



ADAPT Council Industry Newsletter



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In This Issue:

Atlantic Dairy Positioning For The Future
NRC-Industrial Research Assistance Program
Food Safety Workshops
Low And Light Outlook: Growth Opportunities In Diet And Health Food And Drinks
Japan's Health Food Market 2005
Bio-fuels Coming of Age
New Holland Becomes First OEM to Fully Approve B20
Ethanol Plants Go Up Thanks to Partnerships and Funding
2005 PEI AGRICULTURE STATISTICS now Available On-line
Leadership Files #5
The Value Chain Advisory

Atlantic Dairy Positioning For The Future

In Today's Global Marketplace, it Seems the Only Constant Is Change.

Producers require as much information as possible in order to continue to produce a top quality product. For many dairy producers in the Atlantic region, much of that information is supplied by the Atlantic Dairy Livestock Improvement Corporation.

Producers voluntarily submit milk samples to the producer run organization for analysis. The results, said acting manager Wilma Grant, give producers a tool they can use to help achieve optimum efficiency or to gear production to a specific market.

Now, the corporation itself is looking to maximize its operations, finding itself caught in a vice between rising costs and declining funding. The organization is now funded entirely by producers following a decision by the three maritime governments to withdraw their financial support in 2003. The problem, Grant said, is that client base is in decline. Throughout the region, she said approximately 50 people are exiting the industry each year. Since the program is voluntarily, not all of those are clients of the corporation, but "we do serve 80 per cent of the dairy industry in the Maritimes so it has a significant impact."

Through the Advancing Canadian Agriculture and Agri-Food program, the corporation has obtained funding from the ADAPT Councils in three Maritime provinces to hire a consultant to develop short and long term business plans for the organization. The P.E.I. ADAPT Council is contributing \$20,000 to the project.

"We hope to have the study completed by July," Grant said. "Then the board will have to make some very difficult decisions."

She said the corporation has cut its workforce from 45 to 22 over the past 15 years and "we are pretty much operating on a skeleton staff right now. Grant added the organization wants to keep the cost of its services at a reasonable level so there will continue to be a good uptake from producers.

She said some areas of potential growth have already been identified. The Newfoundland and Labrador dairy industry, for example, has been able to buck the national trend and the number of producer sin that province is growing. The corporation only has three clients in that province now, so there is definitely room for growth. However, there would also be significant added costs.

Typically, corporation staff visit participating dairy farms 10-12 during the year. Grant said the corporation recently signed a five year deal with the P.E.I. Dairy Laboratory to handle all of the corporation's milk samples.

"That has given us some long term stability with relation to laboratory costs," she said.

Grant said in addition to talking to producers and other stakeholders, she said the consultants have also been asked to take similar organizations both in the region and across the country. She added "I am sure we are not the only organization facing these types of challenges.

NRC-Industrial Research Assistance Program

The NRC Industrial Research Assistance Program (NRC-IRAP) is designed to help Canadian small and medium-sized enterprises (SMEs) meet the technological challenges they face in delivering new products, processes or services. Its goal is to enhance innovation capacity, so that you may turn good ideas into profitable business lines as quickly as possible. NRC-IRAP offers advisory services as well as potential access to financial assistance.

NRC-IRAP provides access to technology and business advice, financial assistance, contacts and national and international networks. Firms helped by NRC-IRAP are better equipped to perform R&D, to commercialize new products and processes, and to access new markets. The program provides customized solutions to over 12,000 SMEs annually and is delivered by an extensive integrated network of 260 professionals in 100 communities across the country. Working directly with these clients, NRC-IRAP supports innovative research and development and commercialization of new products and processes.

Tom O'Rourke, Industrial Technology Advisor, NRC-IRAP Atlantic and Nunavut Region, has an office at the Food Technology Centre in Charlottetown, PE, and may be reached by telephone

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For information on IRAP, or to reach an Industrial Technology Advisor (ITA) please contact the IRAP regional office nearest to you.

Food Safety Workshops

Two courses are being planned in cooperation with the New Brunswick Food & Beverage Processors Association:

* Introduction to ISO 22000:2005 Food Safety Management System Workshop, Moncton, NB; date to be determined.

* Getting Ready for a Customer Food Safety Audit Workshop, Moncton, NB; date to be determined.

These courses will also be offered in other areas if there is enough interest. For further information on these and other available courses, please contact Jim Landrihan at 902-368-5772 or by email at jklandri@gov.pe.ca

Low And Light Outlook: Growth Opportunities In Diet And Health Food And Drinks

Taste continues to be seen as the number one driving force behind any product purchase, whilst fat content and calorie concerns are losing out to specific health benefits. The report examines global issues such as obesity and diabetes, justifying the ever-expanding need for low and light products. The two dedicated chapters to 'alternative sweeteners' and 'low fat alternatives' will provide you with all the benefits and downsides for these two important ingredients. The report will equip you with all the current information necessary to research, develop and market low and light food and drinks, enabling you to make timely and progressive management decisions.

For a complete index of this report click on:

http://www.researchandmarkets.com/product/a8d37f/low_and_light_outlook_to_2006_growth

Japan's Health Food Market 2005

Japan's Health Food Market 2005 is a comprehensive English resource book on the current health food market in Japan. It provides you with a full picture of the market by covering market size, laws and regulations, trends by distribution type, 65 leading companies, and 55 health food ingredients. The original book is written in Japanese, which has been developed by experienced food marketing research team members. They conducted face-to-face and telephone interviews with health food manufacturers, general food manufacturers, pharmaceutical manufacturers, and related organizations and governmental agencies during October 2004 to December 2004.

For a complete index of this report click on:

http://www.researchandmarkets.com/product/a8d37f/japans_health_food_market_2005

Bio-fuels Coming of Age

(From Renewable Energy Weekly)

Central States Enterprises, in Blackford County, Indiana, plans to build a new corn ethanol facility on its property adjacent to its present grain terminal in Montpelier. The facility will consume approximately 41 million bushels of corn annually, producing 100 to 110 million gallons of ethanol and 376 thousand tons of distillers dried grains, a high quality feed ingredient

fed to livestock and poultry. Investment partners include Central States Enterprises, Growmark, Inc., a diversified farmer-owned cooperative based in Bloomington, Ill., plus other equity participants.

Other new bio-fuel announcements include, ASAlliances Biofuels. It is negotiating to build a \$125 million ethanol production facility just outside of Tipton, Indiana; the facility would be adjacent to the Cargill grain elevator. This plant is expected to produce 100 million gallons of ethanol each year. Officials say the facility would create nearly 60 full-time jobs and use more than 35 million bushels of corn annually. Construction could begin as early as this fall 2006.

Over in Mississippi, Bunge North America and Ergon Ethanol plan to build an ethanol plant with an annual capacity of at least 60 million gallons. The facility will provide a link between Bunge's grain-handling facilities in Mississippi and Louisiana, and Ergon's petroleum-refining assets. Producing this renewable, clean-burning fuel will require at least 21-million bushels of corn each year, creating new markets for regional corn growers.

But it's not just here in the U.S. that there's interest in ethanol. Over in France it was announced that Genencor International, a subsidiary of Danisco A/S, will participate in a research consortium to develop economic ethanol production from paper pulp with help from the French forest products industry. The 1.2 million Euros [USD\$1.5 million] project will deliver a baseline study of the technical and economic results of a small pilot plant installed at a pulp mill with a focus on waste minimization of the milling process.

Genencor will provide its advanced biomass cellulases and application expertise to optimize the enzymatic hydrolysis of various paper-pulp samples provided by Tembec and the Pine Institute. Tembec will analyze the economics to evaluate the system for commercial deployment by the pulp industry. INSA's Laboratory for Biotechnology and Bioprocessing will provide fermentation expertise The Pine Institute will share its expertise in pulping and handling, and in lignocellulose analysis and characterization.

New Holland Becomes First OEM to Fully Approve B20

The first original equipment manufacturer (OEM) in this country to announce full support of the use of 20 percent biodiesel (B20) in all the diesel engines that it produces is New Holland, a farming equipment manufacturer.

See full story at: <http://www.renewableenergyaccess.com/rea/news/story?id=45001>

Ethanol Plants Go Up Thanks to Partnerships and Funding

More activity in ethanol production facilities is in the news every day. A variety of ingredients need to come together for a plant to go up, some of which are documented below.

See full story at: <http://www.renewableenergyaccess.com/rea/news/story?id=44986>

2005 PEI AGRICULTURE STATISTICS now Available On-line at

<http://www.gov.pe.ca/af/agweb/index.php3?number=70179&lang=E>

Leadership Files #5

In today's environment agricultural leaders need to be sources of credible information. Their knowledge is urgently required by policy makers and citizens to develop sustainable policies and practices. To effectively develop a consensus among their peers, build alliances, and move the industry ahead in the 21st century, leaders must continually hone their communications skills and management styles. This section of the newsletter addresses the need for developing effective communications skills and management styles. It offers a suite of ideas and techniques to assist in developing skills and values that today's emerging leaders need. Each newsletter will address a new situation/issue which calls upon specific leadership qualities. Your feedback, submissions and/or suggestions are gratefully appreciated.

5. Collaboration and Teamwork

Your behavior, more than anything else, influences how others behave.

To cultivate a cohesive team and minimize infighting while energizing problem solving, surround yourself with people who project positive attitudes.

Balance work demands with rewards by celebrating group efforts.

Minimize negativity by finding out what is interfering with a co-workers productivity and do what is necessary to correct the situation.

Be loyal and expect loyalty.

Share credit with team members and never point fingers when something goes wrong.

Be accessible but don't micro manage.

When presented with a problem evaluate at least three possible solutions.

Make sure all challenges are also learning experiences.

Delegate but don't abdicate responsibility. Be prepared to work as hard as what you expect from others.

Level the playing field by holding yourself to the same standards that you expect from others.

Show compassion, empathy and appreciation. Make small talk, greet people by their first names and be a positive influence.

The Value Chain Advisory

In March 2006, the PEI ADAPT Council celebrated the first anniversary of its Value Chain Advisory Committee. At that time we also co-sponsored the first Atlantic Value Chain Conference in Dartmouth, Nova Scotia. In recognition of the growing importance of value chains as a new marketing tool for the 21st century. We are adding a new column to this newsletter, 'The Value Chain Advisory.'

Atlantic Value Chain Conference, Executive Summary

by: Ronda Bellefontaine, P.Ag., PEI ADAPT Value Chain Co-ordinator

“Value chains are the future.”

“Value chain management is about addressing **value for others.**”

“The overriding objective is **creating value for the consumer.**”

“You need to change to a plan B while you still have blood in your veins.”

“If your firm is not involved in a value chain, it is essential that you develop a strategy that will allow you to compete successfully against those of your competitors who are.”

“A successful value chain partnership allows time for dialogue and creativity, as opposed to the traditional relationships which are adversarial in nature and most of the time is spent negotiating.”

“Collaboration is key.”

“The focus in agriculture is shifting from productivity to products.”

“The goal is for the entire chain to be more competitive and for all members to benefit.”

The organizers of the Atlantic Value Chain conference are to be commended for bringing some of the world's leading experts in value chains to Atlantic Canada to share their knowledge and experience with the people who work in, and support, the agriculture and food industry. It was clear from the presentations that value chains are not a panacea. They are hard work and involve **all** of the following:

- creating value for the consumer - keeping the consumer central to the agriculture, food production and food retailing process
- shared vision
- commitment (for the long term)
- relationships built on trust, credibility, accountability and responsibility
- communications
- information sharing
- absolutely and unequivocally, not compromising on specifications or agreements that have been developed and agreed to by the value chain
- giving and taking

There is no recipe for developing a value chain partnership. It starts with someone taking leadership/initiative to start some dialogue with one or more other links in the supply chain. The process is challenging and requires a firm resolve to succeed. It requires moving from a system where relationships in the food chain are mostly adversarial and the planning horizon is short, to one in which people work more as partners and the planning is long term. It will only work if we can let go of past experiences and relationships in the agriculture and food industry (learning from them) and go to the table with a fresh and open mind.