

# **Chicken Farmers of Ontario New Entrant Chicken Processors Program**

## **Summary of Stakeholder Engagement Workshops**

May 26 and June 2, 2017  
Mississauga and London, Ontario



## Table of Contents

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	<b>Page</b>
<b>Executive Summary</b>	3
<b>Purpose of Session</b>	5
<b>Current Perceptions</b>	5
<b>Desired Outcomes</b>	7
<b>Merits of New Entrant Chicken Processor Program</b>	7
<b>Challenges of New Entrant Chicken Processor Program</b>	8
<b>Participants' Suggested Actions: Key Areas of Focus</b>	9
<b>Workshop Summary</b>	10

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## Executive Summary

On May 26 and June 2, 2017 key stakeholders with a special interest in the New Entrant Chicken Processors Program met at the Meadowvale Hilton Hotel in Mississauga and the Four Points Sheraton Hotel in London for highly interactive workshops facilitated by Bryan Boyle. The purpose of the sessions 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 and showing a slightly positive average 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 merits were clustered into the following areas: meeting specific consumers’ needs, more flexibility than larger processors as well as positive for Ontario chicken industry growth.

The weaknesses or challenges for the New Entrant Chicken Processor Program were clustered into the following areas: difficulty to achieve economies of scale for small processors’ operations, program administration challenges and untapped market potential will be missed.

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 at each workshop. The participants prioritized the key areas of focus that they had identified. Those key areas of focus identified at each workshop were in turn clustered into generalized areas of focus for this summary report.

Highlights of the areas of focus in this summary report listed from their highest to lowest priority are:

- 1<sup>st</sup>: Support New and Innovative Small Processors
- 2<sup>nd</sup>: Enhance Program Details
- 3<sup>rd</sup>: Adjust Levels of Plant Supply Allocation & Growers' Quota
- 4<sup>th</sup>: Meet Market Demands More Effectively

The workshops were productive events, 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 Workshops  
Meadowvale Hilton, Mississauga and Four Points Sheraton, London  
May 26 and June 2, 2017 Facilitated by Bryan Boyle

### Purpose of the Sessions

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

Ed Benjamins, Chicken Farmers of Ontario, Board Chair (Mississauga)  
Mark Hermann, Chicken Farmers of Ontario, Board 1<sup>st</sup> Vice-Chair (London)

### 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 (x5)
- New opportunity
- Fresh opportunity
- Need more opportunities
- Related to our business
- Growing for profitability
- Chance
- Market expansion
- Help! Need more processors
- Innovative
- More supply
- What type of processing?
- Uneconomical

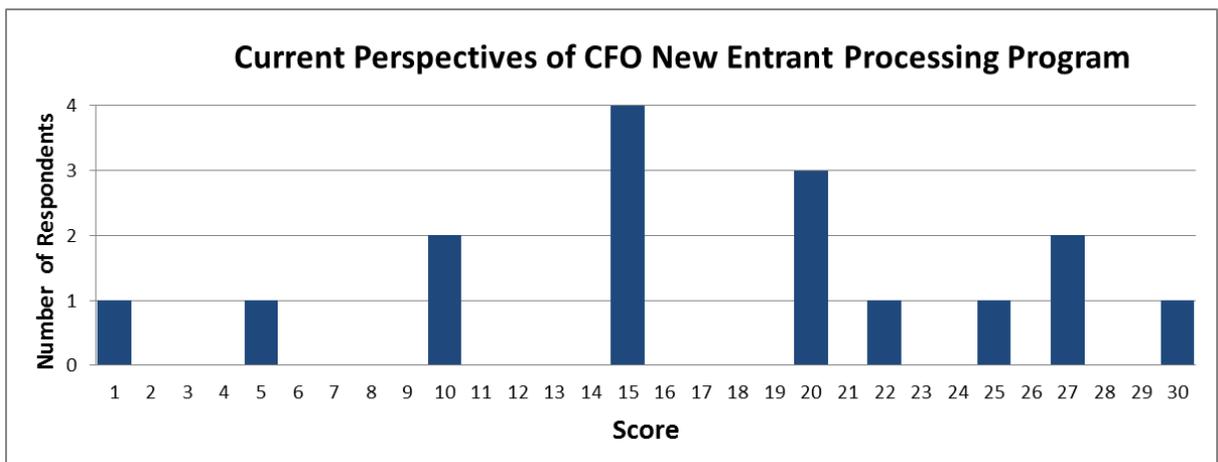
- Not feasible
- Restrictive
- Challenges
- Too small

### 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 Processors 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 = 17.31

## 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
- Number of successful applicants for the New Entrant Chicken Processors Program
- How many very small chicken processors were granted a license?
- How many successful businesses developed and are in business greater than five years?

### Within the Consumer Community Served by Processors

- High-quality chicken is provided to consumers
- Diverse small processors meeting local needs
- End customer needs guarantee supply and growth
- Genetically different bird available to consumers
- Get beyond commodity chicken
- Tracking quality and authenticity of the chicken grown and processed

### Within Other Key Industry Stakeholders

- Smaller farmers to match smaller plant capacity
- No monopoly of large processors controlling the market

## 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.).

### Meeting Specific Consumers’ Needs

- Renewed interest in chicken
- Recapture market share
- Romance back in chicken
- Recognition that niche market needs to be served
- Consumer demand has changed and continues to change

### More Flexibility than Larger Processors

- More choices for growers to process
- Fills a supply that large processors won't look at
- Diversification if market trends make business difficult on larger processors
- Transparency versus market control of large processors
- Provides a financial break to small processors
- A small processor has an improved success rate if they do not have processor supply base debt

### Positive for Ontario Chicken Industry Growth

- Adds value to multiple sectors of Ontario economy
- Market development
- Opportunity for new market segments to be developed
- Recognition of evolving marketplace
- Stimulating growth
- Opens doors to new players in the industry
- Providing scale-up opportunities
- Independent application evaluation

### **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.).

### Difficulty to Achieve Economies of Scale for Small Processor Operation

- Gap exists between scale required for economic viability and the scale that exists
- Size constraint making it difficult to establish an economically efficient or viable operation
- If not economically viable, it will deter market development
- 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

### Program Administration Challenges

- Is the program sustainable?
- Chicken Farmers of Ontario make the decisions as to what is a suitable market to consider

- Slow take-up process
- The application evaluation may be subjective, e.g. Kosher application was awarded 800K
- Only one applicant will qualify for the New Entrant Chicken Processors Program even though many well-documented needs may exist

#### Untapped Market Potential Will be Missed

- Opportunities are being missed
- Small plants with plant supply allocation get bought by larger players

### **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 at each workshop, 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.

On the table below, the areas of focus from each of the workshops were clustered to create areas of focus for this summary report.

<b>Rank</b>	<b>Areas of Focus</b>	<b>Total Score</b>
<b>1<sup>st</sup></b>	Support New and Innovative Small Processors	445
<b>2<sup>nd</sup></b>	Enhance Program Details	355
<b>3<sup>rd</sup></b>	Adjust Levels of Plant Supply Allocation & Growers' Quota	330
<b>4<sup>th</sup></b>	Meet Market Demands More Effectively	230

The areas of focus from each of the workshops are listed by newly created areas of focus in the same order of priority as the table above.

1. Support New and Innovative Small Processors
  - Support New and Innovative Processors
  - Support Small Independent Businesses
  
2. Enhance Program Details
  - Increase the Number of Successful Applicants Annually
  - Increase Program Allocation
  - Streamline Regulatory Changes
  - Improve Objectivity in Application Process
  
3. Adjust Levels of Plant Supply Allocation & Growers' Quota
  - Enhance Plant Supply Allocation for Smaller Processors
  - Reduce the Minimum Entry Level for Growers' Quota
  
4. Meet Market Demands More Effectively
  - Enhance Quality throughout the System
  - Encourage Emerging Markets
  - Expand Markets and Reap the Benefits

All the suggested actions used to create the areas of focus at each workshop are listed in the individual workshop reports.

### **Summary of the Workshops**

The workshops were productive events, 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.