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Canadian Beef Industry Benchmark Study

Straw Man Follow-up

Final Report

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Executive Summary

Purpose – the purpose of this benchmarking study with Canadian beef industry leaders, is to qualify and quantify views on three key factors vital to the industry success as identified by the Straw Man Process. To this end, we conducted a qualitative survey with 42 industry leaders representing the entire supply chain (see Table 1 – page 2) who were asked to respond to the following three open ended questions:

1. **Industry Alignment:** Looking at the broader Canadian beef industry, how well would you say that the ‘team’ or the supply chain is working?
2. **Sector Alignment:** Looking at industry alignment from your specific sector within the beef industry how is the supply chain working for your sector?¹
3. **Industry Voice:** In your opinion, how does the beef industry perform as it pertains to having a “unified voice?”

Further to providing comments, respondents were also asked to assess industry performance with respect to each question on a scale of 1 to 10 (1=poor; 10=excellent). In addition, we asked:

4. If you could do one thing and one thing only to help the Canadian beef industry become more profitable and competitive, what would that be?

It must also be very clearly stated that as a qualitative survey, the statistical measures – namely the means and standard deviations, are directional in nature and not statistically significant.

The Top Line Results – the benchmarks as measured by the mean and standard deviation for first three questions are presented in Table A (see below). In addition, the top three prevailing responses to Question 4 are presented.

Table A: Top Line Results to the Four Core Questions

Question	Mean (Scale of 1 -10)	Standard Deviation	Range of Responses
Industry Alignment	4.6 ²	1.6	Low of 2; High of 7.5
Sector Alignment	4.4 ³	1.9	Low of 1; High of 8.0
Industry Voice	4.5 ⁴	2.3	Low of 0; High of 8.5
If you could one thing to improve profitability and competitiveness, what would this be?			<ul style="list-style-type: none"> • Establish a mechanism to bring national leaders together and facilitate agreement on a clear national strategy. • Establish a truly effective information system that links the chain. • Differentiate, increase value, develop new markets & marketing opportunities.

¹ Respondents not part of a particular industry sector, were asked to identify where they saw the greatest disconnect in the supply chain and to comment accordingly.

² 1 means that the industry is not working at all well together; 10 means the industry works very well together

³ 1 means that the current supply chain is not working at all well for the sector represented by the respondent; 10 means that it is working very well for that sector.

⁴ 1 means that the industry voices are many and not unified; 10 means that the industry voice is clear and unified.

Discussion – all three factors received below average scores (less than 5.0 on the 10 point scale) suggesting that in large part, industry leaders agree that improvements (and in some cases considerable improvement) can be made in each area. Further to this general conclusion, the open ended questions provided a wealth of input, insight and suggestions summarized as follows:

1. **Industry Alignment** – there is considerable agreement because of its inherent structure (as a chain comprising several individual sectors and profit centers), that the Canadian beef industry contains many and multiple disconnects. Numerous frustrations were expressed with the lack of vision or strategy, poor communications and the difficulties in ‘pulling together’ in a coherent manner. Nevertheless, many respondents commented that industry alignment is showing signs of improvement and there are examples of working chains and branding initiatives such as the Ontario Corn Fed program. However, these remain exceptions to the prevailing commodity system that is characterized by transactional relationships and a general lack of information flowing across and between sectors.
2. **Sector Alignment** – the responses suggest that two major disconnects persist:
 - a. **From the customer/retail back to the supply chain** – we heard two conflicting views: retailers indicating that the industry is not listening and not responding to what consumers are looking for; producers indicating that they are receiving mixed messages – they hear that consumers want smaller sized cuts but at the same time there are no apparent discounts being applied to heavier carcasses. Thus, they continue to produce heavier weight animals without penalties.
 - b. **Across the production chain** – many concerns were raised particularly within the breeder and cow calf/feeder sectors with respect to the lack of information tied to quality or performance. Further there is little or no connection back from the feedlot sector that assures any price premiums for quality or performance. Significantly, little (or no) financial incentives exist for primary producers to adopt new tools or production practices.

Overall the comments conveyed a strong sense that the Canadian beef industry has the opportunity to capture more ‘value’ through the development and marketing of differentiated Canadian, regional or local brands. Some respondents are critical that the Canadian beef industry has failed to establish a true brand promise with Canadian consumers. It is noted that sector alignment in some regions (notably Ontario with its Ontario Corn Fed Program is experiencing success) has improved considerably over the past five years. By comparison in Alberta, the check off issue and continues to be a divisive issue between the Alberta Cattle Feeders who support the voluntary position versus the Alberta Beef Producers who favour the mandatory approach.

3. **Industry Voice** – the assessment of the “unified industry voice” is where the views are most polarized. There are two distinct positions:
 - a. Those who see the industry as characterized by many voices, fragmentation, the lack of clear vision and strategy – the result of the multiple segments each seeking to advance

their own positions. The majority of respondents fall into this category (23 of 42 respondents rated this factor with a score of '4.0' or less on the 10 point scale). All the segments of the sample are represented within this group. Several respondents suggested that changes to industry governance and organizational structures are required to remedy this situation.

- b. Those who see the Canadian beef industry as making improvements, doing a good job and having national and international credibility (10 respondents rated this question with a score of '7.0' or higher). In this regard, a series of major issues such as BSE, COOL and the recent major e-coli recall incident have served to build unity and credibility. This group which typically holds leadership positions within the industry is generally seeking to make improvements within existing industry organizations.
4. **Addressing One Thing To Improve Industry Competitiveness** - in response to the opportunity to suggest one big thing if implemented would serve to improve the competitiveness and profitability of the Canadian beef industry, three themes emerged:
- a. Establish a process to bring national leaders together to facilitate the development of a clear national strategy. On this issue, numerous respondents expressed support for the recommendation made by the Straw Man to form the Council of Beef Leaders. (Note: 11 respondents mentioned support for this recommendation. These responses were unsolicited and provided in an unprompted manner). Several other respondents suggested the need for a coordinating or oversight body.
 - b. Establish a truly effective information system that links the chain – the information 'connect' is considered vital. Further, the current BIXS system is not performing at an acceptable level.
 - c. Differentiate, increase value, develop new markets & marketing opportunities – many respondents felt strongly that the most significant strategy to be pursued is the opportunity to develop truly Canadian based brands both for the domestic market and for selected high value export markets.

Conclusions

We offer the following conclusions further to the benchmark ratings and the comments provided by the survey:

1. The average rating for each measure is below the midpoint (5.0). Thus we can conclude that industry leaders across the board see room for improvement in all areas.
2. This is general agreement that improvements need to be made both in terms of industry alignment as well as sector alignment between links of the supply chain. Interestingly, the sectors calling for the greatest degree of improvement are genetics, cow-calf and retail.
3. The greatest dissonance within the industry is the question of industry voice. Views on this issue are the most polarized. Clearly, there are two points of view: those who feel that there are many and often conflicting voices; and those who feel that the industry voice is respected and continues to improve over time.
4. Overall there is strong agreement that more can be achieved by the Canadian beef industry in the market place. Fundamentally this means the opportunity to create and capture more value through: listening to the customer; effective branding; the opportunity to differentiate Canadian beef both domestically and in selected export markets; ensuring the consistent supply of high quality products, etc. Collectively it is felt that these opportunities would yield greater returns for all links of the chain.
5. There is also strong agreement that the Canadian beef industry can and must perform better as a supply chain and work better together as a team. The level of agreement, however is dependent on perspective with respect to strategy namely:
 - Those who see opportunity to differentiate express much stronger views on this issue (and the need to do so).
 - Those who are satisfied with the current commodity system have a lower sense of urgency although are in agreement that improvement can and should be made.
6. There is also agreement that the required information technologies systems and the incentives to connect the supply chain are lacking or not working the way they need to be. Progress is being made with respect to the functionality of the information technologies systems and there is a general view that those producers who want to access and use performance related information can obtain the tools and the data to do so.
7. Perhaps the biggest challenge facing a better alignment of the supply chain pertains to the area of financial incentives derived from the market. As one respondent stated: “How do we develop a business model to share the profit and the pain?” This is may indeed be the most difficult issue to resolve and a major factor underlying the disconnects that currently exist between the links of the chain.

8. There are diverging views towards how the potential outcomes prescribed in the preceding conclusions can be achieved. Two points of view prevail:
 - a. Those who see the need for a national coordinating mechanism across sectors and regions to develop and drive a focused national strategy. In addition, this mechanism would also hold organizations responsible for implementation and outcomes.
 - b. Those who feel that the above outcomes can be achieved within existing organizational structures.

9. Finally, the comments from all sectors illustrate that many industry leaders hold strong views that the Canadian beef industry can and must do better specific to industry alignment and the development of a national strategy. It is would also appear that the greatest levels of dissatisfaction lie at each end of the supply chain – namely among primary producers at one end (particularly breeders and cow-calf producers) and with retailers at the other end. The intermediate sectors (feedlot and processor) are somewhat more sanguine with respect to alignment concerns. Nevertheless all sectors agree that improvements can be made and these improvements are critical to the health, well being and future growth of the industry.

Respectfully submitted,

Dr. Allan Preston

Dr. Stephen Morgan Jones

Jerry Bouma

1.0 Introduction

The purpose of this study is to provide qualitative benchmarks of three important measures within the Canadian beef industry. These are:

1. **Industry alignment** – that is, how well does the Canadian beef industry work together as a team within the current supply chain?
2. **Sector alignment** – that is, how well does the current supply chain work for individual sectors within the Canadian beef industry supply chain?
3. **Industry voice** – that is, how does the Canadian beef industry perform as it pertains to having a united voice?

In addition, a fourth issue was explored in the form of the following question:

- If you could do one thing and one thing only to help the Canadian beef industry become more profitable and competitive what would that be?

This qualitative assessment is further to the Straw Man Process which was initiated in 2012. The primary and overriding goal of this process is to facilitate the building of a vibrant Canadian beef industry and “to enhance alignment and synergy among players and sectors of the industry.” To this end, the Straw Man Team presented a set of recommendations in November 2013 including the suggestion that the first step towards advancing greater alignment and synergy is to benchmark the current situation.

The results of this process run parallel to but are distinctly separate from a quantitative survey conducted by Farm Credit Canada (FCC). As part of their contribution to the building of a stronger Canadian beef industry, FCC has agreed to complete a ‘synergy study’ with beef producers throughout Canada. The survey will tap into the FCC Vision Panel: this Panel has about 9,000 producers in their database and at least 1,500 are beef producers.

The FCC survey is expected to provide an understanding of producers’ perspectives on issues, perceptions, challenges and opportunities related to industry alignment and synergy. However, we want to be very clear: as of the finalization of this report⁵, we have not been party to, nor have we seen any results of the quantitative survey.

⁵ This report was finalized on March 24, 2014.

2.0 The Approach

The assignment called for a qualitative research undertaking comprising personal interviews with a representation of sector leaders, stakeholders and experts within the Canadian beef industry. To this end, we undertook the following steps:

1. Orientation and background – this involved direction and input from the Straw Man Team.
2. Structuring the sample – by Identifying the organizations and individuals to be interviewed. Our objective was to interview 40 individuals with a deep level of knowledge as well as being representative of the various sectors within the Canadian beef industry (see Table 1 below).
3. Developing the interview guide.
4. Setting up interviews – perspective interviewees were contacted in advance by email or telephone.
5. Conducting the interviews – these were conducted by telephone during the month of February, 2014.
6. Analyzing and preparing a draft report. This was reviewed by two senior associates: Dr. Stephen Morgan Jones and Dr. Allan Preston.
7. Completing the final report.
8. Submitting the report to Mr. Colin Jeffares.

The focus of the interviews is to gain input and perspective within the Canadian beef industry in its entirety. Interviews were conducted with a cross-section of industry leaders and stakeholders across the beef industry as well as the country. See Attachment 1 for the list of organizations interviewed.

Table 1: The Sample Distribution by Sector within the Canadian Beef Industry

Sector	Complete
Genetics/Breeding	4
Cow Calf	5
Feeder/Finishing	5
Processor/Packer	3
Retail	2
Suppliers	4
Industry Leaders ⁶ Internal	7
Industry Leaders ⁷ External	9
Researchers	3
Total	42

⁶ Industry Leaders with mandated provincial and national cattle organizations.

⁷ Industry leaders in external industry organizations or positions including government personnel working directly with the beef industry.

3.0 The Findings

3.1 The Top Line Results

The benchmarks as measured by the mean and standard deviation for first three questions are presented in Table 3.1 (see below). In addition, the top three prevailing responses to Question 4 are presented.

Table 3.1: Top Line Results to the Four Core Questions

Question	Mean (Scale of 1 -10)	Standard Deviation	Range of Responses
Industry Alignment	4.6 ⁸	1.6	Low of 2; High of 7.5
Sector Alignment	4.4 ⁹	1.9	Low of 1; High of 8.0
Industry Voice	4.5 ¹⁰	2.3	Low of 0; High of 8.5
If you could one thing to improve profitability and competitiveness what would this be?			<ul style="list-style-type: none"> • Establish a mechanism to bring national leaders together and facilitate agreement on a clear national strategy. • Establish a truly effective information system that links the chain. • Differentiate, increase value, develop new markets & marketing opportunities.

Interestingly all three measures received below average scores suggesting that in large part, industry representatives are in agreement that improvements (and in some cases considerable improvement) can be made in each area. Further to this general conclusion, the open ended questions provided a wealth of input, insight and suggestions are presented in the following sections.

⁸ 1 means that the industry is not working at all well together; 10 means the industry works very well together

⁹ 1 means that the current supply chain is not working at all well for the sector represented by the respondent; 10 means that it is working very well for that sector.

¹⁰ 1 means that the industry voices are many and not unified; 10 means that the industry voice is clear and unified.

3.2 Industry Alignment - How Well is the Current Supply Chain Working as a Team?

Summary

Overall the respondents commented that the beef industry as a team or 'chain' does not work well together. Survey participants indicated that the prevailing reasons for this under-performing state include:

- The inherent structure of the industry itself. More specifically, the beef industry is comprised of many segments (or sectors) that are largely connected by means of transactional relationships that are arguably adversarial – hence the disconnects are a reflection of the very structure of the industry.
- The large and diverse nature of the players. Several respondents commented that many cow-calf producers (by far the largest segment in terms of numbers), raise cattle as a way of life or as a secondary activity - secondary to off-farm employment or to a cropping enterprise, and are not overly concerned about aligning with other industry sectors. Nevertheless, examples of strategic supply relationships from breeder to cow-calf to feeder to packer were cited albeit these were referred to as the exception, not the rule.
- The absence of clear market signals and/or financial incentives to induce structural or system change. Many respondents commented that the lack of clear performance information coupled with the lack of financial incentives (increased prices paid for cattle with specific quality or performance measures) was insufficient to drive any substantive change to a system that has been operating as a commodity sector for many years.
- A prevailing lack of trust. The overriding transactional nature of the industry in turn drives the need for each sector and each player within that sector to maximize his or her own position. Thus transactions are based on a zero sum game (if I pay you less, then I make more; and vice versa). This dynamic underlies the general 'opportunistic' nature of business relationships within the industry and in turn the persistent level of mistrust between chain players.

Nevertheless, many industry leaders and stakeholders noted signs of improvement including:

- The industry response to major crises such as BSE in 2003 and more recently the COOL legislation in the U.S.A.
- A growing sense that national and provincial cattle organizations are increasingly communicating with each other, sharing positions and finding that there is agreement on many of the major issues.
- Emerging value chains and/or where business interests are aligned.

However, there were also many views expressing the need for the industry to fundamentally review and improve how it works together. Two key points are summarized below:

- The need to respond to consumer demand and link consumer market signals to the processing and production systems.
- The need to find new ways of working together. This change is viewed critical on several fronts: a) the current adversarial system is not working well for any segment of the chain; b) beef is losing ground to other meats and proteins as it fails to respond to changing consumer demand; c) the need to develop information systems that deliver clear market quality signals as well as clear performance measures that are vital to industry efficiencies at all levels of the chain; and d) the need to develop strategic capacity to respond in the event of major disasters such as e coli or other disease breaks.

Overall, there is general agreement that improvements in the system are not only possible, but necessary.

Selected Quotes:

“ There is an entire lack of trust. The cow-calf producer does not trust the feedlot operator; the feedlot operators do not trust the packers. It is all push/pull – and there is almost no connection to the consumer.”

“ The team does not play together very well – the primary producer is getting very little information about how his cattle grade out. But he is also getting very little out of it. We need to create more of a Win-Win.”

“ There is room for improvement but we do see improvement in such things as customer satisfaction with Canadian beef products. But there are challenges with a situation where there is concentrated market power which can both help or hurt the supply chain.”

“ It is improving all the time. For example, the Straw Man Process got everyone at the table – for those who want to work together, there are opportunities to work together.”

3.3 Sector Alignment – How well is the Supply Chain working for your Sector?

Summary

Assessment of sector alignment and how well this works for individual sectors provides further insight to the performance of the overall beef supply chain as well as the alignment challenges between sectors. The ratings are similar to overall rating of chain performance (previous question) albeit with a slightly lower average rating. Overall, it is observed that respondents who actually operate within the chain are the most critical (lower scores). For example, 7 of the 14 respondents representing the production sector (breeding, cow-calf and feedlot), rated sector alignment as a 3.0 or lower.

We summarized the perspectives by sector as follows:

- A breeding/genetic sector that feels disconnected and/or undervalued by the cow-calf sector that in large part continues to select breeding stock in a traditional manner.
- A cow-calf sector that generally views itself as operating with little or no market information other than price and very general quality attributes. Furthermore there is little or no incentive to adopting tools coupled with having to bear the cost of new technologies with no assurance of any new financial benefits.
- A feedlot sector that operates within a delicate market situation with only two major domestic buyers and a thickening border to the U.S.A.
- A packing sector that is driven to maintain throughput and cost efficiency. For the most part it relies on its ability to meet customer requirements by sorting from large number of carcasses or cuts.
- A retailer sector that is hesitant to overly commit or align with any one single source of supply for reasons of price competitiveness or being left 'short.' Also retailers are always concerned that their competitors may be sourcing cheaper imported beef products at any time.
- A consumer sector (as told from the eyes of retailers and external industry leaders) that is being largely ignored.

While the disconnects are multiple (and occurring at each link of the chain in view of the transactional nature of the relationships), two major bottlenecks are apparent:

1. **The significant information and understanding gap between the retailer (and end use customer) and the production chain.** Many respondents described this as a total lack of connection. Furthermore the signals coming from the market are mixed or at the very best, unclear! For example, it appears well known that portion size and smaller cuts/carcasses are in demand from the customer. Yet, feeders and backgrounders alike confirmed that there is no penalty whatsoever in delivering heavier weight cattle and this is exactly what is happening. Meanwhile, the retailers complain that the supply system simply does not listen to what they

are asking for. Thus they are unable to respond to customer requests for local, natural or organic products that are repeatedly requested. As a consequence, there should be no surprise that the demand for beef is in decline as these customers migrate to other protein alternatives that are more in line with what they are looking for.

- 2. An under-performing information system** - information specific to carcass cutouts as well as economic performance is considered key to improving sector alignment. However two conditions are considered necessary to drive more effective collaboration across industry sectors: a) information must be readily available and easily accessible (and there are concerns that this is not the case); and b) each upstream sector must be rewarded in accordance to improvements made in performance. For the most part this does not occur. Thus there is little or no incentive for upstream sectors (backgrounders; cow-calf; and breeders) to make changes other than incremental improvements within the current system.

Three prevailing factors are provided as reasons for the disconnects between the chain players:

- The lack of vision and accordingly the lack of a clear industry strategy other than being a generic commodity supplier within the North American market.
- The current information system which does not easily capture or transfer information across the chain particularly to the cow-calf sector.
- The proprietary nature of the information particularly at the packer and the feedlot levels. There is a strong sense that performance information such as yield and carcass quality is kept by packers and/or feedlots and used for competitive advantage and thus not readily shared. As one respondent succinctly put it: “How do share the profit and the pain?”

Selected Quotes

“ There are examples within the feedlot sector who are working very well both upstream and downstream. But these are the exception. Most still operate in a transactional – adversarial manner. Trust remains a big issue.”

“ I would say that cow-calf producers like us at the top end are engaged – using data, tools etc. And we struggle and can’t get the performance (carcass) information we need. Overall the average producer is selling on the basis of weight and price. That’s it!”

“ Slowly improving but still not functional. As more direct sales to feedlots occur and market based programs such as natural or hormone free, there is more information moving back and forth. Sectors are starting to ‘ask’ more about how the cattle have been produced and performance.”

“ The industry has ignored the Canadian market place. There is no true Canadian beef brand promise – now almost 50% of beef in Ontario comes from the U.S.”

3.4 Industry Voice – How Does the Beef Industry Perform as it Pertains to Having a United Voice?

Summary

There is general agreement that a beef industry speaking with a unified voice is a challenging position to achieve. Many would agree that in view of the many players each with distinct business objectives, this should be no surprise. Nevertheless, many of the respondents reported that when it comes to major issues such as market access, trade, COOL and food safety, significant improvements have taken place and that agreement on how to approach these issues is much more common than the differences.

Responses with respect to how well the industry performs specific to having a united voice fall into two camps:

1. A majority with representation from all sectors who regard the Canadian beef industry speaking with many and at times conflicting or divisive voices (23 respondents rated this with a score of '4.0' or less on the 10 point scale). Many of these complaints are rooted in the basic industry structure and how provincial and national organizations are governed. Several respondents commented on the need for the beef industry to shift from a regional representational model and move toward a corporate or business model that is combines representation as well as strategic competencies.
2. Those who feel there is room to improve but improvements have made and there has been considerable progress over the past number of years. (10 respondents rated this with a score of '7.0' or higher on the 10 point scale). This group generally acknowledged that the CCA has credibility both at the national and international levels. At the same time, it is recognized that other strong voices are seeking to be heard. However, there are increased efforts to listen to these voices and to find common ground.

It is also observed that many of the concerns with respect to industry voice are rooted in deeper questions concerning industry vision, goals and strategy. The detractors are either not clear what the current strategy is, or feel that the industry needs to go in a different direction.

Selected Quotes

“ Groups are talking more than before. We are seeing more and more alignment. We tend to agree on the big issues – there are still (and will always be) points on which we differ.”

“ It is very fragmented. Regional representation trumps true business or sector representation. We need some fundamental changes.”

“ In the past we had many different opinions. And on some issues such as traceability we still do. But we do have credibility with the national and provincial politicians.”

“ On the surface there seems to be a unified voice. But behind the scenes there is a lot of criticism and complaints. A lot of it comes down to ideology – the ideology of commodity vs. the ideology of brands. The two positions are very different.”

3.5 If You Could Do One Thing to Improve Competitiveness What Would it be?

Summary

The one “thing” suggestions fall into three major areas:

1. Establishing and deploying an effective information collection and transfer system. In this regard, there were numerous mentions of BIXS or a new and improved BIXS as being vital to moving the industry forward. In addition, there were numerous suggestions that the Canadian beef industry needs to clearly specify a set of quality measures that meet customer expectations. These measures can then be used to for management purposes to set targets and monitor progress.
2. Establishing a mechanism that brings together the industry leaders and in turn effectively develop a national strategy. Eleven respondents referred specifically to the Straw Man recommendation to establish the Council of Beef Leaders – an initiative that they strongly supported. These responses were provided in an unsolicited or unprompted manner. Several other respondents suggest the need for a coordinating or oversight body. Yet others suggested that governance of current cattle industry organizations need to be restructured to reflect the reality of the beef industry.
3. Improving/increasing market opportunities. Several suggestions in this area include:
 - a. The absolute necessity of developing valued Canadian beef brands.
 - b. Increasing access to new markets.
 - c. Reducing or eliminating non-tariff barriers
 - d. Facilitating and rewarding the effective formation of true value chains based on market success and improved performance.

Selected Quotes

- “ Establish effective communications/information transfer systems – the day of one product for everyone is over. We need the capacity to set up distinct supply chains.”
- “ Establish the Council of Beef Leaders with an independent leader. If this is set up and working you can resolve the information flow issues as well as create the united voice.”
- “ The current system is effectively marketing an American product – we need to encourage the processing industry to market a Canadian product both at home and around the world.”

4.0 Conclusions

We offer the following conclusions further to the benchmark ratings and the comments provided by the survey:

1. The average rating for each measure is below the midpoint (5.0). Thus we can conclude that industry leaders across the board see room for improvement in all areas.
2. This is general agreement that improvements need to be made both in terms of industry alignment as well as sector alignment between links of the supply chain. Interestingly, the sectors calling for the greatest degree of improvement are genetics, cow-calf and retail.
3. The greatest dissonance within the industry is the question of industry voice. Views on this issue are the most polarized. Clearly, there are two points of view: those who feel that there are many and often conflicting voices; and those who feel that the industry voice is respected and continues to improve over time.
4. Overall there is strong agreement that more can be achieved by the Canadian beef industry in the market place. Fundamentally this means the opportunity to create and capture more value through: listening to the customer; effective branding; the opportunity to differentiate Canadian beef both domestically and in selected export markets; ensuring the consistent supply of high quality products, etc. Collectively it is felt that these opportunities would yield greater returns for all links of the chain.
5. There is also strong agreement that the Canadian beef industry can and must perform better as a supply chain and work better together as a team. The level of agreement, however is dependent on perspective with respect to strategy namely:
 - a. Those who see opportunity to differentiate express much stronger views on this issue (and the need to do so).
 - b. Those who are satisfied with the current commodity system have a lower sense of urgency although are in agreement that improvement can and should be made.
6. There is also agreement that the required information technologies systems and the incentives to connect the supply chain are lacking or not working the way they need to be. Progress is being made with respect to the functionality of the information technologies systems and there is a general view that those producers who want to access and use performance related information can obtain the tools and the data to do so.
7. Perhaps the biggest challenge facing a better alignment of the supply chain pertains to the area of financial incentives derived from the market. As one respondent stated: "How do we develop a business model to share the profit and the pain?" This is may indeed be the most difficult issue to resolve and a major factor underlying the disconnects that currently exist between the links of the chain.

8. There are diverging views towards how the potential outcomes prescribed in the preceding conclusions can be achieved. Two points of view prevail:
 - a. Those who see the need for a national coordinating mechanism across sectors and regions to develop and drive a focused national strategy. In addition, this mechanism would also hold organizations responsible for implementation and outcomes.
 - b. Those who feel that the above outcomes can be achieved within existing organizational structures.
9. Finally, the comments from all sectors illustrate that many industry leaders hold strong views that the Canadian beef industry can and must do better specific to industry alignment and the development of a national strategy. It is would also appear that the greatest levels of dissatisfaction lie at each end of the supply chain – namely among primary producers at one end (particularly breeders and cow-calf producers) and with retailers at the other end. The intermediate sectors (feedlot and processor) are somewhat more sanguine with respect to alignment concerns. Nevertheless all sectors agree that improvements can be made and these improvements are critical to the health, well being and future growth of the industry.

Attachment 1: List of Organizations/Individuals Interviewed

Agriculture & Agri-Food Canada - Research Branch (2 respondents)
Agriculture & Agri-Food Canada - Policy Branch
Alberta Agriculture & Rural Development – Policy Branch
Alberta Agriculture & Rural Development – Research Branch
Alberta Beef Producers (Executive Director, Board Member)
Alberta Cattle Feeders Association (Executive Director, Board member)
Alberta Feeders Association (CEO, Board member)
Alberta Livestock and Meat Agency (CEO, Board Member)
Alberta Treasury Branch
Beefbooster
Beef Farmers of Ontario
BIO (Ontario)
Canadian Agri-Food Policy Institute
Canadian Angus Association
Canadian Animal Health Institute
Canada Beef Inc.
Canadian Cattlemen Association (Executive Vice President, two Board Members)
Canadian Food Inspection Agency
Canadian Beef Breeds Council
Cargill Meat Solutions
Eastern Meat Solutions
Feedlot operators (2 respondents)
Growsafe
JBS Food Canada
Livestock Genetec
Livestock Intelligence
Loblaw
National Cattle Feeders Association
Overwaite
Manitoba Beef Producers
Quebec Farmers Association (UPA)
Saskatchewan Cattlemen’s Association (producer member)
Ted Bilyea & Associates
Western Stock Growers Association (producer member)

Attachment 2: Industry Alignment - Selected Comments

Question 1: *Let's start with the big picture: looking at the broader Canadian beef industry in its entirety. Let's assume that the broad objective is to build a stronger, more profitable beef industry for every sector of the chain. How well would you say the 'Team' or the supply chain is working together?*

Upstream: Genetic/Breeding, Cow-Calf and Feeding Sectors

- " No one cooperates – it is the way the industry is structured. It (non-cooperation) is inherent to the nature of the industry. Packers and feedlots are set up to manage risk – the rest of the chain does the best it can but doesn't really use the information tools available."
- " Unless there is a huge seismic shift, there is no incentive to change."
- " It does not work together – everyone is competing. It's all about buying low and selling high – this takes place at each segment of the chain."
- " The industry is all based on transactions – it becomes simple economics. You have many sectors and everyone has to make a profit."
- " We don't have a team – there are strong minded leaders within each segment of the chain – but you seldom see the leaders work together."
- " There is such a difference between sectors – breeders the cow-calf sector are producers whereas the feedlots and packers are risk managers and buy/sell accordingly."
- " There is co-operation but it is relatively limited. It occurs when there is a WIN-WIN but only if this holds – a situation that can be transitory."
- " I like the idea of a Council of Leaders – this is what is needed! We need to understand each other – each sector needs to have a better understanding of each other's role. This is not what is happening today."
- " Each sector is interested in its own profitability – there is so much hunger for profit, cooperation across sectors is very limited and can stop quickly."
- " Not well at all! You still have those distinct segregations from cow-calf to feeder to feedlot to packer. And there is a lack of competition at the packer level."
- " There are information tools available that can be used but only the top end progressive producers are using these. I would say that 70% are not."
- " The system still relies on auction markets, order buyers etc. This means almost no information other than price flow back through the system."

- “ Not very well – I am very discouraged about the negative response I am hearing about the Straw Man’s recommendation to establish the Council of National Leaders. This would be a good step in pulling together and agree on a clear strategy.”
- “ There is an entire lack of trust. The cow-calf producer does not trust the feedlot operator; the feedlot operators do not trust the packers. It is all push/pull – and there is almost no connection to the consumer.”
- “ The team does not play together very well – the primary producer is getting very little information about how his cattle grade out. But he is also getting very little out of it. We need to create more of a Win-Win.”
- “ It is not working well together – communications between sectors gets progressively worse as you move downstream. We thought that retailers and packers were well connected but this is not the case either.”
- “ It’s always the same old player and the same old voices. We need an organizational structure that has representation based on investment – not the current 1 man 1 vote system.”
- “ The cow-calf sector does not trust the feedlot sector – there is an entire lack of trust. And no open price discovery.”
- “ We need more data – we need to know more about how well our cattle grade and the quality of the final product. But this is also a two-way street if the data gets in the wrong hands – some people may not be able to sell their cattle.”
- “ How well we work together is proportional to the severity of the issue. In the case of BSE, great! With issues such as greater market access, everyone has a different opinion as to how and where.”
- “ Everyone knows what the issues are but there is little agreement on how to address them – for example, market access is an issue. But there is no agreement on how to address this.”
- “ We have two plants in western Canada – the neck of the funnel is very thin.”
- “ I don’t find it works that well together. There are distinct sectors – each is motivated and operates differently. And we only have 2 major buyers (plants) for our cattle. At the same time the border to the U.S.A. is thickening.”
- “ We are not working as well as we should be. It has not improved over the past 10 years – I am discouraged by our inability to sit down and work things out together. Things are now changing and happening so fast, but our industry structure has stayed the same.”
- “ Works in some areas but overall it is not working well.”
- “ Policy makers and retailers are hearing different stories from different sources – that’s a problem.”

“ There is no real team – everyone is playing on their own. New organizations have emerged because their voices were not being heard.”

“ We are not structured properly to have a message from the retailer to get back through the system and back to the cow-calf producer.”

Downstream: Processor/Packers/Suppliers/Researchers

“ We don’t really work as a team. The industry operates in an adversarial environment.”

“ Producers don’t seem very concerned once the animal leaves the farm gate – there are a lot of costs that could be reduced.”

“ Maybe not as good as it needs to be but it is getting better. The next two years will be key.”

“ The CCA is putting together a long term plan – this is positive.”

“ At a high level, there are components that are working well but the greatest challenge remains – where do we focus our efforts toward achieving a national strategy?”

“ We don’t work well together. The segments from customer to retailer to packer to producer are still very segmented. Nothing has really changed.”

“ Other meat sectors such as poultry and pork have changed in response to consumer tastes and demands – new products; easy to prepare etc. But the beef industry has not.”

“ It’s all about portion size. Who wants a thin steak to meet weight requirements? Most steaks are twice the size of what people are looking for.”

“ The Canadian beef supply chain does not work as a team. There is no team. Little communication (information) takes place past the processor to the production chain.”

“ Overall there are a lot of silos – one example of the disconnect relates to carcass size and size of cuts. We want smaller cuts – it’s not what we get (a take it or leave it attitude) and a prevailing view that ‘that’s the way it is.’”

“ It’s hard to sell a thin rib eye.”

“ Not well. There is such a disconnect between the processor and the producer. And too many middlemen like auctions that are inherent disconnects.”

“ The breeders and the cow-calf are not connected to the market. Bu there is no incentive for them to adopt the better tools since there is no mechanism for dollars to be returned from the market.”

“ It is not well aligned. There is no common vision. Is this bad? For some who see raising cattle as a way of life, it is just fine. For others, it is real cut throat business. That being said, it is diverse and resilient and arguably works reasonably well as a commodity business.”

- “ One could argue that the beef industry’s strength is its diversity. It is very resilient – a lot of people at the cow-calf level are in on part- time basis – secondary to a job or crop business. That is both a weakness and a strength. Makes for a very resilient business.”
- “The industry tends to be more re-active than pro-active. I don’t see any strategic efforts to connect the value chain. It needs to sit down and map out responses to potential opportunities and challenges.”
- “The industry is large, complex with many problems. It is not easy to align parties.”
- “A good example is the forestry industry – they have done an amazing job focusing on sustainability right from harvesting to finished product.”
- “When it comes to working together, I see the beef industry as one of the poorer sectors – it is not doing well! There is lot of miss-information and mistrust among the sectors.”
- “ At each link people think they are getting shafted by the next link – but this is not the case. There is a lot of miss-information out there about who is making money and how much.”
- “ I see some rays of hope but there seems to be lots of disconnects. Bigger producers are more connected but small players which are 80% of the industry lack information.”
- “ It operates below average – there are many profit centers and a lot of mistrust at many levels. There are some exceptions where value chains are aligned.”
- “ It still has a ways to go but given the structure of the industry, there are limitations to how well it can be aligned.”

Leadership Group - Internal

- “ Middle of the road. Fits the industry model of 20 years ago but is not currently responding to changes in consumer demand.”
- “ We need to ask the question: what are consumers demanding? Is that information reaching the cow-calf producer? Or breeders? The industry has not yet developed this capacity.”
- “ There is room for improvement but we do see improvement in such things as customer satisfaction with Canadian beef products. But there are challenges with a situation where there is concentrated market power which can both help or hurt the supply chain.”
- “ To date, dedicated value chains with a processing plant have all failed? Why is that? There needs to be higher level of sophistication to make these work.”
- “ Some areas where are working very well such as the Canadian Roundtable for Sustainable Beef – others not so good. For example, we missed an opportunity to be able to supply A & W who had to rely on imported supplies.”
- “ There are still too many people who have been around too long with too much history and long memories – this is keeping the industry back.”

- “ Not sure given the nature of the industry, if a high score can ever be achieved. But we can do better.”
- “ It is improving all the time. For example, the Straw Man Process got everyone at the table – for those who want to work together, there are opportunities to work together.”
- “ See things working very well currently. It is much better than 5 years ago. Also CBI has input from all the regions and sectors – better than the way CBEF was set up.”
- “ Over the past ten years we have lost producers. But the people that are left in the industry are more engaged than those we lost – thus overall we have a better situation.”
- “ There are always going to be differences within an industry with fiercely independent sectors. However, there are opportunities for those who want to work together to respond to very specific markets or customers.”
- “ We work 50% at best. In some regions such as Ontario, it works well; in the West there are a whole of vested interests and not much agreement.”

Leadership Group – External

- “ Not well – there is a total lack of data and performance measures to guide decision making.”
- “ Overall we would say that the Canadian industry is not capturing “value” to the extent possible – there needs to be a system change.”
- “ It is not working well together as highlighted by the Straw Man process and the CAPI report. But there are things getting better such as the Ontario Corn Fed program.”
- “ The current system is not working for the packer or the retailer let alone the producers. The twenty year strategy of pretending to be Americans is a strategy that is not working!”
- “ There are times when it works reasonably well. But I don’t know if retail works well with anyone – they don’t engage but there is a growing interest in sustainability. But things are improving within the production sector.”
- “ The industry works well together in a crisis – like BSE.”
- “ When business interests are aligned, it works beautifully. But when these are not aligned, the system does not work well. We do see the marketplace driving more alignment.”
- “ The industry has behaved as if there is no U.S. border – but this is wishful thinking. The approach is not working for anyone.”
- “ Bill 43 (the check off issue) created a lot of turmoil.
- “ The industry does not function as a team. They do not talk to one another.” And they don’t focus on the consumer. There is no discussion between the retailer and the producer – and no mechanism to communicate.”

- “ It is not working well at all. People and sectors operate in silos. Most producers are not well informed and the industry is controlled by very few people.”
- “ The industry has real governance challenges – it runs with a representative model and not a competency based model. Thus there is a lack of sophistication, knowledge and perspective on complex issues.”
- “ It just isn’t working. The Canadian industry has so much potential but is being frittered away. The biggest problem is linking information and the lack of market signals.”
- “ The commercial players are coming together. But the industry organizations and the politics are not – too many strong minded organizations and individuals who won’t give up turf and get in the way.”
- “ The industry is really trying and the forums such as the Value Chain Roundtable are very helpful. These discussions are very issue specific.”
- “ You can see that cow-calf producers feel that they are carrying the cost of any system changes such as traceability – there is a sense of bitterness. All costs with no added return.”

Attachment 3: Sector Alignment – Selected Comments

Question 2: *Now let's look at this topic from your specific sector/area. In your opinion, how is this "supply chain team working for your sector (_____)" as you strive to build a stronger, more profitable beef industry for every sector of the chain?*

Upstream: Genetic/Breeding, Cow-Calf and Feeding Sectors

- " We don't work together. Most breeders are not really interested in change – the industry trades on little or no information – mostly visual."
- " Overall most producers are using purebred bulls. But we get mixed signals from the market – we hear that there is demand for smaller cuts/carcasses but that is not what is in demand by the feedlots and packers."
- " The CBBC does not have an official voice at the national table. Overall the breeding sector is not appreciated or understood."
- " Improvements are happening, generally speaking. It is possible – we are finding ways to work together. But the opportunities in Canada are huge!"
- " There is a disconnect in the middle of the chain – it is difficult to understand the packers."
- " Generally the industry trades on little or no information – still very traditional and based on visual selection."
- " We are making some strides forward but not very well. When it comes to exports which are critical to the breeding sector, we are not being consulted by the federal government."
- " If you want to improve quality or have consistent quality, it comes down to genetics – the breeding sector is not appreciated or valued for what they contribute."
- " When it comes to the system which is driven by volume and throughput, the cost of disruption is greater than the benefits of specific or value chain supplies."
- " There is a feeling that you may lose something by participating in a chain."
- " There has been improvement. But cow-calf producers are not really compensated for improvements – the information is not coming back – or it is too indirect. So there is no real incentive to adopt the tool and to change!"
- v" There are lots of ways to make improvements using genetics but again the incentives are lacking. Further, now that the industry is making money, there is even less incentive to change."
- " I would say that producers like are ourselves at the top end are engaged – using data, tools etc. And we struggle and can't get the performance (carcass) information we need. Overall the average producer is selling on the basis of weight and price. That's it!"

- “ Slowly improving but still not functional. As more direct sales to feedlots occur and market based programs such as natural or hormone free, there is more information moving back and forth. Sectors are starting to ‘ask’ more about how the cattle have been produced and performance.”
- “ That depends. Feedlots get more information back from the market (packer) than the backgrounder. We need more information and communication.”
- “ Overall it’s not great – basically a lack of information. If you are getting paid less than your neighbour you know you are doing something wrong but you have to figure it yourself.”
- “ Perhaps we are not asking for the information from the packer – we need to sit down - more communication – this is not happening. We need a mechanism in the middle that helps producers get the information and work with it to produce higher valued cattle.”
- “ It works well between myself and the finisher. But the information flow back from the market (retailer and/or packer) is virtually non-existent.”
- “ I basically guess what the feedlot wants and he’s operating with little information from the packer.”
- “ If we took away the ‘check off issue’ then I would say we are well aligned. But this has been a huge and lingering issue between the feedlot sector and mandated cattle organizations.”
- “ There is bad blood between the cow-calf and the feedlot sectors but between the feedlot and the packer, the relationship is quite good.”
- “ Industry organization governance is the big issue. It is bound by traditional representative boards rather than business or strategic boards. This is the main reason why new organizations emerge since sectors feel unrepresented.”
- “ There is room for improvement – we are doing more to reach out to the cow-calf sector. But they won’t come to the table unless they have to.”
- “ As you go downstream, it doesn’t work that bad. But we are forced to supply or we ‘may not like the price’ down the road. That forces us to be opportunistic with the cow-calf sector. We don’t get clear signals from the packer. But when it comes to sourcing cattle, you pay what you have to.”
- “ There are examples within the feedlot sector who are working very well both upstream and downstream. But these are the exception. Most still operate in a transactional – adversarial ‘manner. Trust remains a big issue.”
- There are too many disconnects. Feedlots don’t understand (or care) about the costs at the cow-calf level. Cow-calf producers have no idea of what the packer is looking for. BIXS is not really working – it takes too long to retrieve information and it is too complicated.”
- “ There is still such a high level of mistrust between sectors – that is a big problem.”

“ A lot of feedlots are investing in software to determine how their cattle perform including the source of these cattle. But there is no motivation to share this information.”

Downstream: Processor/Packers/Suppliers/Researchers

“ We do well on information from our customers. We know what they want and our job is to source accordingly. We rely on multiple sources to do so- we can't rely on a single source.”

“ Being tied to a particular source of supply is a problem. We need to maintain flexibility.”

“ We have developed closer ties both ways – with those we have chosen and those who have chosen to work with us.”

“ Sharing quality information is one thing; determining how to share profit or pain is much much more difficult.”

“ Everyone is fiercely independent – how to share the pie is extremely difficult.”

“ In the short term, we are managing. But looking at the long term, the system is not working well for us to keep our competitive edge. If we don't deal with this, as an industry we will have more and more difficulty competing with imports from the U.S.A. or Australia.”

“ We have to find that balance between product differentiation and managing costs. There are indeed some specific market/product opportunities – we need to develop these but find the balance.”

“ The chain is not listening to the consumer and us! That is why beef sales are in decline”

“ Our customers are asking us for 'Natural' 'Anti-biotic' or' Hormone Free' beef. But we can't get a processor to work with us to supply what our customers want!”

“ The relationship with processors is fine but we have limited choice or we are in a situation when what is being offered can be sold several times over. Thus we are on the receiving end of the chain and how do you motivate the chain to supply you what you want?”

“ Customers today are so much more knowledgeable – 88% look at labels. A & W is just listening to their customers!”

“ Often it is still cheaper to source U.S. product since there is no difference in taste between Canadian product and U.S product. Price is key.”

“ Just calling the product 'Canadian' is not enough.”

“ The Ontario Corn Fed Program is working but there are still issues between processors and producers. Also the capacity to supply Ontario Corn Fed is limited – relatively few cattle compared to Ontario demand; other regions such as western Canada want 'western' beef. But where is the supply chain to do this?”

- “ The biggest disconnect is between the cow-calf producer and the processor. We are trying to provide tools to the cow-calf sector but they don’t see the money! There is a fear that if the producer I am buying from knows too much, I might lose him.”
- “ The cow-calf producer has to become better connected and rewarded.”
- “ Overall the industry is very much a collection of commodity sellers. Cow-calf producers are very disconnected. The market signals from the packers are not very clear.”
- “ Not sure how good the beef industry is at meeting customer’s needs.”
- “ The biggest disconnect is between retail and production. Furthermore, consumers can be misled by ‘brand’ promises that can hurt mainstream beef production.”
- “ Some real positive things are being done with respect to food safety, sustainability, quality assurance, etc. Why is these attributes not being used or marketed?”
- “ We see a lot of divisiveness among producer segments. There are a lot of self-interest groups – groups who do not care to co-operate. Few seem to realize that consumers drive the market and consumer demand is not being met.”
- “ The A & W strategy and the response by the industry to it, shows that it is in denial. The industry needs to respond positively – not be defensive.”
- “ The biggest disconnect is between the feedlot and cow-calf sector. Information flow is challenge everywhere. Technically we have the means but the data is not being shared by the packers or the feeders.”
- “ At the front end! Consumer signals are not coming back to the production system. The beef industry needs to come up with a business model that shares information.”
- “ It’s all about information – the biggest gap is between the feedlot sector and the cow-calf sector. The industry needs to take advantage of the new IT technology.”

Leadership Group – Internal

- “ Overall communications back from the retailer to the processor and back to producers is not working. There are breaks all along the way. There is currently no reward for the cow-calf producer to change – he is being asked to invest with no assurance of return. This a challenge.”
- “ There is no agreement of what information should move back through the system and how to transmit it.”
- “ There is a disconnect every time you sell or transact. BIXS is key to flowing information both forward and back. We are moving toward the ability to sort animals on the basis of profiles to meet individual channel or customer needs.”
- “ Our major disconnect is with retailers and consumer. There may be some connection at the packer interface but a lot of information is being lost in the translation. The signals coming back to the production chain are mixed or not clear.”

- “ The signals from the market are limited and mixed – they are not as clear as they need to be. We hear animals are too big. But this is not getting back through the system.”
- “ The information from packers to the production chain is limited. If we could get the BIXS working – that would help. But it is difficult for packers to get into ‘profitability’ information.”
- “ Don’t see any real disconnects. If you are interested in obtaining detailed information and motivated, the tools and the systems are there.”
- “ Overall our genetic base is good and with the concentration at the feedlot level, our industry is able to provide consistent carcasses.”
- “ No matter what is happening at the market, we should have a continued focus on improving production efficiency, which is key. But BIXS is key to moving information and taking advantage of research and performance results.”
- “ A big disconnect is between processors and producers – the processor generally does not share information.”
- “ Sharing data is critical – the system in Ontario is running and getting better. Meanwhile, BIXS is still not working well.”

Leadership Group – External

- “ Overall, we see two major disconnects: a) the industry feels it does not really have a problem; and b) there are no financial incentives to change. Without addressing the ‘reward’ question, only small incremental change will occur.”
- “ The industry has ignored the Canadian market place. There is no true Canadian beef brand promise – now almost 50% of beef in Ontario comes from the U.S.”
- “ The failure of developing a differentiation beef product means that all prices are directly related to U.S. prices and discounted accordingly.”
- “ Are the market signals for distinct quality or source attributes actually real? Are consumers willing to pay a premium for Canadian based beef brands?”
- “ The biggest problem is the volume focus at the packer level. The attributes of efficiency trump the attributes of quality. Thus the market signals back to producers are very unclear when it comes to quality.”
- “ The gaps between feedlots and the cow-calf sector are huge. We need to change the model – move away from auctions and transactions and build supply partnerships.”
- “ The biggest disconnect is between the retailer and the packer. The level of information past this link is very limited. And there is no true value chain relationships – availability of supply and pricing is always a threat hanging over this relationship.”

- “ It is absolutely appalling as to how reticent the industry is when it comes to listening to your customer. There seems to be a failure to understand that the customer votes with their feet. This is why consumption of beef is dropping.”
- “ We have to listen to the customer and we DON’T!. This is the biggest challenge – how to deliver a consistent, tender, quality product.”
- “ Unless we start listening/ connecting to the customer and establishing a clear focus in terms of meeting what the customer is looking for, everything else is pretty much irrelevant.”
- “ The producer organizations are fighting over a shrinking dollar. There needs to be wholesale change in how the provincial and the national organizations work together and develop a national strategy where each organization knows what role it plays.”
- “ Overall, Canada has a great track record when it comes to quality and safety.”

Attachment 4: Industry Voice - Selected Comments

Question 3: *Agriculture is sometimes referred to as an industry that speaks with many voices. In your opinion, how does the beef industry perform as it pertains to having a “united voice”?*

Upstream: Genetic/Breeding, Cow-Calf and Feeding Sectors

- “ Everyone talks – nobody listens. And there is no clear strategy!”
- “ Overall there is a lack of leadership – overall we have representative boards not skill based boards”
- “ It truly does not speak with one voice. But they generally go in the same direction.”
- “ I’m not sure if having one voice is achievable – there will always be differences. But the industry works despite the disconnects.”
- “ The recommendation to form a Council of Beef Leaders is seen as too divisive and may in fact be counterproductive. Perhaps the challenge should be toward make current Boards more effective and better oversight – many do not have a good overview of what is going on at the organizational level.”
- “ We do have the Value Chain Roundtable but it becomes a discussion around the lowest common denominator – more a situation where each sector keeps an eye on each other – being on the defensive rather than seizing opportunity.”
- “ BSE was the exception – we all spoke together then at a time of crisis. But with ecoli, people are sitting on their hands assuming it is someone else’s problem!”
- “ It is very fragmented. Regional representation trumps true business or sector representation. We need some fundamental changes.”
- “ We do not really speak with one voice – there is an appearance of one voice but it does not take much scratching behind the scenes to discover lots of competing factions and issues.”
- “ I thought the Council of Beef Leaders is a good idea but there seems to be resistance to it. This is disappointing – the breeding sector is not a threat to anyone. We want to be part of the broader discussions.”
- “ It does not speak very well at all. There is no shared vision and each sector is serving its own purpose. It is really quite dysfunctional as shown by the check off issue.”
- “ When you have sector representatives on a board, each representative is there as a watchdog for their own sector interests – not as a team.”
- “ When the industry is in crisis such as BSE or COOL it works well.”
- “ We need the industry movers and shakers to be the leaders – we need a major change.”

- “ As an industry, we are pretty pathetic. We don’t speak with one voice at all. It’s the same old leaders all the time – we need the movers and shakers to be leaders.”
- “ It has improved but still quite dysfunctional. There seems more willingness to work together.”
- “ Not very good. But it goes back to the dynamics between each link – all sectors are very distinct and operate quite separately. It will take real leadership to overcome this.”
- “ The current organizations are dependent on government mandates for their funding – but they don’t speak for the business of the industry.”
- “ Within the beef production sector, it works quite well. But within the meat sector (poultry and pork), the objectives can be quite different. And when you add Retailers and the CMC, you can get very different messages.”
- “ There are still too many personalities with history – we need some outside people that can focus on the business of the industry. Look at the grains industry – they seem to be getting it together.”
- “ We need a WIN-WIN industry plan with real leadership without pointing fingers. This will be tough but we need to get there.”
- “ The conflicting messages from the sectors mean the government does not do anything or just does what it wants.”
- “ Poorly! There is no unified voice. CCA should be this voice but cattle feeders are 60% of the industry and they spend most of their time criticizing rather than finding ways to work together.”
- “ CCA will say they are the voice of the feedlot sector but this is disingenuous. If this was the case, the National Cattle Feeders would never have been born.”
- “ It’s ok to have many voices but speaking to the same message. This brings strength. This is getting better. But we need to work within the framework of a national strategy.”
- “ As a feedlot sector, we are working with packers more and more. There is room for improvement but it is improving.”
- “ There are always complaints, but it is much better that it used to be. There is agreement on the big issues such as COOL or trade issues.”
- “ Industry structure is the big constraint. We have not moved ahead. How can a person with seven cows from eastern Canada have the same say as a 50,000 head feedlot? Regional representation trumps strategic capability and competency.”
- “ Our current organizational structure impairs the industry’s ability to do business and respond strategically.”

“ There is no one voice. In fact there is confusion – I have heard promises made to retailers that I know our system cannot deliver.”

“ We need a different strategy – selling live cattle into the US is less viable than it used to be. We need to be selling meat that is valued both within Canada as well as in export markets.”

“ We need an independent body that is not driven by anyone organization to get all the players in one room, that you can hear all sides and drive to solutions that are based on honest input and discussion. And with an independent Chair!”

Downstream: Processor/Packers/Suppliers/Researchers

“ It’s pretty much all over the place. The cattlemen have their own agenda as do the CMC as do the Canadian Council of Grocery Distributors. This makes for different voices when it comes to the government.”

“ Don’t think that strategic conversations across sectors – production to processing to retail are taking place.”

“ We are happy with the way things are moving. The industry has really pulled together as a result of crisis (BSE and e-coli).”

“ For the most part, we see the production sectors trying to understand each other better. It is beneficial to speak with one voice.”

“ We have seen improvements in the last year – but competing interests within the chain, create conflicting voices. We need to respect each other.”

“ It’s the same old voice – nothing has changed. Overall, it is a ‘can’t do attitude. We want to feature local/provincial sourcing but that does not fit the national program.”

“ We hear a lot about what can’t be done.”

“ The Canadian beef message is too general and too broad– people want a more ‘local’ – fresh product. That gives them a good feeling.”

“ There are many voices and many agendas all saying different things.”

“ No-one is aligned which creates confusion. We are looking for specific attributes such as ‘natural’; age; hormone free but we run into many barriers and opposing positions.”

“ The Government of Canada does not seem to have a clear position or strategy to help the beef!”

“ We need more than recipe cards.

“ There are a lot of people trying very hard but it’s terrible. I like them all but we have a very divided cattle production sector.”

- “ There are a lot of big issues such as animal welfare coming at the industry. Right now it is easy for a divisive force to find an ally and hurt the entire industry.”
- “ The packers hold such a big stick.”
- “ The industry does not have a united voice. Many cow-calf producers don’t care. And the CCA vs. National Cattle Feeders – are two alpha male groups with differences being driven by personalities.”
- “ We have a house of cards. This may be a problem if we have a major crisis. The industry has not invested in capacity to respond to potential disease outbreaks. ”
- “ Generally, the beef industry through the CCA has a strong voice and the ear and respect within the government. Sometimes however, they need to be more honest with the real situation instead of trying to appease politically.”
- “ Within agriculture, the beef industry is the most segmented and splintered of all the groups. No one trusts anyone else.”
- “ No one trusts anyone else! There is too much self interest within the individual organizations without a lot of co-operation.”
- “ The industry has many voices. But the CCA does a pretty good job representing the industry internationally. The big players have a large voice but there are many voices within the cow-calf sector.”
- “ It is much much better than 10 or 15 years ago. BSE really drove this home.”
- “ There have been major improvements. The CCA now provides a lot of information and generally seen at the voice of the industry.”

Leadership Group - Internal

- “ We don’t do a very good job. We need to have a single message on such key issues as food safety, animal welfare and social license. We need more openness and not people protecting their own turf.”
- “ This is an area where our national organization is very protective of turf. But if you are going to speak for others, you have to be more open.”
- “ Compared to other industries such as energy, we are doing fine. We are doing much better than a lot of people in our industry would say. But there are some reputation management issues such as e-coli and food safety that will require better messaging.”
- “ Reputation management is critical particularly when it comes to food safety. This is a challenge and we need better messaging in support of our safety systems.”
- “ Overall not very well. We do well in international situations. But nationally, there are many voices speaking to many ears.”

- “ We have an industry full of strong individuals. There can be many voices – individuals that want to be heard as individuals and not through organizations.”
- “ Groups are talking more than before. We are seeing more and more alignment. For example, ABP and Alberta Cattle Feeders now meet quarterly. We tend to agree on the big issues – there are still (and will always be) points on which we differ.”
- “ I think it is pretty good. But some people with strong positions often don’t like the voice that is speaking. Bill 43 has been very divisive and continues to be divisive.”
- “ Now that cattlemen across the board are seeing some profit, it makes it easier to get along.”
- “ Overall having one voice with consumers is extremely important. We have work to do on such things as sustainability, environment and social license.”
- “ In the past we had many different opinions. And on some issues such as traceability we still do. But we do have credibility with the national and provincial politicians.”
- “ There are some strong individuals on a power trip. This can be a challenge.”
- “ Depends on where: in Ontario it works well; the West is still a mess. By comparison, the supply managed sectors do an excellent job speaking with a unified voice.”

Leadership Group – External

- “ There are too many voices. The industry needs to move to a shared vision and common principles that are agreed to by all sectors.”
- “ The objective should not be to anoint one organization as the single voice, but have agreement on common goals and a set of principles that focus on satisfying the customer.”
- “ Externally, I would say that Ottawa listens to one voice – the CCA. But behind the scenes there are multiple voices who don’t agree with it. ”
- “ Government is used to hearing multiple voices – that is their job and it is to be expected. With multiple provinces and sectors, this is no surprise.”
- “ On the surface there seems to be a unified voice. But behind the scenes there is a lot of criticism and complaints. A lot of it comes down to ideology – the ideology of commodity vs. the ideology of brands. The two positions are very different. But the marketplace will solve this problem – especially when it comes to food safety.”
- “ The beef industry has many voices – it is the worst of all agricultural sectors. There are so many differing political and business interests. And a great deal of mistrust.”
- “ Within agriculture, the beef industry has the loudest voice with many voices all saying different things.”
- “ It is so bad, I can’t even go above ‘0’ (scale of 1 to 10). There is so much fear of change!”

- “ The Roundtable is extremely structured and formal – there is zero level of trust among the players.”
- “ Until the industry decides what it wants to accomplish in terms of clear strategic intent, there can be no clear single voice.”
- “ The communication between the Government of Canada and the industry is very good. The Roundtable process really helps.”

Attachment 5: Doing One Thing to Improve Industry Competitiveness - Selected Comments

Question 4: *If you could do one thing and one thing only (i.e. one opportunity; one initiative; one challenge or barrier to be overcome; etc.) to help the Canadian beef industry become more profitable and competitive, what would that be?*

Upstream: Genetic/Breeding, Cow-Calf and Feeding Sectors

- “ We need to measure what we do – get the BIXS system working. Once performance & quality can be quantified, you have the base for better decisions. Look at the dairy, hog or poultry industries - by comparison the beef industry is in the dark ages.”
- “ Establish effective communications/information systems – the day of one product for everyone is over. We need the capacity to set up distinct supply chains.”
- “ Need the whole industry to come together – like the idea of a Council of National Leaders and would be a step in this direction. It will take time but we need to do this.”
- “ Look at our strengths – we have a very high quality product. There is a huge opportunity to build a high quality Canadian branded product.”
- “ There is so much variability in the quality of the product at the consumer level. We need to clearly define quality, quantify and then provide the key information parameters to achieve it. We have to focus on customer acceptance, agree that this is the goal and then address it.”
- “ We need to restructure our organizational governance systems. Move to business structures with accountability and get not representative structures. Also there is a need to separate the larger policy issues from commercial business interests.”
- “ We need an alternative (third) packer that is willing to offer market based programs to supply the E.U., natural or organic programs.”
- “ Organizations need to be held accountable. For example the marketing arm (Canada Beef) needs to have very clear measures to which they are held accountable.”
- “ Get an effective successful value chain going – show the producer how his cattle are grading and then start linking production decisions with the value of the meat that is produced. Seeing is believing! But I am not sure if the big packers want to go there.”
- “ Establish the Council of Beef Leaders with an independent leader. If this is set up and working you can resolve the information flow issues as well as create the united voice.”

- “ Further the Straw Man process, develop a high level group that develops an agreed industry strategy with priorities and direct funding accordingly. And be held accountable!”
- “ We need industry game plan – a true industry strategy that has been developed through a true industry engagement process. The current legislation enables an outdated structure.”
- “ The current system is effectively marketing an American product – we need to encourage the processing industry to market a Canadian product both at home and around the world.”
- “ Focus on changing the industry structure – get the governance right. With strategic goals, oversight and the right governance structure, it will be difficult to move forward. Also it will be difficult to deal with the many critical issues that will come up without proper governance.”
- “ We need an independent counsel or leadership group that can drive open discussion and sort out the business from the politics. Maybe if we worked with one major retailer and show what can be done, we could ‘tip’ the system and get the packer to respond more strategically both up and down the chain.”

Downstream: Processor/Packers/Suppliers/Researchers

- “ Industry should focus on genetics and identifying those lines that can deliver a consistent high quality product. There are also a lot of hidden logistics costs in moving cattle that should be eliminated.”
- “ We need to add value – new and innovative products, brands etc. There are opportunities to develop unique value within Canada – both domestically and internationally.”
- “ We need a national strategic plan that has a focus and clearly defines the roles of national and provincial organizations. In essence – a national strategic that also defines ‘fit’.
- “ Listen to the customer!!! The current system is not working for anyone. Beef is losing ground to other meats who are in fact responding to customer demands.”
- “ There has to be clear ‘point of difference’ - something that truly differentiates Canadian beef from U.S. beef. Then it needs to be supported by the ‘one’ voice which will give this approach more ‘bang’. This could help grow business within Canada as well as export. As well, the supply has to be economic – able to compete with U.S. supplies.”
- “ Also a lot of ‘noise’ with respect to hormone free etc. But who is going to lead this?”
- “ We need to set up an independent arbitrator – to arbitrate better contracts. The packers hold such a big stick. Then the cow-calf sector needs to connect better with the feedlot sector. Until we figure out how to reward (or pay), nothing much is going to change.”
- “ Focus on building a vision, a coherent strategy and a stronger voice to drive change. You want an industry that is capable of rapid change.”

“ Work to improve value chain connections. Also be very mindful of e-coli. There may be very little public tolerance left if another break should occur.”

“ The industry needs an umbrella association that deals with the overriding issues. This is lacking currently. There will always be micro issues but you need leadership to deal with the big issues.”

“ Information is the critical piece. We need information systems and flows that create the opportunity to market to different segments of the market.”

“ Need a business model that has clear goals, measures and shares information with all links of the chain.”

“ There is no one thing but several simultaneous improvement areas: food safety; reducing feed costs; disease management; and meeting consumer expectations as well as building consumer confidence.”

Leadership Group - Internal

“ Address the BIXS system – we need an effective information system to flow information up and down the chain. Without this, you can only talk – you need data to make decisions.”

“ Focus on information flowing and increase market opportunities removing barriers to trade.”

“ Resolving the myriad of trade/market access issues would create great demand for Canadian beef. Also align retailer requirements with the producer capability to respond. This would make a big difference.”

“ Need to assure funding from across all the sectors to support research and promotion. This is critical.”

“ Continue to work on increasing realistic market access – overcome barriers and high tariffs.”

“ Focus on improving the Canadian Beef Advantage – there is a need to differentiate and to truly be able to support a difference that we are able to supply on a consistent reliable basis.”

“ Get the producers particularly in the West working together to produce a differentiated product – not just commodity”

Leadership Group – External

“ Develop clear performance metrics based on good data and incentives including government funding tied to the achievement of the objectives.”

“ Support those groups or value chains that show (or are positioned for success.”

- “ Make BIXS work! Enable producers to make better decisions based on information.”
- “ Let the markets drive change. Facilitate those market initiatives that will in turn drive business alignment.”
- “ Further the Straw Man, establish the mechanism that brings all parties together to build a coherent strategy.”
- “ Implement the Straw Man recommendations and framework for change. Keep the momentum going.”
- “ Commit to ensuring a consistent high quality product to consumers. This requires information and a value chain system. And be prepared to leave the people who don’t want to participate behind.”
- “ Create or appoint an oversight advisory body to agree on strategy and hold organizations to account.”
- “ Grow international markets by building on Canada’s s food safety system.”