating pork, Kruse explains. Partial funding was provided by the Alberta Livestock Industry Development Fund.

Along with the Edmonton Eskimos and the Calgary Stampeders, other partners were the Calgary Flames and Edmonton Oilers hockey teams, the Calgary Roughnecks and Edmonton Rush lacrosse teams and the Calgary Vipers baseball team.

Alberta Pork's marketing campaign succeeded in finding an innovative way to promote their product to consumers. With direct producer involvement, the program delivered a stronger, more meaningful message to consumers. ❖



On the rise

Farmland values remain strong

The average value of farmland in Canada increased by 2.1 per cent in the first half of 2006, according to Farm Credit Canada (FCC) research.

The increase is higher than the 1.5 per cent increase in the last six months of 2005 – consistent with Canada's growth trend since 2000.

Farmland values are influenced by factors unique to each province or market area, such as supply and demand, diversity of agricultural land and weather conditions.

The average age of producers is rising and more farmland will change hands in the next 10 to 20 years.

"For 20 years we've researched, collected, analyzed and distributed farmland values data across the country," says Rémi Lemoine, FCC Vice-President, Credit Risk. "Our customers trust Farm Credit Canada's Farmland Values Report as a valuable source of knowledge when they're acquiring, holding or selling land. It's a key factor when making land transaction decisions."

British Columbia saw a double-digit increase for the second straight year with a 10.3 per cent increase, reflecting a buoyant economy. Alberta came in second with a 3.9 per cent increase, followed by a 2.9 per cent increase in Newfoundland and Labrador.

All other provinces saw a modest increase, except for Prince Edward Island, where farmland values have remained stable since the last half of 2003.

"Land values in most areas remain strong, despite some challenges in specific sectors and regions," Lemoine explains. "In fact, rising land values are a positive indication of a healthy agriculture industry."

Farm income continues to impact land values, as do other issues.

Technology

Technology allows farms to increase in size by assisting owners in maintaining or achieving a desired income

level per farm unit. With this income, landowners acquire more land at prices higher than what a smaller producer may be able to afford.

Interest rates

Interest rates and credit terms are important as many producers finance farmland purchases with debt or borrowed capital. Producers must take into account the carrying cost of land when they are making their decisions.

Buyer motivation

Recent statistics indicate that the average age of Canadian producers is rising and more farmland will change hands in the next 10 to 20 years. As property in close proximity becomes available to purchase, many farmers are paying top dollar to have the convenience of the adjacent farm.

Finite resource

As a finite resource, the price of land is driven by factors related to supply and demand. In desirable areas of the country, such as the Okanagan Valley or near the urban fringe, those who want the lifestyle that comes with owning property in a rural setting are willing to pay.

Environmental laws

In some areas, land demand for nutrient management purposes and over-production of animal waste contributes to the rise in land values. Consequently, producers have become extremely active in the farmland marketplace.

FCC researches and publicizes changes in land values across Canada twice a year to provide customers with management information.

The complete Farmland Values Report, including a 10-year trend for each province, is available at www.fcc-fac.ca by clicking on Products and Services/Property.

Correction: AgriSpirit Fund deadline

The AgriSpirit Fund application deadline printed in the September/October issue of AgriSuccess Journal was incorrect. The correct deadline for applications was October 12, 2006. Farm Credit Canada apologizes for any inconvenience this may have caused for AgriSpirit Fund applicants. The AgriSpirit Fund will open earlier next year. Farm Credit Canada will begin accepting applications in Spring 2007. To inquire about the AgriSpirit Fund, visit www.AgriSpirit.ca, e-mail AgriSpirit-AgriEsprit@fcc-fac.ca, or call 1-888-332-3301.



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