

Panel Presentation to Ag-CDI

I just want to start by saying that I was a bit reluctant to agree to speak today when Pattie asked me, because it is a very busy time on our farm in November because of harvest and I feel much more comfortable in the combine seat than I do in this seat. But Pattie is very persuasive and if I have to speak, I love to talk about Farm Fresh. Of all the activities I have been involved in outside of our family farm, certainly being involved with the start up and success of Farm Fresh has been one of the most gratifying.

To give you a little background of Farm Fresh, I'll go back to the beginning.

The year was 1996, and a little background of what was happening at that time is in order.

There were rumors in the industry of consolidation amongst some of the major processors in Ontario, and talk of a move to an integrated system in poultry production similar

to the US system. Certainly not a direction that Ontario producers wanted to go.

IDEA – a couple of producers in the Newmarket area wondered if producers would be willing to start a Co-op and get into the processing business. The thought being if we were going to work in an integrated system, we wanted to own the integrator.

Phone calls were made and producers got together and interest was there. Some money was put together and a feasibility committee was formed. I was part of that committee.

Agreement was reached with a small group of producers and Farm Fresh Poultry Inc. was incorporated in November of 1996.

It wasn't until October 1997, that we took possession of a small plant (3,000 square feet) in Harriston. This was a provincially inspected plant primarily doing Cornish size chicken. Our goal was to expand in order to be able to process all of our member's chickens.

We hired our first GM in February 1998.

Then expansion projects started with various building projects completed each year, with the plant now in excess of 30,000 square feet. One particularly large project was the installation of an automatic air chill system in 2003, which cost in excess of \$1 million.

In 2005, a completely new evisceration room and line were added. During this same period of time, we became Haccup certified and changed to a federally inspected system. In this past year we have completed a new waste water treatment facility; again in excess of \$1 million, and added a new truck weigh scale to the facility.

I tell our members we have the best, by far, small federally inspected plant in Ontario.

We hired our second GM in 2004 and he is still with us.

Business Side

Sales in our first year were approximately \$2.5 million and continued to grow to our most recent years sales of over \$16 million.

At the beginning we had a variety of products, from Cornish to BBQ birds, to Roasters. As volume increased, we found it necessary to concentrate on fewer product lines, and the Cornish and Roasters were dropped as they were our lowest volume product lines.

In our most recent years, we have concentrated even more on fewer product lines. Our current GM preaches to us that we need to focus on what we do best. That is the whole tied or untied BBQ rotisserie style bird.

We have built up a very good loyal customer base in the GTA by concentrating on giving them what they want. Excellent air chilled product at the size they want and when they want it – quality, size and service is what we excel in.

As we were going through this process of determining “what we do best”, costs of each product line had to be analyzed and compared to selling price. Simply put, some of our product lines we were not very efficient at, particularly boneless product. Too much labor costs, so we dropped those products. This didn’t bode well with our sales staff, because a salesman always likes to give the customer what they want and are less concerned on what it does to the bottom line. But as we got down to fewer products, they saw that customers understood and saw that it was good for the company.

With a smaller product line, we then needed to focus within those lines; what could we do better and be efficient that would keep our customers coming back. “SIZE” – just as the customers buying the whole birds wanted specific sizes for their market, the customers buying parts wanted specific sizes. So we started to size our front and bone-in cut-up parts to specific needs of customers. This made for a

much happier customer and a happy customer argues less over a few pennies more for product.

Another area we cater to is the Halal Market. Our entire product is processed to Halal standards and this opens the door to marketing to the growing Muslim community. This market consists mostly of back attached legs and because of the Halal standards we adhere to, we have a 'niche' market for an important part of the bird.

So our main product lines consist of:

1. Whole sized BBQ style (tied or untied)
2. Sized fronts
3. Sized bone-in breasts
4. Halal standard back attached legs

In order for us to have specific sizes for our customers, we require specific live sizes of chicken from our producers. Since our producers for the most part are the owners, it makes that job easier. We continually stress to our members the importance of size to our

profitability. We have the utmost co-operation from our members to schedule chicken to come to the plant at the optimum size. Without this, it would be much more difficult to serve our customers like we do.

So this is what we have today – a Federally Inspected Haccup Approved processing plant, processing approximately 65-70,000 air chilled chickens/week, catering to a very size sensitive and specialty customer base.

It is owned by 32 chicken producers from across Ontario, and they are very proud to be adding value to what they produce on their farm.

Some things to help make a project successful:

1. Sound Business Plan
2. Commitment from members
3. Sufficient financing
4. Strong, committed board
5. General Manager expertise
6. Focus on what you do best

7. Communicate

Coming together is the beginning,
Keeping together is progress;
Working together is success!