

Chicken Farmers of Ontario New Entrant Chicken Processors Program

Stakeholder Engagement Workshop

June 2, 2017
London, Ontario



Table of Contents

	Page
Executive Summary	3
Purpose of Session	4
Current Perceptions	4
Desired Outcomes	5
Merits of New Entrant Chicken Processor Program	6
Challenges of New Entrant Chicken Processor Program	6
Participants' Suggested Actions: Key Areas of Focus	7
Workshop Summary	8

Executive Summary

On June 2, 2017 key stakeholders with a special interest in the New Entrant Chicken Processors Program met at the Four Points Sheraton Hotel in London for a highly interactive workshop facilitated by Bryan Boyle. The purpose of the session was to identify and solicit valuable input from stakeholders to identify a new strategic market segment to provide new processing capacity for Ontario chicken.

Participants were asked, “What are the first one or two words that come to your mind when you hear “Chicken Farmers of Ontario’s New Entrant Chicken Processor Program”? Their thoughts were focused around opportunities, general attributes and concerns with the sustainability of the program. The participants shared their perspectives of the Chicken Farmers of Ontario’s New Entrant Chicken Processor Program. Participants’ scores displayed a wide range of perspectives with the majority being positive but with three participants recording substantially lower scores on the bar graph that was created.

Participants were asked, “How will we know that we “got it right” with a successful New Entrant Chicken Processor Program?” They gave several examples within independent chicken processing businesses, within the consumer community served by processors and within other key industry stakeholders.

Participants identified merits or positives as well as negatives or challenges that exist for the New Entrant Chicken Processor Program. The majority of the merits related to expanding markets for chicken and the unique opportunities to meet these markets. The weaknesses or challenges for the New Entrant Chicken Processor Program focused on limited potential for start-up processor viability and low plant supply allocation.

Participants suggested actions that will have a positive impact on the New Entrant Chicken Processor Program. These actions were designed to build on the merits, reduce or eliminate the challenges while keeping the desired outcomes in mind. These actions were clustered and organized into key areas of focus. The participants prioritized the key areas of focus that they had identified. Highlights of the areas of focus listed from their highest to lowest priority are:

- 1st: Support New and Innovative Processors
- 2nd: Enhance Plant Supply Allocation for Smaller Processors
- 3rd: Reduce the Minimum Entry Level for Growers’ Quota
- 4th: Encourage Emerging Markets
- 5th: Streamline Regulatory Changes

The workshop was a productive event, where the participants were very engaged. Through their valued input, the key stakeholders present provided valuable input to help ensure that the Chicken Farmers of Ontario’s New Entrant Chicken Processors Program is strong and effective.

Chicken Farmers of Ontario

New Entrant Chicken Processors Program

Stakeholder Engagement Workshop
Four Points Sheraton Hotel, London
June 2, 2017 Facilitated by Bryan Boyle

Purpose of the Session

To identify and solicit valuable input from stakeholders to identify a new strategic market segment to provide new processing capacity for Ontario chicken

Throughout this report whenever two or more participants (or in the cases of the discussion groups-number of groups) offered the same or very similar comments they are noted with an "x" and the number, i.e. (x3).

Welcome/New Entrant Chicken Processor Program Highlights

Mark Hermann, Chicken Farmers of Ontario, Board 1st Vice-Chair

New Entrant Chicken Processor Program Details

Mike Philp, Senior Director, Business Development and Markets, Chicken Farmers of Ontario

Current Perceptions

Participants were asked to share the first one or two words that come to mind when they hear "Chicken Farmers of Ontario's New Entrant Chicken Processor Program"?

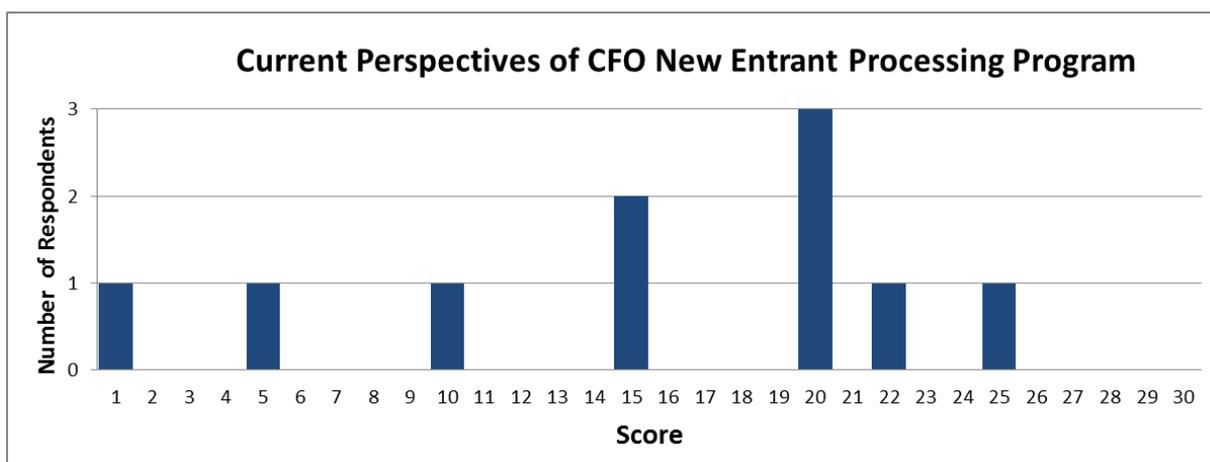
- Opportunity (x4)
- Need more opportunities
- What type of processing?
- Market expansion
- Help! Need more processors
- Innovative
- More supply
- Uneconomical
- Not feasible
- Restrictive

Participants' Perceptions of the New Entrant Chicken Processor Program

On ballots numbered from 1 to 30, participants indicated the number that most accurately describes the Chicken Farmers of Ontario's New Entrant Chicken Processor Program.

#30 = "Top of our Game": A much-needed and well-developed program with excellent potential to help meet the needs of stakeholders wishing to provide additional processing capacity for quality Ontario chicken

#1 = "Dead in the Water": An unneeded, misguided or poorly-developed program with very limited potential to help meet the needs of stakeholders wishing to provide additional processing capacity for quality Ontario chicken.



Average = 16.18

Desired Outcomes

Participants were asked, "How will we know that we "got it right" with a successful New Entrant Chicken Processor Program?"

Within Independent Chicken Processing Businesses

- New players
- Varying sizes e.g. small successful plants
- If the supply allocation assigned to the new entrant becomes part of a successful business

Within the Consumer Community Served by Processors

- End customer needs guarantee supply and growth
- Genetically different bird available to consumers
- Get beyond the commodity chicken

Within Other Key Industry Stakeholders

- Smaller farmers to match smaller plant capacity

Merits that Exist for the New Entrant Chicken Processor Program

These may be strengths (any factors or conditions that are considered positive and over which we have some control, e.g., skills, expertise, involvement, etc.) or opportunities (any factors or conditions that are considered positive, over which we have little or no control but may be seized by ourselves or others, e.g., demographics, funding, political timing, etc.).

- More choices for growers to process
- Renewed interest in chicken
- Recapture market share
- Romance back in chicken
- Market development
- Recognition that niche market needs to be served
- Fills a supply that large processors won't look at
- Diversification if market trends make business difficult on larger processors
- Consumer demand has changed and continues to change
- Transparency versus market control of large processors
- Adds value to multiple sectors of Ontario economy
- Opportunity for new market segments to be developed

Challenges that Exist for the New Entrant Chicken Processor Program

These may be either weaknesses (any factors or conditions that are considered negative and over which we have some control, e.g., inactivity, lack of direction, lack of citizen support, etc.) or threats (any factors or conditions that could negatively impact us, over which we have little or no control, e.g., political climate, municipal, national or world conditions, etc.).

- Opportunities are being missed
- If not economically viable, it will deter market development
- Gap exists between scale required for economic viability and the scale that exists
- Is the program sustainable?
- Is the program scalable fast enough?
- Lack of affordability for the "small guy"
- Separate from commodity kilograms
- Number of kilos of plant allocation is way too low
- Small plants with plant supply allocation get bought by larger players
- Chicken Farmers of Ontario make the decision as to what is a suitable market to consider

Participants' Suggested Actions

Participants were encouraged to identify actions that they would recommend to help ensure a strong New Entrant Chicken Processors Program. These actions are designed to build on the merits, reduce or eliminate the challenges as well as keep the desired outcomes in mind.

Key Areas of Focus

After many potential actions were identified, they were clustered into several areas of focus that could help ensure a strong and vibrant future for the New Entrant Chicken Processors Program. Participants confirmed or identified and then prioritized these areas of focus.

The participants prioritized these areas of focus using the following method: Each participant was given 100 points. They were asked to allocate their points to a number of areas of focus to show their relative importance. They based their allocation on where action would have the most positive impact on the future of the New Entrant Chicken Processors Program.

Rank	Areas of Focus	Total Score
1 st	Support New and Innovative Processors	270
2 nd	Enhance Plant Supply Allocation for Smaller Processors	210
3 rd	Reduce the Minimum Entry Level for Growers Quota	120
4 th	Encourage Emerging Markets	85
5 th	Streamline Regulatory Changes	75

All suggested actions used to create the areas of focus are listed below. They are listed by area of focus in the same order of priority as the table above.

1. Support New and Innovative Processors

- Allow innovators to take a “leap of faith”
- Provide more protection for small start-ups
- Chicken Farmers of Ontario needs to truly support the New Entrant Program
- Ease restrictions that cause undue financial duress
- Incentivize the processors more

2. Enhance Plant Supply Allocation for Smaller Processors

- Make more plant supply allocation available
- Make plant supply non-transferable
- Allow separate allocations for niche and general commodity chicken volume

- Disproportionate plant supply should be encouraged
3. Reduce the Minimum Entry Level for Growers' Quota
 - Reduce the 14,000 kg minimum entry level for grower's quota
 - Make it financially viable for smaller growers to start with quota
 4. Encourage Emerging Markets
 - Offer government guaranteed loans for poultry processors to implement new markets
 - Develop and cater to specialty markets
 - Help make export markets easier to access for niche producers
 - Identify if retailers really know what products and specifications they want
 5. Streamline Regulatory Changes
 - Allow multiple new processors per year
 - Shorten Chicken Farmers of Ontario's decision timelines
 - Allow new processors with existing operations

Summary of the Workshop

The workshop was a productive event, where the participants were very engaged. Through their valued input, the key stakeholders present provided valuable input to help ensure that the Chicken Farmers of Ontario's New Entrant Chicken Processors Program is strong and effective.