

AgraPoint

2011 Business Plan



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Executive Summary

This year will see a number of changes and transitions for AgraPoint. Operationally, the integration into the Nova Scotia Agricultural College will begin at the start of 2011, with formal integration anticipated by year's end. This new relationship will see our technical specialists building stronger bridges between the farm and the research and development capacity at NSAC – necessary steps to achieve renewal in the industry.

This year will also mark the beginning of a stronger collaboration with the Nova Scotia Department of Agriculture and its current and expanding extension team. We value our role as the province's on-the-farm extension team. We are committed to ensuring 2011 is the year when lines of communication are open, and efforts are co-ordinated in meeting the needs of the Department and the industry through strong, recognized and collaborative partnership.

The intent of this plan is to support renewal of the province's agri-food industry by:

- Focusing on sustainability
- Encouraging diversification to manage risk
- Encouraging new product development and exploring new market opportunities
- Creating awareness of local products and helping consumers see their value to the economy
- Developing business skills to further enhance profitability through sound financial management and savvy marketing
- Creating a deeper connection between research and the farm, and the farm and value-added opportunities
- Reducing the industry's environmental footprint

For our agricultural clients, this translates into providing expertise and encouragement to: adopt innovative production practices, transition into higher value crops that bring more money home, link them to the resources that can assist them in developing a value-added or agri-bio product, and develop sound, cost-effective farm management and business skills. It also means creating a culture of change, where we encourage technical innovation, and decision making that is supported by effective agricultural research and consumer demand for value added agricultural products.

To that end, our priorities for 2011 are:

- Providing a range of production based technical expertise to producers that will assist them in transitioning and participating in a more sustainable and robust agricultural economy
- Exploring solutions for commodities under pressure, such as the beef sector, at the same time exploring new opportunities for growth in other areas such as sheep, mink and new horticulture and field crops

- Fully realizing and communicating to the agri-food industry the resources available to them with the integration of AgraPoint with the NSAC and with stronger linkages to NSDA extension resources
- Partnering with both industry and the NSDA in the coming year, to ensure that the broad spectrum of extension services is delivered collaboratively, and with full regard to the transitional challenges and opportunities in agriculture
- Continuing to support the growth of our Quality and Food Safety services and ensuring our expertise in on-farm food safety is well utilized to support industry goals
- Supporting the work of the NSDA in executing its 10 year plan for agriculture

It is our firm belief that working collaboratively we can help create an agricultural industry that is diverse, market focused and profitable, respected for its economic and social contributions, energized by youth, and infused with a spirit of innovation that comes from entrepreneurial expertise and solid research and development.

Operational Environment

AgraPoint operates in a constantly changing environment. Past models of support for agriculture, which focused on managing risk, ad-hoc income support, and primary production verses support for the whole value-chain, accompanied a long-term decline in farm incomes and a loss in agricultural infrastructure. Between 1971 and 2006, net income on farms decreased by an average of more than 90 per cent.

While most supply-managed production sectors (poultry, dairy, egg production) remain profitable, many traditional commodities are unsustainable and require intensive production and business management support to transition to new opportunities. For livestock industries in particular, the production challenge is to develop and maintain a high-quality product that can be differentiated in the consumer market place.

For the small, mixed farms (a large percentage of Nova Scotia's agriculture industry), unique challenges exist, including the need to develop technical expertise amongst producers who are often new to farming. Small farms also face challenges with respect to the scale of their operations and the need to develop cooperative approaches toward distribution, marketing, and purchasing farm inputs. It is this category of farms that most urgently demand extension support.

Atlantic agriculture comprises approximately three per cent of the agri-food industry in Canada, and some of our greatest opportunities lie in enhanced value-added products and services that can respond to new or niche markets. Agriculture has also moved beyond producing food, and new opportunities are being developed in the production of agri-energy and biofuels, nutraceuticals, and bio-resource products.

To compete in a globally competitive marketplace, farmers require technical and research-based expertise, along with new acumen in business management and marketing skills. To move up the value chain, our industry needs to develop high end products and services, and build on the competitive advantages that Nova Scotia has to offer, with respect to climate, soils, production techniques, support facilities and infrastructure, and access to markets. In helping farmers transition to sustainable business models, governments are showing a preference towards investing in farms that can demonstrate innovative practices, an integrated, strategic approach toward market-focused development.

Despite the relatively small size of Atlantic Canada's agricultural sector relative to the rest of Canada, we are well endowed with research and academic facilities that can support the growth of the agricultural production. The federal government has research facilities in Charlottetown, Prince Edward Island,

Across Canada, the overall number of farms is decreasing and a smaller number of farms each year are generating more and more of the gross farm profits. Nova Scotia is no exception. In 2006, there were 3,795 farms in Nova Scotia with average size of 262 acres (Stats Canada). Fruit farming comprised 23 per cent of the total sector, beef cattle 19 per cent, nursery and tree production 11 per cent, and supply-managed sectors (dairy / poultry /eggs) accounted for nearly 50 per cent of all production in province.

Bouctouche, New Brunswick, Kentville and Nappan, The federally-funded National Research Council and Canadian Food Inspection Agency offices in Atlantic Canada also support agri-food development.

The Nova Scotia Agricultural College (NSAC) works with the farming community on specific research projects and offers continuing education and professional development programs to the agri-food community. The new Atlantic Centre for Agriculture Innovation (ACAI) located at AgriTech Park will provide an important conduit for up-and-coming agri-food and agri-resource producers to incubate their products, receive research and technical support, and reach out to global marketplaces. By integrating with the NSAC in 2011, AgraPoint will increase its capacity to provide support to the agricultural community in Nova Scotia.

Nova Scotia's Department of Agriculture (NSDA) offers support to the agri-food industry through policy development and legislation, business/marketing and export research and assistance, food safety and regulatory systems and program funding. Through the development of regional teams that include Agricultural Resource Coordinators, Transition Officers and Rural Leadership staff, the NSDA is increasing and consolidating its approach toward providing extension, building the capacity of the sector, and responding to sector-specific needs.

Commodity groups and farmer associations are continually looking for opportunities to provide relevant and effective programs that will create value for their members. The Nova Scotia Federation of Agriculture is a representative organization for the primary agricultural industry and works closely with commodity groups and government. It has also been very active in providing programs to the industry in such areas as environmental farm plans.

About AgraPoint

AgraPoint's mission is to provide innovative services that empower the agriculture/food industry to develop and create greater value.

AgraPoint operates from two main offices located in Kentville and Truro, Nova Scotia. Staff levels change with priorities, but on average, staffing levels are 27 team members.

Three years ago, it was announced that AgraPoint would become part of the Nova Scotia Agricultural College, and the Vice-President of Research, Extension and Outreach became the CEO of AgraPoint. Alan Grant, NSDA's Executive Director of Agricultural Services, is AgraPoint's current board chair. AgraPoint is currently in the process of determining its

organizational relationship within NSAC, a process that is occurring simultaneously with the transition of the Nova Scotia Agriculture College to an autonomous academic entity.

AgraPoint currently has expertise in the following areas:

- Horticulture
- Field crops
- Soils
- Livestock
- Dairy
- Organic
- Quality and Food Safety
- Various cross-commodities
- Communications, marketing and event management
- Resource development

AgraPoint has several key competitive advantages:

- The depth of information and knowledge we provide to the agri-food industry through the range of production skills the organization encompasses
- Our agility in providing timely and responsive advice to multiple producers, through comprehensive workshop offerings, intensive production support, and partnered extension support
- Delivering knowledge through the latest communication vehicles – on-farm to social media
- The ability to adapt and grow with the industry – by bringing in new expertise and partnerships that anticipate – and respond to – industry needs

AgraPoint's largest client is the Nova Scotia Department of Agriculture (NSDA). Through a Memorandum of Understanding with the NSDA, we provide production extension and technical support to Nova Scotia's agricultural community as the Department's 'in house' production extension service.

Service Offering

AgraPoint offers a broad range of service offerings to Nova Scotia producers and companies, as well as those in Atlantic Canada.

Extension

Our extension services are intended to help Nova Scotia farmers develop the understanding and skills essential to find solutions and create new opportunities on their own. These services are offered in the following disciplines: field crops, livestock, horticulture, integrated pest management, organics and rural sustainability. The main components of our extension service are:

1. **Information Dissemination:** done through one-on-one contact, workshops, field days, publications (production guides, newsletters, pest management guides, fact sheets), email, phone and the internet.
2. **Production Management Support and Technology Transfer:** done on farm with producers, in small groups, during field days, presentations at conferences, through publications
3. **Diagnostics:** done in concert with production management support, to identify and manage diseases, insects and weed pressures
4. **Applied Research:** done with farmer co-operators and often through partnerships with federal government or NSAC researchers, to support new crop development, test new cultivars, new production systems, etc.
5. **Regulatory:** includes strawberry nursery and vineyard inspections to ensure compliance with provincial regulations
6. **Business Connections:** includes connecting farmers and associations with support for business and marketing plans, management and human resource development, and funding sources/financing

Consulting

1. **Quality and Food Safety Services:** includes development and maintenance of HACCP plans, auditing (HACCP, QMP, GFSI – BRC/ SQF, OFFS – Canada GAP), sensory evaluation for new products, support for new product development, nutritional labeling and public and custom training. Client base: processors and food companies in Atlantic Canada
2. **Agricultural Services:** includes nutrient management planning, fertility recommendations, crop management plans, site assessments, efficacy trials, farm energy audits, out-of-province extension, workshops/training/skills development. Client base: producers, associations, federal and provincial governments, agricultural chemical companies

3. **Other Professional Support Services:** feasibility studies, project work, event planning and communications support, IT support, administrative support. Client base: producers, associations

Through consulting services, AgraPoint generates revenues of approximately \$900,000 per annum as show below for 2010:

Revenue source	Revenue	Clients	Primary Location
Quality and Food Safety	\$468,410	GFTC, Food Companies	Atlantic Canada
Communications/IT	\$83,000	Farm organizations	Nova Scotia, Alberta
Consulting	\$338,147	Farms, provincial and national associations	Atlantic

Opportunities, Barriers and Threats for AgraPoint

AgraPoint (as the Agricultural Development Institute) was established in 2000, directly after the Department of Agriculture downsized and let go many extension specialists, eliminating over \$7 million dollars in the budget. The creation of AgraPoint was an attempt by the government to ensure production expertise remained intact in the province. A Memorandum of Understanding was signed in 2004 to bring clarity to the relationship between AgraPoint and the provincial government on the return on investment provided to NSDA for the annual \$2.2 million dollar contribution. While this helped to broadly clarify expectations, some ambiguity still exists. AgraPoint is operating this year with a MOU that has expired. There is an immediate need to negotiate a new written agreement with clear expectations established by both parties.

AgraPoint must also establish an agreement with its new owner, the Nova Scotia Agricultural College. The directive to date has been to wait until NSAC transfers out of government and becomes an independent entity. In the meantime, AgraPoint has opportunity to partner with other departments and organizations under NSAC's umbrella to define an ideal research, extension and outreach model that will effectively assist the agricultural industry to transition to a profitable sector. The organization is taking the lead to develop a new "model" that will be presented to NSAC's transition board in the spring.

Many opportunities exist to grow the consulting arm of AgraPoint, yet these opportunities must be tempered with ability and desire of producers to pay for service. Consulting services should be designed to fit within NSAC's vision and mandate, and to bring value to the knowledge base of the organization, in broader service to the agricultural industry.

The following objectives are copied from NSAC's strategic plan:

Vision:

"NSAC is recognized for an excellence in learning that builds leaders for innovations that sustain communities and for creation of opportunities that shape global agriculture"

Mission:

NSAC is a specialized university providing technical, undergraduate and graduate education in agriculture and its related life and social science disciplines. Our high quality research and scholarship generates knowledge and solutions for healthy, sustainable societies. Our diverse teaching, outreach and international activities help train future leaders for rural industries and communities in Atlantic Canada and around the world"

The Nova Scotia Agriculture College Act established in 2008 defines the mandate as:

The college is a post secondary institution and is expected to contribute to the economic and social well being of the Province and the Maritime Region by providing theoretical and practical education, research, knowledge transfer and community and industry collaboration in agriculture, aquaculture, environmental sciences, agri-food science and processing, rural studies and development and other related programs that are of service to the agricultural and rural community and, without restricting the generality of the foregoing, the college may

- 1) Offer education, training and related services for full and part time students
- 2) Provide education, training, research, knowledge transfer, extension services and related services to governments, corporations and other bodies and persons consistent with the mandate (including producers and processors)
- 3) Participate in joint programs with respect to education, training and related services developed and delivered in conjunction with other post-secondary institutions and educational bodies.

AgraPoint must ensure that its mandate and activities do not get forgotten during NSAC's transition to an independent organization. The transition board must be made aware of the work that AgraPoint does on their behalf and must recognize the benefits of the alignment. Management will continue to work in this direction in the coming fiscal year.

AgraPoint has a level of expertise sought after by local and global agri-producers and stakeholders, commodity groups and food processors. It can also provide service to governments in other provinces and countries through partnership with private sector companies and international development banks.

As the NSDA moves toward a greater role in extension, AgraPoint has a distinctive role to play in bringing production and research development support to the table. By working closely and consistently with the newly established regional teams – and developing stronger communication ties with NSDA

regarding the planning, development and promotion of extension activities – we can work toward greater transitioning potential in agriculture, and demonstrate teamwork to the agricultural industry.

Several areas for agricultural development and transitioning have been discussed and explored with NSDA and NSAC. These include the following:

- Support to the mink industry
- Assessment of the Agri-Energy sector for its commercial viability
- Support for agricultural awareness in urban Nova Scotia
- Assistance in determining the commercial viability of grass fed beef
- Assistance in determining commercial viability of NS bio-products in cooperation with the Atlantic Bio-Venture Centre
- Determination of the best models for AgraPoint extension support in remote regions of the province
- Assistance to the NSAC with the completion of the NSAC Farm Business Plan

AgraPoint must carefully balance its activities, ensuring top quality services are provided to the Nova Scotia government in return for the annual fee for service it receives. All activities – current and future – must also be sustainable. We must remain transparent and accountable to our owners and seek the highest level of investment sought after by such a social enterprise – a healthier and more lucrative agriculture sector.

There is an interest amongst staff and with NSAC International to explore international development opportunities. This would increase our staff's level of knowledge of global agricultural practices and contribute to NSAC's international mandate. There is also interest by agricultural producers and industry groups in expanding our role in developing familiarization tours to other countries, with the intent of learning new innovative and efficient practices in key sectors.

AgraPoint has successfully developed workshops in the past fiscal year, to respond to the need for On-Farm Food Safety training for small scale producers that fall outside the realm of traditional commodity-based programs. This activity merits further development, as does our role in providing an expanded number of consulting services in quality and food safety to the fisheries, and food processing sectors.

AgraPoint has played a distinctive role in furthering the development of organic, and direct-sales production in Nova Scotia, both through the work of our Organic Agriculture and Rural Development Specialist, and through our ongoing work with individual farm markets and Farmers Markets of Nova Scotia. In collaboration with our partners in government, we have the opportunity to develop the capacity of small-scale organic producers to respond to the regional and global marketplace, and to incubate the development of many value-added enterprises.

Organizational Effectiveness

Despite organizational uncertainty over the past three years, AgraPoint has maintained a high level of service to its public. It consistently receives positive customer feedback, testimonials such as:

“Our farm’s use of AgraPoint’s crop extension services has led to improved yields and reduced crop costs. With your help, new crops and ideas have been implemented to complement the farm’s existing land base and infrastructure. We consider the soil fertility recommendations and crop planning service to be one of the important tools we use in our farm business to allow us to operate in a profitable and environmentally compliant manner.”

~ Allen Bent, A&J Bent Farms Ltd/Fundy Holsteins

“Before departing on the (recent AgraPoint) dairy trip to the United Kingdom and Holland, I questioned whether it was an appropriate way for me to spend my scarce time and money. However, after returning from the trip I am confident that everything that I have learned on the trip will more than pay the cost of the trip several times over. I also feel that farmers across all industries need to take more time to learn and look long-term at our businesses rather than focusing solely on the day-to-day. Trips to global destinations are one of the best ways to foster learning because it exposes us to new ideas, methods and sharing of knowledge, it also forces the group to focus on learning rather than the tasks they have waiting for them at home. Thank you.

~ Rodney Beaton, Bayview Dairy Farm Ltd.

“We have had the pleasure of working with AgraPoint for the past nine years and the extension support we receive with regards to tree fruit production has been highly valuable to our farm. Timely updates with regards to the risk of fire blight infections have minimized the loss of trees and production while saving the cost of unnecessary sprays. Weekly e-mailed issues of the Orchard Outlook during the growing season keeps use updated on current disease, insect and horticulture issues. We are especially appreciative of the timely response that AgraPoint has provide to my enquires over this time frame.”

~ Dave and Mary Lou Power, Power Farms

“Our farm and nursery have had the opportunity to work with many of the employees of AgraPoint over the past 10 years. We have found all the people we have worked with to be highly motivated, professional individuals and very knowledgeable in their field of expertise. We have used their services on both a contract (pay for service) and not for profit basis and found them both to be high quality, time responsive, and excellent value.”

~ Charles Keddy , President, Charles Keddy Farms Ltd. & C.O.Keddy Nursery Inc.

“Very impressed. The way AgraPoint has been able to give guidance and direction and their team’s ability to pull things together off site was impressive. Niki Petrie was excellent in working with your team - very professional in every way. We were able to come under full compliance with HACCP due to our work with AgraPoint and we look forward to working with them again. I would recommend them to anyone.”

- Dave McLean, General Manager, Atlantic Region, Versa Cold Storage

"We had customers in the States that asked us for a food safety program and some asked for SQF certification. We called AgraPoint to put together a training session on HACCP and an introduction and pre-audit course to SQF for our members, and then did a manual for us. Jessica Adair has been very beneficial to us, is always ready to take your call to give advice. If you need anything related to food safety, call Jessica and AgraPoint. I tell our members, 'if AgraPoint tells you to do it, do it and you'll get certified.'

- Terry Smith, General Manager , New Brunswick Potato Shippers Association

There is opportunity to improve our external relationship with partners. There is obvious synergy with organizations like NSDA, NS (and other Atlantic) Federations of Agriculture, many NSAC organizations and departments and various commodity groups. AgraPoint must also reach out to other departments of government, federal agencies and organizations like Regional Development Agencies and Chambers of Commerce to ensure they are aware of AgraPoint’s service offerings, and those of partner organizations.

AgraPoint has a clear handle on its finances and has appropriate systems in place to ensure transparency and accountability. An opportunity exists to better refine customer relationship management software and ensure it aligns with accounting and time tracking software in a way that does not impact staff’s ability to spend most of their time with customers.

All future administrative decisions will align with the move to become an extension arm of Nova Scotia Agricultural College.

BUDGET

AgraPoint
2011 Budgeted Income Statement

	2010	2011
	Budget	Budget
Revenue		
Gross Revenue	\$ 3,146,571	\$ 3,133,483
Client Disbursements	(116,699)	(256,139)
Extension Expenses and Travel	(306,119)	(400,709)
Net Revenue	2,723,753	2,476,635
Salaries	1,713,639	1,578,365
Benefits	269,436	288,404
	1,983,075	1,866,770
General and Administrative Expenses		
Rent	176,593	179,196
Amortization	99,871	99,871
Dues and Professional Development	67,118	58,883
Telephone	47,650	44,250
Professional Fees	40,940	47,168
Office Supplies and Expenses	37,317	37,842
Administrative contracts	62,791	41,520
Information Technology	47,811	50,811
Insurance	34,438	35,471
Advertising and Promotion		

	25,500	25,500
Travel	46,395	40,127
Business Development	23,179	25,579
Interest, Bank Charges and Investment Fees	9,901	9,901
Board Expenses	-	-
Bad Debts	5,103	5,103
Miscellaneous Contingencies	1,000	1,000
	725,607	702,221
Operating Income (loss)	15,071	(92,357)
Unrealised Investment Income (Loss)	19,270	-
Net Income (loss)	34,341	(92,357)
Capital Purchases		
Office furniture & equipment	12,000	7,000
Equipment	2,000	2,000
	14,000	9,000
Computer Hardware	39,000	38,500
Computer Software	44,000	20,800
	83,000	59,300
	97,000	68,300