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Rethink Your Farm Business

Small is beautiful, but big is wonderful



Robert Savage,
Agronome, MBA, CEO
Solutions affaires
experts-conseils

When rethinking one's farm business, some producers may be tempted to diversify their farm activities by introducing a new, or should we say, uncommon production. Emerging productions such as goat's milk, ostriches, elderberries or switchgrass are increasingly gaining in popularity among both established farm owners and hobby farmers, but if many are called, few are chosen.

No in-between

In dairy production, you can manage a small farm, milk your own cows, and make a decent living out of it, or you can run a large-scale farm, have employees milking your cows and make a comfortable living of it. Anything in between is feasible and can be profitable. However, when dealing with emerging productions, there is no grey area. It's either black or white. You can start your new production as a hobby, have fun doing it, and be content with any money you can make out of it, or you can head for the major leagues, have your produce on the shelves of every Provigo, IGA or Metro, and make some profit (that is after everyone between you and the consumer has

siphoned off his juicy share). In between those two extremities, there is a no-man's land, where very few candidates manage to survive.

Big or small, what both alternatives have in common is an idea and a curiosity, or even a passion, for a production that will definitely raise eyebrows and make your banker reach for extra strong painkillers. But dreaming the impossible dream does require some serious thinking—and lots of cash. Being idealistic doesn't necessarily mean living in a utopia. Let's take two successful and very different examples from the Eastern Townships.

Bleu Lavande: a scent of France

When Jean Pellerin, the founder of the renowned Bleu Lavande enterprise in Fitch Bay, decided to embrace rural life by planting lavender, an unknown production within the Quebec landscape, many people thought that he was perhaps breathing too much fresh air. However, although Mr. Pellerin believed that he had a great idea, he was also very conscious that such a project would require lots of investments to get through the necessary trials and errors of the technical aspects of the production, the development of products and, most of all, the marketing of them. In other words he was aware of the challenges and prepared for them, at least to the extent that one can be prepared when walking off the beaten path.

Le Petit Mas: Flower Power

On the other hand, what started as a small production among

many other small productions, the garlic flowers of *Le Petit Mas* grew to be the star product of that once small Saint-Malo farm. With a modest start, lots of perseverance and patience, and many long hours of work, the company has succeeded in entering the large distribution networks in Quebec and Ontario. The owners not only strongly believed in their product, but were also convinced of the economic potential of its uniqueness. Managing the expansion one step at the time, and building on strong partnerships resulted in a well-established production.

What to remember

Even though I strongly encourage anyone to have faith in himself and his entrepreneurial skills, here some additional points to keep in mind:

- Forget about earning a living by selling your produce only at the farm.

- Have faith in your idea... and lots of money to go with it.
- Have an abundance of good, reliable friends to share your dream with, especially if they have lots of money to invest.
- Whether you sell fresh or transformed produce, have a solid marketing strategy and lots of money to put this strategy into action.
- If your produce is as unique and wonderful as you think it is, do not hesitate to expand your horizons. Quebec is, after all, a very small market.
- Search for a source of risk capital such as le Fonds de solidarité FTQ, because your banker might not appreciate your new and perceived business ideas and, if so, will only have the discretionary power to wish you good luck accompanied by a handshake.
- If you plan to transform your produce, do it, and if you can

avoid the "market-cornering" institutions, such as Loblaws and Sobeys, do so. In the food industry, profit margins are very narrow and the one who works the most is not necessarily the one who makes the most money.

- Last, but not least, if you have a good idea that can profit a large number of Quebec farm owners, be prepared to pool it into a joint plan. But that's another story, isn't it?

Having worked for over 16 years for various financial organizations, Robert Savage, founder of Solutions affaires experts-conseils, has established an innovated approach to farm consulting services. With the help of a multidisciplinary team of experts, Solutions affaires experts-conseils can get your farm on its way to greater profitability by working with your existing resources and by having access to a network of professionals involved in agri-business.

UPCOMING EVENTS

Les pâturages, une gestion VERTE \$\$\$ — August 26, 2011

Organized by La Direction régionale du Bas-Saint-Laurent,
l'Association des éleveurs de bovins de boucherie du Bas-Saint-Laurent
Station de Ski Val D'Irène, Ste-Irène-de-Matapédia

Cost: \$15 to \$20

Info: www.agrireseau.qc.ca/references/3/Journ%3%a9e%20boeuf%2026%20aout%2011.pdf

Les pâturages, une gestion VERTE \$\$\$ — August 27, 2011

Organized by MAPAQ du Bas-Saint-Laurent,
l'Association des éleveurs de bovins de boucherie du Bas-Saint-Laurent
Centre Municipal de St-Roch des Aulnaies, St-Roch des Aulnaies

Cost: \$15 to \$20

Info: Stéphanie Landry, MAPAQ
418-727-3615 ext. 1618

Fédération
des producteurs
de lait du Québec

REMINDER

Contact the Centralized Quota Sales System at the following telephone number: 1-900-565-5248 (1-900-565-LAIT)
All offers must be made between the 20 - 28th of the month preceding the exchange, Monday to Friday from 8:00 a.m. to 8:00 p.m. and Saturdays, Sundays and the holidays from 8:00 a.m. to 5:30 p.m. Always have your producer number indicated on your pay or on your quota certificate.

Centralized Quota Sales System AUGUST 2011

Centralized Quota Sales System	Fixed Price \$25,000.00		Purchase and Sale offers by Stratum						
	Number	Quantity in kg b.f./day	SALES			Price offered \$/kg b.f./day	PURCHASES		
			Number	Quantity in kg b.f./day	Cumulation		Number	Quantity in kg b.f./day	Cumulation
Total offers to sell	39	374.80							
Offers to sell participating in the distribution	39	374.80	2	4.00		< 25,000.00			
Successful offers to sell participating in the distribution	39	374.80	37	370.80	374.80	25,000.00	1,333	7,046.70	7,046.70
Quantity bought by the reserve		1.50							
Total offers to buy	1,333	7,046.70							
Offers to buy participating in the distribution	1,333	7,046.70							
Successful offers to buy participating in the distribution	1,333	373.30							

The fixed price for August 2010 is the ceiling price for this month. A quota quantity of 374.8 kg/b.f./day was offered for sale at the fixed price. Of this quantity, an amount of 52.8 kg b.f./day was allotted to new producers, producers benefiting from the Start-up Assistance Program and producers holding less than 12 kg, in accordance with the quota regulation.

1st step distribution by iteration = 0.1 kg BF/day
2nd step distribution by prorata = 2.80%
Portion of quantities satisfied = 5.3%