



La Revue

May 2021

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# Holstein Québec

## **Processing and marketing**

Teamwork is key to success

## **Seven new Master Breeders for Quebec**

Prefixes Boulet, Duhibou, Flechedor, Macpes, Raypel, Robel and Royolait

*Sheila Sundborg*





# HERD PROFILE – MASTER BREEDER

BY  
GENEVIÈVE DROLET,  
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Advisor

Translation by  
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Ferme Boulet inc.

## A family united, work well done and a desire to innovate



**T**he Boulet family is without question a multifaceted group, people who like to have fun while working hard and well. As natural entrepreneurs and innovators, they're not afraid to address a challenge, confident in the support of a solid team.

### THE BOULET HERD

**Owners:** Mariette Gagnon, Simon and Kevin Boulet

**Town:** Saint-François-de-la-Rivière-du-Sud

**Herd:** 400 head, including 145 lactating cows

**Production:** 12 112 kg of milk, with 4.0% fat and 3.4% protein

**Classification:** 15 EX, 75 VG and 45 GP



**Three generations of the Boulet family. In front: Simon Boulet and Mariette Gagnon with their grandchildren, from left, Mayson, Laya, Abby, Lynzi, Saïka and Nayton. Behind: Kevin Boulet, Josiane Chabot, Isabelle Boulet, Elvis-Brandon Michaud, Laurence Boulet, Samuel Champagne, Jessica Corriveau and Sébastien Boulet.**

Indeed, they faced a major setback in 2004, when their barn went up in flames. Having managed to save the animals, they rolled up their sleeves and set to work, taking advantage of the opportunity to create a more comfortable environment for both the cows and themselves. Since then, they have almost doubled the size of the herd and tripled the acreage devoted to crop production, in addition to increasing maple production.

From their first Master Breeder shield right through to their third, the "C" family has dominated in contributing points. For this latest title, the leading lights were principally descendants of *Boulet Lheros Chaly*, VG-89 24\*. That group of 24 daughters, which includes some exceptional cows, earned a total of 90 stars.



**Boulet Toystory Cathleen, EX-94 3E 12\*, is Kevin Boulet's favourite cow and contributed 12 points towards this Master Breeder title.**

One of them, *Boulet Goldwyn Chalou*, EX-96 3E 25\*, has been a great source of pride for her owners, particularly when she was crowned Champion Bred & Owned in Madison, in 2012. Her success in the showing also led her to win the titles of My Favourite Cow in 2017 and Cow of the Year in 2018. Also an excellent breeding cow, *Chalou* produced 13 EX daughters and 22 VG, earning a total of 25\*.

In 2012, *Chalou's* full sister, *Boulet Goldwyn Chaly Rose*, EX-92 3E 7\*, now co-owned with Ferme Arthur Lacroix, won Honourable Mention at Expo BBQ Bellechasse, placed second with her sisters in the Breeder's Herd class at the World Dairy Expo, and was awarded the Reserve Tout-Québec title.

*Boulet Toystory Cathleen*, EX-94 3E 12\*, is another of *Chaly's* daughters that has influenced the herd. Named Reserve Grand Champion in Saint-Anselme in 2012, she completed the hat trick of championship titles won by the farm that year. In addition to being

a great milker herself, with a Super 3 title and a lifetime production of 86 191 kg, her progeny by *Toystory* also generated a great deal of milk. Living proof, her granddaughter sired by *Golden Dreams* finished her first lactation with 12 260 kg of milk.

Simon Boulet didn't wait long to hand over the reins of herd management to his son Kevin, in 2008. He says it's essential for children's personal development and leadership abilities that they take part in the decision making on the farm. Kevin has always had his parents' support, whether for breeding, crops or farm management. Mariette explains that with the situation in the dairy sector over the past few years, she has insisted they balance their passion for animals with profitability, both components being vital to maintaining a prosperous operation. Surrounded by sound advisors and employees, Kevin is proud to be able to perpetuate the herd that his grandfather Alfred and his father Simon and he have successfully developed over the years. ■





# HERD PROFILE – MASTER BREEDER

BY  
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Ferme Duhibou inc.

## Where great cows gather!



*I*t's not just the cows that are great on Ferme Duhibou. The people behind the prefix are proud of what they're building together and enjoy their work. Yves Labbé, Nathalie Bilodeau and their four children, as well as Nathalie's parents, Émile and Agathe Bilodeau, have one goal in common: each mating aims not only to produce a showring winner, but one that will bring home the ribbon for Beauty and Utility as well!

### FERME DUHIBOU INC.

**Town:** Saint-Lambert-de-Lauzon

**Herd:** 185 head, including 76 lactating cows

**Classification:** 7 EX, including 5 multiples, 50 VG and 27 GP

**Production:** 12 858 kg, with 4.1% fat and 3.4% protein

embryo transfers to preserve the family's attributes. Some of these embryos have been exported to Finland, and the breeders are proud to say that the first cow to classify EX in that country bears the Duhibou prefix. The herd currently includes *Duhibou Elude Maddy*, VG-88-3yr, an all-round, functional, high-producing cow that embodies the qualities of this bloodline.

Finally, *Duhibou Samuël Portefolio*, EX-95 4E 17\*, needs little introduction. An exceptional cow, she passed her attributes on to all her descendants, a uniform and well-balanced group, with wide rumps, strong loins and excellent feet and legs. Among them, *Duhibou Fever Piranha*, VG-89, is impossible to overlook, having put the prefix and her family in the spotlight when she won Junior Champion at the World Dairy Expo, in 2016. At that same show, the



*Duhibou Doorman Princess*, VG-89-3yr, is following in the footsteps of her dam, *Duhibou Doorman Portefolio*, EX-95 4E 17\*, My Favourite Cow 2019. With her incredible potential, the breeders are hoping she will prove to be as accomplished as her dam.

descendants of *Portefolio* also enabled the farm to win first prize Junior Breeder's Herd.

Looking to the future, the breeders are now planning to develop the herd through her daughter *Duhibou Doorman Princess*, VG-89-3yr.

In the medium term, Yves and Nathalie hope to integrate their children into the operation, because it is in part thanks to them that the herd has become what it is today. "With four children as enthusiastic as ours, every mating aimed to offer each of them the best animal, as much in terms of conformation as production," the couple explains.

Inspired to excel, the members of this family can now pride themselves on having a herd that ranks among the breed's elite - a richly-deserved distinction! ■

Thanks to the strong foundation laid by Émile and Agathe, Yves and Nathalie, who joined the business in 2000, were able to work with a good quality herd that fit with their objectives. Over time, the young couple has been able to develop good cow families. Three bloodlines proved particularly influential in obtaining this Master Breeder shield.

The first to shape the herd was *Quality Felina Terrason*, VG-89 15\*, a gift that Yves and Nathalie bought themselves following the fire that devastated their farm, in 2005. *Felina* produced nine daughters that won Champion or Reserve Champion titles, with the family contributing 28 per cent of the points towards this shield. The leading light among *Felina*'s descendants is *Duhibou Doorman Flaky*, EX-91, a cow that combines conformation, show performance and especially profitability, with outstanding milk production and component levels.

The second notable family descends from *Duhibou Broker Mona*, EX 14\*, a cow that perished in the fire. She was fortunately survived by her granddaughter, *Duhibou Shottle Melle*, EX 2E 6\*, and Yves and Nathalie turned to



The Labbé Bilodeau family, from left, standing: Xavier, Nathalie Bilodeau and Yves Labbé; in front: Audrey, Alexandra and Maude.



PAR  
MYLÈNE FOURNIER  
Conseillère pour  
le territoire Sud

Translation by  
Nicole De Rouin



## The Flechedor herd **A passion for great-looking cows!**



According to Annie Lecours and Luc Boisvert, there is no secret recipe for getting a Master Breeder title. All it takes is a combination of passion, time, work and a love of animals.

### FLECHEDOR HERD

**Town:** Princeville

**Herd:** 160 head, including 70 lactating cows

**Production:** 10 455 kg of milk, with 4.22% fat and 3.32% protein

**Classification:** 17 EX, 50 VG and 10 GP

They add that it's also important to develop a herd suited to your personality, and pleasant to work with on a daily basis. Finally, the last step in their recipe is to surround yourself with people who believe in you and your projects, and who will work closely with you to help you achieve your goals. In their case, everyone is working in the same direction, from Luc's parents, who made it possible for him and Annie to acquire the operation, to the farm's service providers, who offer support in their respective fields of expertise, to their sons Bryan and Steven, who work alongside them every day.



The Lecours-Boisvert family, from left: Bryan and Luc Boisvert, Annie Lecours and Steven Boisvert.

on the show circuit. This was the beginning of the Flechedor prefix. From then on, the young couple was constantly on the lookout for opportunities to acquire animals that would help set them apart and improve their herd. Of the 13 cow families that made up the initial herd, 10 are still there today.

### The perfect cow

For the Lecours-Boisvert family, the perfect cow is not only one that is a good all-round animal, with a balanced combination of production and conformation, but also one that has the ability to produce outstanding daughters. "For us," say the breeders, "that cow is indisputably *Zita*." Indeed, of the 160 head that make up the herd, 110 are in fact descendants of *Flechedor Stormatic Zita*, EX-97 3E 18\* (MS: 97). Her greatest strength is obviously her exceptional ability to pass her traits on to her progeny. *Zita* has earned 18\* through her 27 daughters, which include 9 EX and 16 VG. "She has 97 points for her mammary system, and she transmits that trait big time to her daughters," Luc points out, as he describes the predominant family in their barn. In addition to her remarkable qualities,

*Zita* also enabled Luc and Annie to achieve their dream of showing animals bearing their prefix in regional, provincial, national, and even international shows. In 2010, with her owners leading, *Zita* won, among other titles, second Mature cow, Best Udder, and Champion Bred & Owned at the WDE. "We worked with her every day, and living those moments with *Zita* was an indescribable feeling," says Annie, who walked the coloured shavings in Madison with the Flechedor star.

For Luc, pride in becoming a Master Breeder involves more than realizing the progress made by the herd since its beginnings; it also encompasses the many victories and successes achieved on a daily basis. As for Bryan, he says he appreciates the opportunity to work with well-built cows that perform well, and is gratified to take over the family farm. What makes Annie's eyes light up when she talks about this Master Breeder title is the fact that she's managed to pass on to her children the value of work well done, as well as a passion and a love for great-looking cows. ■



**Flechedor Stormatic Zita, EX-97 3E 18\* (MS: 97).**  
"This is a cow that has marked us for life!"  
says Luc Boisvert.

The Boisverts first bought a few Holstein animals in the late 1980s, and when Annie joined Luc on the farm, their common goal was to develop a purebred herd and compete





BY  
MARILIE PELLETIER

Advisor

Translation by  
Nicole De Rouin



## Ferme Macpes From performance to excellence



**The awarding of this second Master Breeder title speaks to the quality of the Macpes herd, which the Martin family has been developing for six generations now. Located in the picturesque Bas-Saint-Laurent region, the Macpes farm has raised its performance to the level of excellence.**

### FERME MACPES

**Town:** Saint-Narcisse de Rimouski

**Herd:** 110 head, including 55 lactating cows

**Production:** 10 975 kg of milk, with 4.0% fat and 3.3% protein

**Classification:** 9 M EX, 1 EX, 35 VG, and 15 GP

Photo : CINÉ OR



Isabelle Tremblay and Luc Martin, with their three sons, Gabriel, Tristan and Zackary Martin.

*Helios Starbuck Adeline*, VG-86-3yr 14\*, has had a tremendous influence on the herd. A major contributor to the first Master Breeder title, she contributed nearly 60 per cent of the points towards this second title. The Martin family has developed four bloodlines from this cow. Among them, *Macpes Goldwyn Lythrum*, EX-95 5E 2\*, is an animal in which they take particular pride. Indeed, *Lythrum* has not only made a name for herself in the showing, but

stands out on the farm as well. She is currently in her seventh lactation, with a lifetime production that already exceeds 95 000 kg of milk. Another of *Adeline's* descendants, *Macpes Shottle Lunaire*, EX-93 6E, like *Lythrum*, clearly illustrates the philosophy of these breeders, who are working to improve longevity in their animals.

The breeders also acknowledge the influence of *Macpes Fortune Koquine*, EX-95 2E. The cow distinguished herself in many shows, in particular in 2012, when she won first 4-year-old at both the QIHS and the RAWF, before going on to win the Tout-Québec and All-Canadian titles. Sold at the age of 5, *Koquine* then pursued her career on the American show circuit. Although she wasn't a major contributor to this shield, the Martin family continues to develop animals from this line.

In the future, there are some excellent young cows on the farm that will undoubtedly sustain the quality of the herd. Indeed, *Macpes High Octane Danykate*, VG-89, now in her second lactation, with a projected yield of 13 539 kg of milk, is doing just that. This new line is only one example of the good-looking young cows that are currently in residence on the Macpes farm.



Now in her seventh lactation, *Macpes Goldwyn Lythrum*, EX-95 5E 2\*, has already recorded a lifetime production of more than 95 000 kg of milk.

So this is a story of a family's passion for breeding that is being passed on from one generation to the next. The future looks promising for the next one as well, since Luc and Isabelle's three sons are already showing an interest in agriculture. ■

In 1910, the first of the Martins settled on the original Macpes farm. Generation then succeeded generation, and, in 2004, Marcel Martin was awarded the farm's first Master Breeder shield. Since then, the operation has continued to evolve. Luc Martin returned to the farm in 2003, and his partner, Isabelle Tremblay, joined him in taking over the operation in 2015. Together, the couple has continued to develop good cow families, improving conformation, production and longevity in the herd, efforts that led to this second Master Breeder award. Today they take pride in the fact that almost the entire herd bears the Macpes prefix.



BY  
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## Moving forward with the past in mind



**F**erme Raymond Pelletier et fils, a member of the Saint-Hyacinthe Holstein Club, is owned by Daniel Pelletier and his sons David and Sylvain. The latter are of the third generation of the family to operate the herd, registered under the **Raypel** prefix, which expresses a balanced combination of conformation, longevity and production, elements key to obtaining this second Master Breeder shield.

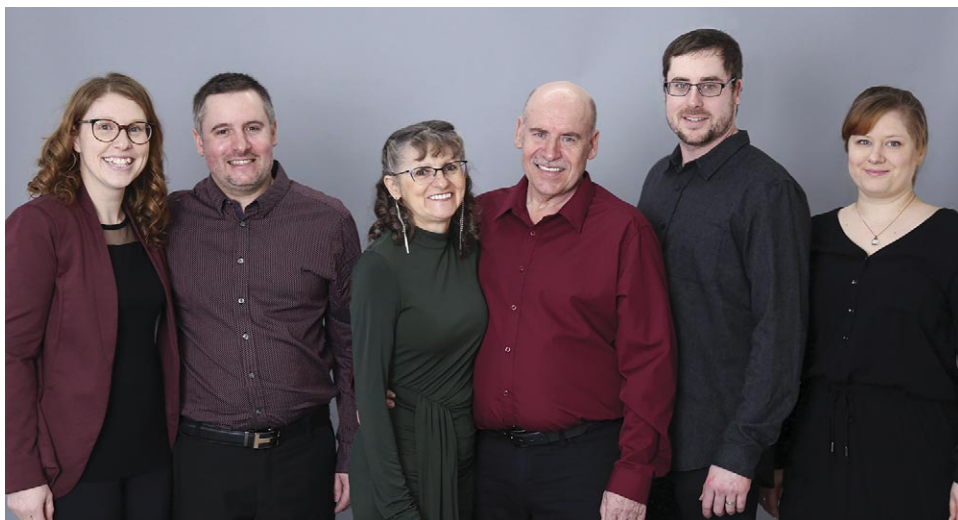
### FERME RAYMOND PELLETIER ET FILS INC.

**Town:** Saint-Simon

**Herd:** 255 head, including 140 lactating cows

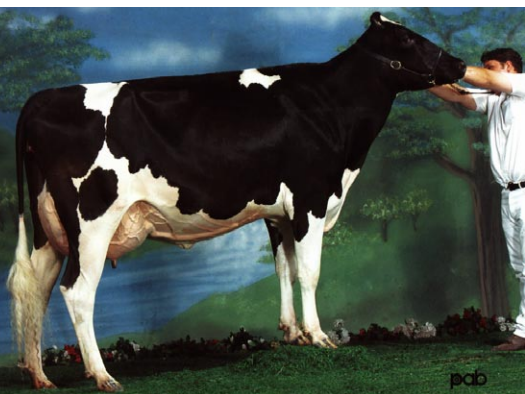
**Production:** 11 616 kg of milk, with 4.0% fat  
and 3.4% protein

**Classification:** 13 EX, 62 VG, 64 GP and 13 G



The shareholders of Ferme Raymond Pelletier et fils (Raypel) with their partners, from left: Véronique Leclerc and Sylvain Pelletier, Denise and Daniel Pelletier, Édith Gendron-Cloutier and David Pelletier.

The family of *Comestar Seventy Chief*, EX 23\*, was a major contributor to the farm's first Master Breeder title, awarded in 2003. For this second shield, the line of her granddaughter *Raypel Sacha Rudolph*, VG-88 17\*, was instrumental, contributing 55 per cent of the points. Regardless of the bull chosen for the many embryo transfers, this line consistently transmits its excellent traits, namely high milk production, good feet and legs, and impressive mammary systems. One of *Sacha's* descendants, *Raypel Mascalse Tephania*, EX 2E, with 48\* in her pedigree, stands out with two Superior Lactation certificates and a milk yield of over 72 480 kg in five lactations.



*Raypel Sacha Rudolph*, VG-88 17\*, made her mark by contributing 55 per cent of the points toward this second Master Breeder shield.

*Raypel Eve Inspiration*, VG-89 9\*, representing a well-balanced Red factor family, is another influential brood cow. With the dairy strength and well-attached mammary systems that characterize this family, it's not surprising to see so many high-producing cows among its descendants. The most prominent of the red and whites is *Raypel Alicia Red*, EX 3\*, a cow that earned two Superior Lactations and produced an impressive 119 123 kg of milk in seven lactations.

Since 2015, the breeders have made some major changes to their buildings, doubling the surface area of the barn and converting to open housing on sand bedding, with three milking robots. The upgrade is aimed at maximizing cow comfort, increasing overall efficiency, and compensating for reduced labour. Over the years, they have adapted their model for the ideal cow and their genetics strategies to align with their operation's new environment. They continue to use the top bulls on the market, in terms of

LPI, conformation and production, to produce balanced, long-lasting and profitable cows. But, as David explains: "We now put more emphasis on functionality, feet and legs, and teat placement, to facilitate robotic milking."

In the future, the recipients of this Master Breeder shield intend to continue developing a high-performance herd consistent with their profitability targets, by selecting the best genetics and optimizing herd management factors such as cow comfort and feeding. They want to stay on top of the trends in technology and continue improving the operation to make room for the next generation. "This second shield is the reward for the combined efforts of past generations and the new. We're proud of our success in developing a uniform, healthy and high-performance herd," says Daniel, with modesty, having played a role in earning both titles. ■





BY  
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Translation by  
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## Ferme Robel **Se distinguer tout en restant équilibré**



**B**alancing their lives between work, family and leisure time is key for the members of the Blackburn family, who operate the Robel herd in the beautiful Saguenay-Lac-Saint-Jean region. Despite the commitment and precision they bring to all their undertakings, they still manage to maintain a balance in this incredible world of agriculture.

### FERME ROBEL

**City:** Jonquière

**Herd:** 160 head, including 76 lactating cows

**Classification:** 14 EX, including 10 M EX, 44 VG and 29 GP

**Production:** 11 418 kg, with 4.4% fat and 3.4% protein



**Monique Néron and Daniel Blackburn, with their four children, standing, from left, Jérémie, Joannie, Jean-Michel and Sébastien.**

All the members of this family agree that the balance they've managed to create between their personal and professional lives is what enables them to be successful, a conviction validated by this Master Breeder award.

Agriculture runs in their blood, but it was the success of their first embryo transfer sired by *Starbuck* that impelled them to work with good genetics. The first heifer from that mating, *Robel Starbuck Penny*, VG-86-2yr, born in 1989 and sold at the age of 11 months, put the prefix in the spotlight at numerous shows, proving to the Blackburn family that top honours were indeed accessible to all.

Daniel and Monique's eyes fill with wonderful memories as they tell the story of *Robel Canuck*



***Robel Canuck Joline*, EX-94 4E 2\*, is the Blackburn family's pride and joy, combining everything a breeder could want: production, longevity and exceptional conformation.**

*Joline*, EX-94 4E 2\*. With her Bred and Owned win in the Senior 3-Year-Old class at the RAWF in 2007, in addition to a multitude of other successes, she is a great source of pride for these breeders.

The couple also has high praise for *Claustein Sterling Bettise*, EX 8\*, the most senior member of the family that contributed the majority of the points toward this first Master Breeder shield. With a lifetime production of over 100 000 kg, her success in the showring, and the ease with which she transmits her genes to her progeny – just what the Blackburns are looking for – she is indisputably one of the most influential cows in the herd. From the same family, *Robel Lautrust Bizou*, VG-86-2yr, holds promise for the future.

Finally, another cow the Blackburns are particularly fond of is *Robel Brigham Filaine*, EX 2E, a functional, good-natured animal that combines production and conformation, calving easily year after year.

Jean-Michel, who will take over the farm, considers himself more of a breeder than a dairy producer, and he likes to work with good-looking cows that are both profitable and functional. Thus, with every mating, he aims to produce well-balanced animals that will last through multiple lactations. *Robel Goldwyn Elsa*, VG-87-3yr 6\*, is the model cow for his breeding philosophy. With eight daughters, including four EX and four VG, that have an average mature equivalent yield of 12 015 kg of milk, with 5.0% fat and 3.5% protein, *Elsa* has clearly demonstrated her ability to transmit her attributes to her progeny.

Since acquiring the farm, Daniel, Monique and Jean-Michel have put all their heart into their work, sparing no effort to develop a herd in line with their aspirations. Milk recording, classification, farm visits, involvement in the community, and shows – all these elements have contributed to the success of the Robel farm. As Daniel so aptly puts it: "Getting this title proves to us that no matter where you come from, you can achieve your dream." ■



# HERD PROFILE – MASTER BREEDER

BY  
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Ferme Royolait inc.

## Producing brilliantly



*N*ormand and Bibiane Roy began operating Ferme Royolait in the 1970s. At the time, the herd was registered under the Bibi prefix. In 1989, their sons Yves and Jacques joined the team. Today, the farm has four shareholders, brothers Jacques and Yves, Maxime, Yves' son, and Alexandre, the Roy brothers' nephew.

### LE TROUPEAU ROYOLAIT

**Town:** Ange-Gardien

**Herd:** 230 head, with 100 lactating cows

**Production:** 14 103 kg, with 4.35% fat and 3.31% protein

**Classification:** 19 EX, 67 VG and 33 GP

As soon as he arrived, Yves wanted to change the prefix so it would be the same as the name of the farm. However, because of the resemblance with other prefixes in use at the time, it wasn't until 2002 that the family got permission to use Royolait.

Owing to that change, the breeders had to wait until 2020 before the Royolait prefix was eligible for a Master Breeder shield. "Receiving this title is a tremendous honour," says Yves. "Already, in the fall, knowing that we were among the top 10 in our category, we were already winners. I'm glad to receive this award while I'm still actively involved on the farm and we've just integrated the next generation. It makes me really proud to win in that context." As for Maxime and Alexandre, they acknowledge that it's a great pat on the back and that it's gratifying to see all the work and the sacrifices they made pay off.

The herd's current brood cow, *Lincoln Eaton Astre*, EX-91 5E 13\*, was purchased by Yves in the late 1990s. Although her stay on the Royolait farm was short, the breeder was convinced of her potential. Hence, when she was sold, he negotiated an embryo transfer to a bull of his choosing, from which he would keep half of the embryos. Three females sired by Cousteau thus joined the Royolait herd. Yves' prediction proved true, because the granddaughter of one of those embryos is none other than *Royolait Marijo Lauthority*, VG-88, the current star in the barn. In addition to a Super 5 award and a



Three of the shareholders of Ferme Royolait, from left, Alexandre, Yves and Maxime Roy.

Canadian Champion title for milk, protein and total BCA in 2019, *Marijo* was the provincial winner for highest production in the 6-year-old and over class and was awarded a Super 3 in 2020.

### Breeding philosophy

Although the Royolait herd stands out for its milk production, the breeders' primary goal is to establish a good balance between conformation and production. When Maxime chooses the bulls that will sire the next generation, he ensures they have a solid pedigree to produce descendants that will meet his requirements. "Among the cow families we've bred and that exemplify our philosophy is that of *Royolait Krystine Manager*, EX 5E 3\*, a cow that contributed good milk production, strong conformation and animal strength," says Maxime. *Krystine's* ability to transmit is readily expressed, as seen in the young cow *Royolait Jewatadow Army*, VG-86-2yr, whose first lactation yielded 12 348 kg of milk, with 4.4% fat and 3.4% protein.



*Royolait Jewatadow Army*, VG-86-2yr, perfectly embodies the Roys' breeding philosophy.

With an eye to the future, Maxime and Alexandre hope to expand the operation, aiming for a quota of 200 kg BF/day. According to them, an operation of that size would provide adequate income for both families, and allow them to count on support from employees while maintaining control of herd management. ■



BY  
MICHEL DOSTIE  
Editor

Translation by  
Nicole De Rouin



## Diversification is a team effort

**D**iversifying one's operation requires a great deal of determination, as seen in the three success stories presented in our last issue (March 2021). And when the matter is settled, the decision has been made, and all the good intentions are in place, the journey has only just begun. When faced with a thousand questions, a thousand new challenges, which route is the right one?

To turn your business in a new direction, whether to produce something different or process what you are already producing, you will need to have some serious discussions about investment, financing, specialized knowledge and, of course, profitability.

First, in a video conference (a trend in these pandemic times) with René Gagnon, an agronomist who is Senior Director, Agricultural and Food Markets, at Desjardins, and his superior, Sylvain Morel, also an agronomist and Vice-President of these same markets, the point was raised that before embarking on a project, it is important to analyze the implications of the new activity on the farm such as it exists. When evaluating the relevance of offering a large-scale snow removal service, for example, the impact of that activity on herd husbandry must be considered. A few extra dollars coming in after a snow storm might not be worth the potential loss in productivity, in terms of milk yield and quality, reproduction or health.

### Separate accounts

Having the figures to answer all the required questions is only possible if the accounting is done accordingly. The experts are categorical. Even at the beginning, when a project is just a trial run or in its early stages, any revenues and expenses related to the project need to be entered separately in the books. This may feel like overdoing it initially, but when you think about it seriously, if you want to know if it pays, this is the only way to do it.

Income is relatively easy to identify and calculate. Expenses, on the other hand, are much more difficult, particularly when both sectors of the operation share the same premises or equipment. Expenses related to the purchase or maintenance of a tractor, for example, will need to be distributed proportionally based on usage, or charged on an hourly basis. Obviously, the same principle applies to any other services or equipment

that may be pooled. It would be unrealistic to say that snow removal, or any other production, is profitable, if the dairy operation is assuming all the expenses related to owning and maintaining the machinery or buildings.

### Financing of its own

If the new business is small, the financial institution may initially evaluate the project in terms of the farm and the guarantees that come with it. But as soon as the business begins growing, a separate analysis will need to be done, even if both sectors are owned by the same people.

Not only must the bookkeeping be separate, so too must the financing. And here's where some surprising differences emerge. It is no longer just a question of comparing the value of the guarantees. For a new business that is not solely agricultural but also involves the food sector, such as on-farm milk processing or market gardening with direct sales to consumers, what matters most is the potential to generate income. The repayment capacity of both will be assessed, of course, but for a dairy farm, a loan is secured on the market value of the herd, quota and farmland. For a processing operation, however, that value is based on its potential to generate income. The way this is assessed and demonstrated to potential lenders is thus very different. In other words, a business that generates no profit, irrespective of its assets, has no commercial value, and thus offers little in the way of collateral for a lender. If this is the case, it's important to accurately estimate a project's capacity to generate a surplus, before knocking on any doors.

Another element that comes into play is the capital outlay required on the part of the business owners. In the agricultural sector,



There is a growing interest in on-farm milk processing.



this is generally equivalent to 20 per cent of the farm's market value. In the case of a processing project, however, the calculation will be based on the commercial value, which in turn is based on the amount of earnings before interest, tax, depreciation and amortization multiplied by a certain number of years, which varies according to the intended market. Generally speaking, for a project related to the agri-food sector, the analysis will be done over a fairly long period, at least five years. So X dollars in earnings multiplied by five or more gives the entity-specific value. As Mr. Gagnon explains, the capital outlay required will vary between 25 and 50 per cent of that amount. In addition to investing their own capital, shareholders can procure a portion of that sum through a subordinated loan, which offers greater flexibility but has a higher interest rate than a conventional loan.

Caution is thus advised. With a well-managed dairy operation in excellent financial health, there are risks involved. Indeed, with solid guarantees, it may be easy to borrow, but the situation of the second business could change rapidly, putting one or both divisions, at risk. Hence it's imperative that the second sector be assessed separately, to answer the experts' all-important question: "Does it pay?"

Nicolas Jobin, an agronomist and agricultural consultant who owns Groupe Vision Gestion in Saint-Hyacinthe, raises another concern. Over the past years, he says, a lot of producers have invested heavily. Their debt level has likely increased accordingly, giving them less room for manoeuvre. In that type of situation, financial institutions will generally require more from business owners.

In the current economic environment, Nicolas Jobin also emphasizes that it's important to anticipate the need for a certain level of available cash assets. While accounting is an analysis of the past," he explains, "cash and cash equivalents are about the future, so more difficult to predict." In his view, producers would be well advised to develop a new administrative management approach, focused more intensely on the future. ➔



**Snow removal, yes, but not to the detriment of the herd.**



**Knowing how to recruit the right people and getting them to work together is a guarantee of success.**

**JMP**  
**CONSULTANTS**

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## Preparing a business plan

A well-developed business plan is therefore a must. It should include an analysis of the target market and the owners' managerial capacity, as well as their expertise related to the production, processing and sale of the proposed product.

The entire analysis rests on this business plan, which should include four elements. The first pertains to the applicants' managerial capabilities, in particular their leadership skills and their ability to motivate a team and work well with others. According to the experts consulted here, the best managers are usually those that have a solid support system, because the level of knowledge required is more than one person can handle. That might mean an accountant, for instance, but also an engineering firm, marketing consultants, and anyone who is able to help with getting the permits needed. In that respect, says Alain Beaudry, Regional Director for Financement agricole Canada / Farm Credit Canada in Saint-Hyacinthe, the

first person to include in one's team is one's account manager. Specifically, explains Mr. Beaudry, the account manager will be able to provide business owners with sound advice at each step in the development of their business plan. He also emphasizes that while producers may be familiar with agricultural advisors, they will need to put together the same sort of team for the processing and marketing aspects of their project. The experts agree that this part of the process needs to be undertaken right from the start.

A second concern is the market.

- Is there a demand for the proposed product?
- Is the market growing?
- How does demand compare to the expected production volume?
- Where are the people who are interested in this product, and can they afford to buy it?
- Is the supply of goods and services needed for production and processing assured?

These questions need to be answered for the long-term as well. In the early stages, it may only be a question of supplying a local and regional clientele, which can be quite easily achieved by setting up a kiosk on the farm. But a much wider market may also be in the cards. In that case, say Mr. Gagnon and Mr. Morel, it's a little like starting up a whole new business, since the conditions for success are so different and harder to coordinate. We're in a new world, Mr. Beaudry would say, where, among other things, we have to negotiate with retailers to get shelf space, a job that is very different from production. Mr. Beaudry adds that in agriculture, where producers' unions take care of marketing, there is no competition among producers. It's a different story in the commercial sector, and one has to learn to live with that.

Thirdly, an evaluation of the production or processing facilities is also essential. It's important that the business plan demonstrate that the operational technology is accessible and that the team has mastered its use. It is



Photos : iStock

Finding one's place with retailers doesn't happen overnight.





**Production is step one, but selling the product is just as important.**

risky, Mr. Beaudry stresses, to minimize the time and energy, in addition to the associated costs, required to develop recipes and produce them on a large scale. Hence it's advisable to ensure that additional financial resources are available, in case of delays. On that subject, says Mr. Jobin, it's important to consider the cost of labour, because it represents a major part of the cash flow. Moreover, he adds, it's important to recognize that things may not go exactly as expected. Planning one's options in case of drawbacks is something that financial institutions will take into consideration, explains the consultant.

Lastly, there is the issue of money. Will the project generate sufficient income to ensure its continuity? Managers need to do a rigorous analysis in this regard.

This may all seem quite demanding. So it is, advisors will say, but it's also essential if you don't want your dream to turn into a nightmare. ■

## Mettez le cap sur votre réussite

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