

Chicken Farmers of Ontario

Grimsby Regional Risk Workshop

July 12, 2019
Grimsby, Ontario



BRYAN BOYLE & ASSOCIATES
FACILITATING YOUR FUTURE

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Executive Summary

On July 12, interested Chicken Farmers of Ontario (CFO) farmer-members and CFO staff met at the Casablanca Inn in Grimsby for a highly interactive workshop facilitated by Bryan Boyle. This session was part of a regional CFO farmer-members' meeting.

The purpose of the session was to solicit valuable input from farmer-members relating to risks facing supply management, the Ontario chicken industry, and their local family farm as well as how these risks could be reduced or eliminated by actions of CFO or individual farmer-members. The input generated will help to create a practical and realistic Strategic Plan for Chicken Farmers of Ontario.

Risk has been defined as “An uncertain event or condition leading to an unfavourable outcome. It may result in loss, injury or other adverse circumstance”.

At the workshop participants addressed three critical questions relating to risk in supply management, the Ontario chicken industry, and their local family farm. The three questions were What? So What? and Now What?

What? – Observations, Perspectives
 So What? – Consequences of Inaction
 Now What? - Suggested Actions

Participants identified risks that face supply management, the Ontario chicken industry, and their local family farm. These specific risks were grouped under the various themes and then prioritized with the following results.

- 1st: Financial
- 2nd: Operational
- 3rd: Political/Trade
- 4th: Strategic
- 5th: Competition
- 6th: Compliance
- 7th: Reputational
- 8th: Other

Participants were asked, “What are the consequences of inaction relating to addressing the risks that face supply management, the Ontario chicken industry, and your local family farm?” Examples of their responses included loss of public confidence, fewer family farms, lack of growth and financial stability, as well as disappearance of supply management.

There are many actions that could help to effectively mitigate the risks facing supply management, the Ontario chicken industry and local family farms. Participants identified a number of potential actions to address each of the various specific areas of risk.

The workshop was a productive event, where the participants were very engaged. Through their valued input, the participants present took an important step in identifying risks and their potential mitigation. This could help ensure a strong and vibrant future for supply management, the Ontario chicken industry, as well as their local family farms.

Chicken Farmers of Ontario
Grimsby Regional Risk Workshop
Casablanca Winery Inn, 4 Windward Drive, Grimsby
July 12, 2019 Facilitated by Bryan Boyle

Purpose of the Session

To solicit valuable input from farmer-members relating to risks facing supply management, the Ontario chicken industry, and their local family farm as well as how these risks could be reduced or eliminated by actions of CFO or individual farmer-members

The input generated will help to create a practical and realistic Strategic Plan for Chicken Farmers of Ontario.

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

Defining Risk

Risk has been defined as:

An uncertain event or condition leading to an unfavourable outcome. It may result in loss, injury or other adverse circumstance.

Our Approach

At the workshop we addressed three critical questions relating to risk in supply management, the Ontario chicken industry, and their local family farm.

The 3 Questions: What? So What? and Now What?

What? – Observations, Perspectives

So What? – Consequences of Inaction

Now What? - Suggested Actions

What?

Identifying Specific Risks

There are many risks that face supply management, the Ontario chicken industry, and local family farms.

Key areas of risk may include:

- S - Strategic
- O - Operational
- C - Compliance
- F - Financial
- P - Political/Trade
- CO - Competition
- R - Reputational
- OT - Other

Participants identified risks that face supply management, the Ontario chicken industry, and their local family farm.

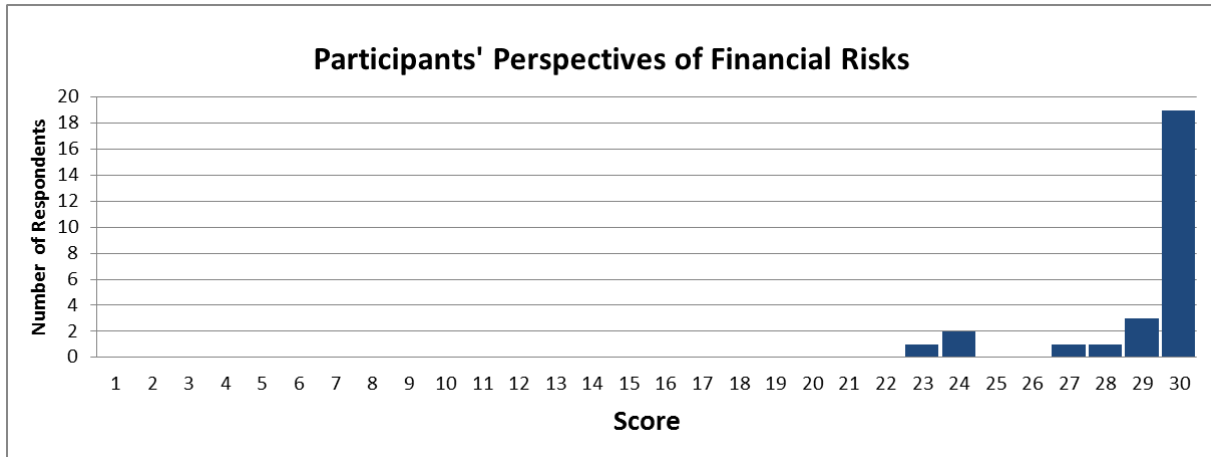
These specific risks were grouped under the various themes and then prioritized. For prioritizing, participants used the following approach and the results are shown in the table below.

On the ballots that were numbered from 1 to 30, participants placed each of the 8 letter codes from the areas or themes of risks somewhere on the 1 to 30 grid at the point that they feel best describes the need for action in that area of risk.

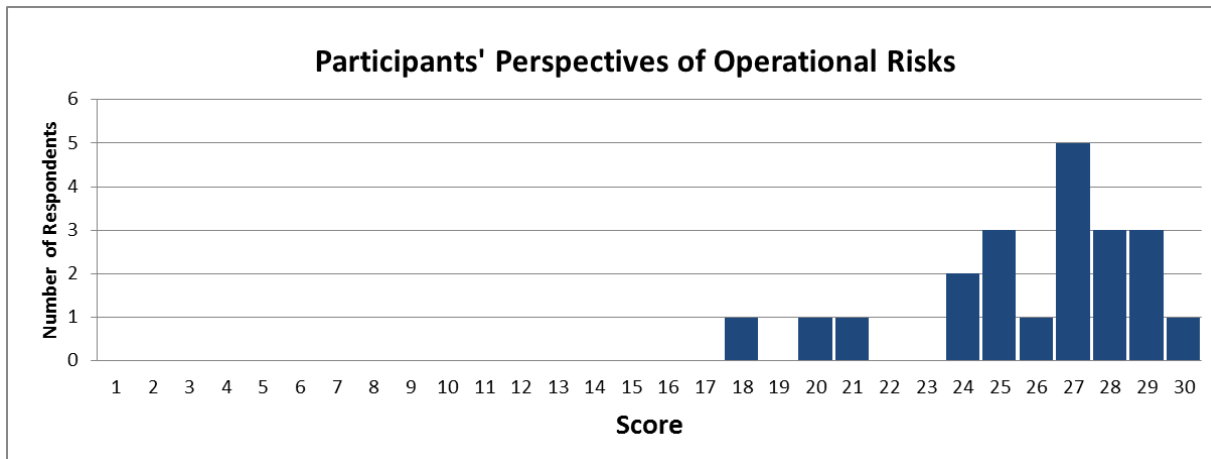
#30 = “Highest Priority for Action”: It is critically important that we move quickly and decisively to address this area of risk to ensure a strong and viable future for supply management, the Ontario chicken industry, and our local family farm.

#1 = “Lowest Priority for Action”: Addressing this risk is a much lower priority either because it is currently being effectively addressed or is not that significant compared to some other risks in supply management, the Ontario chicken industry, or our local family farm.

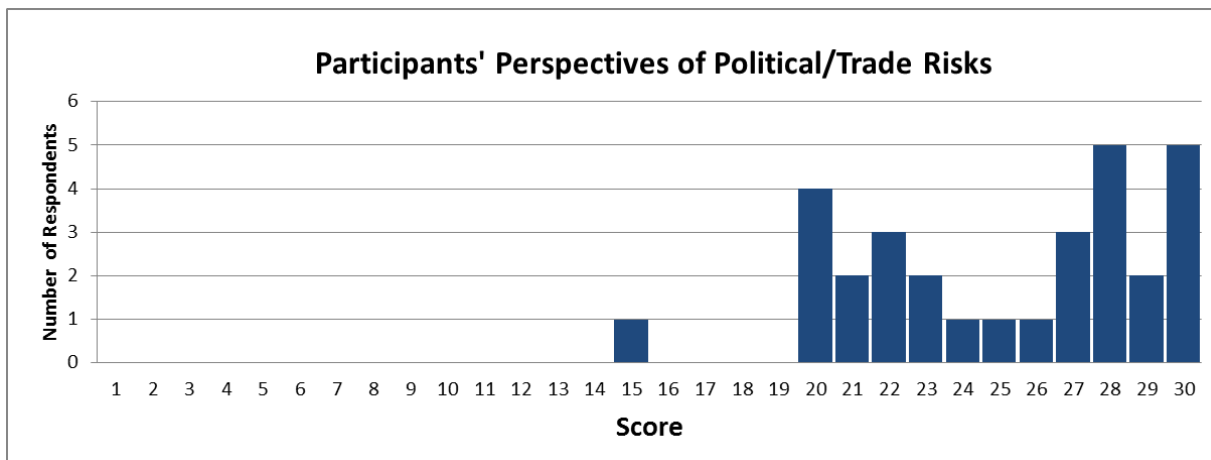
Priority Rank	Areas or Themes of Risk	Average Significance Score (Maximum = 30)
1 st	Financial	29.00
2 nd	Operational	25.91
3 rd	Political/Trade	24.60
4 th	Strategic	21.44
5 th	Competition	20.20
6 th	Compliance	19.59
7 th	Reputational	16.16
8 th	Other	14.07



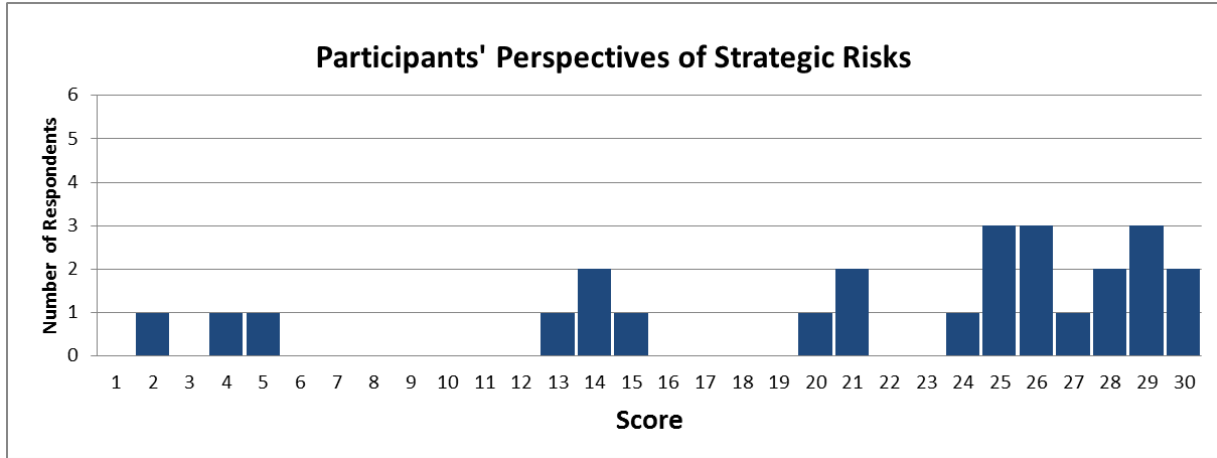
Average = 29.00



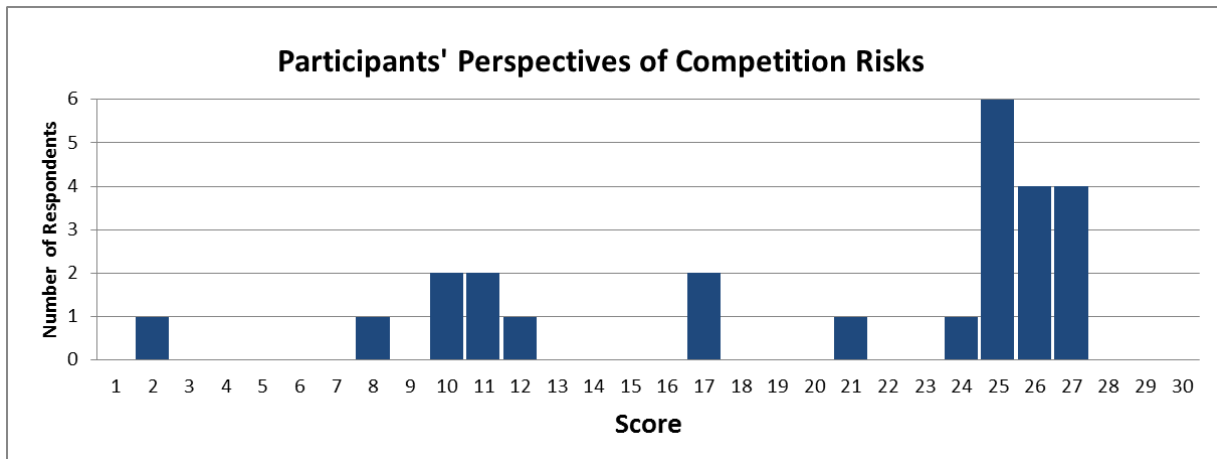
Average = 25.91



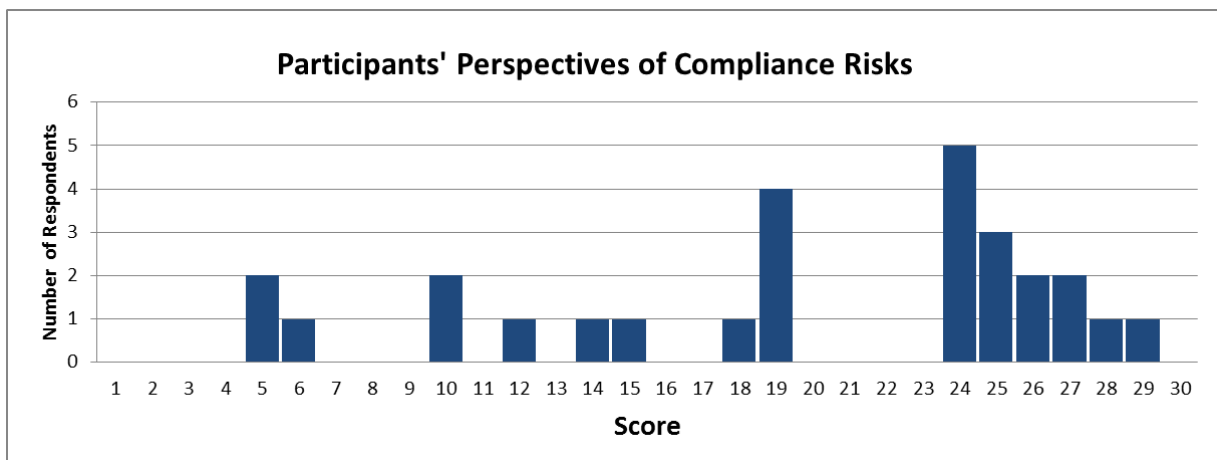
Average = 24.60



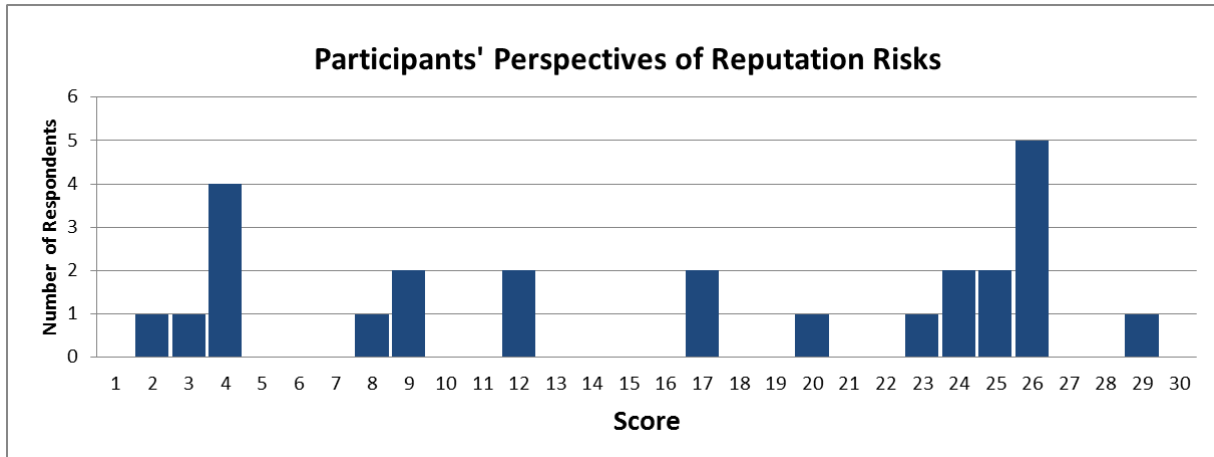
Average = 21.44



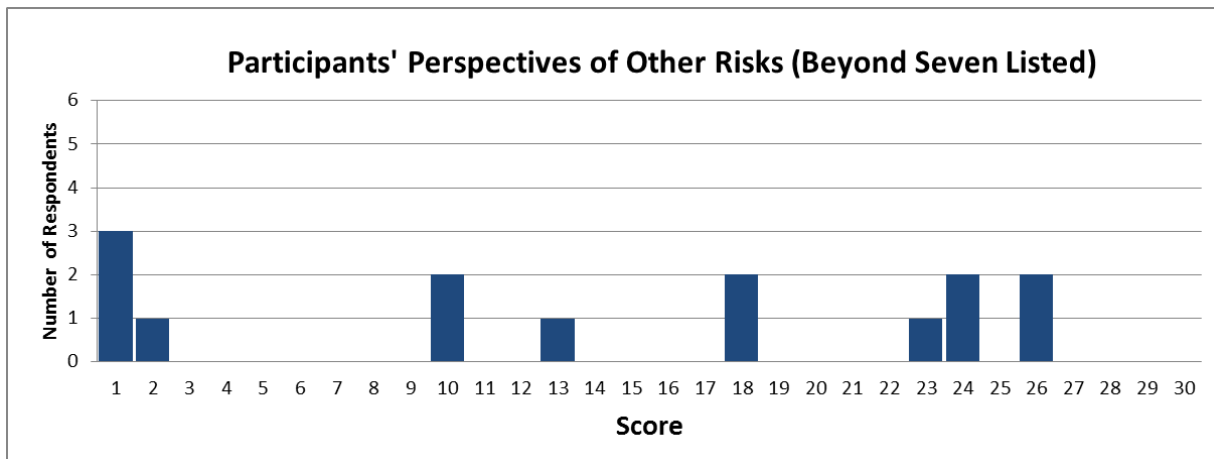
Average = 20.20



Average = 19.59



Average = 16.16



Average = 14.07

The specific risks that face supply management, the Ontario chicken industry, and their local family farm that were identified by participants included:

1. Financial

- Cost of Production Formula (COPF)
- COPF animosity
- Lack of success of COPF has an impact on future capacity
- Quota values
- Requirement to build new barns
- Need to replace equipment
- State of the Canadian economy

2. Operational

- Animal disease (x2)
- Chick quality (x2)
- Either a new disease or an existing one that comes to our farm
- Damage to barns by untrained catchers
- Chicken Farmers of Ontario needs to be more farmer friendly
- Communication within the industry
- Antibiotic use is being reduced
- Reliance on computer technology

3. Political/Trade

- Increase of imports (x2)
- North America Free Trade Agreement/United States-Canada-Mexico Agreement
- Trade is failing us
- Trade negotiations where the government will give us away
- Federal government support for supply management
- Climate change
- Political support

4. Strategic

- Activist groups
- Educating consumers
- Consumer perception
- Independence (leave me alone)
- Lack of promotion on quality
- Sustainability of supply management
- Processor power
- Peer pressure
- Integration to include chicks and processing
- Extremes in innovation (lack of or too much)

5. Competition

- Rise in non-meat proteins
- Meat produced in labs
- Plant-based proteins
- Changing consumer preference

6. Compliance

- Over/under production targets

7. Reputational

- Greed
- Incentives for improving bird welfare

So What?

Identifying Consequences of Inaction

Participants were asked, “What are the consequences of inaction relating to addressing the risks that face supply management, the Ontario chicken industry, and your local family farm?”

- Loss of public confidence (x3)
- Fewer family farms (x2)
- Our family farms will go down the drain
- Fewer new farmers and larger farms
- Supply management will disappear
- Weaker industry
- Potential industry for supply management shut down
- We go out of business
- We will become invisible
- Lack of growth if the financial situation is not resolved (COPF)
- Lack of financial stability
- Lower profits
- Someone else will take over our market
- Like hiding under a blanket
- Limited opportunities
- Vegans gaining more influence
- More processor control

Now What?

Specific Actions Identified Within Risk Areas

There are many actions that could help to effectively mitigate the risks facing supply management, the Ontario chicken industry, and local family farms. To mitigate is defined as to soften, moderate or to make less severe or harsh.

Participants identified potential actions to address each of the various specific areas of risk.

1. Financial

- Negotiate a fair Cost of Production Formula (COPF) (x2)
- Secure an improved COPF (x2)
- Encourage and allow open sign-up (x2)
- Solve the COPF impasse, now
- Allow more control for farmers
- Remember no financial incentive equals no succession plan

2. Operational

- Ensure that chick quality improves (x2)
- Develop a better relationship between farmers and the Chicken Farmers of Ontario

3. Political/Trade

- Change our government (x2)
- Capitalize on fair government oversight (Ontario Farm Products Marketing Commission)
- Limit imports and mislabeled products
- Counterbalance activists' protest
- Ban activism
- Balance the trade impact of more imports

4. Strategic

- Develop and maintain a larger social media presence
- Tell our story
- Sell supply management to the public
- Educate society
- Make the public more aware of our challenges
- Show us the opportunities

5. Competition
 - Assess where the marketing effort is coming from
6. Compliance
 - Control over/under production
 - Ensure less paperwork
7. Reputational
 - Encourage honesty and transparency among all participants in the business
 - Continue to strongly support supply management
 - Make sure that our voices are heard

Summary of the Workshop

The workshop was a productive event, where the participants were very engaged. Through their valued input, the participants present took an important step in identifying risks and their potential mitigation. This could help ensure a strong and vibrant future for supply management, the Ontario chicken industry, as well as their local family farms.