



Canadian Beef Breeds Council

Purebred Risk Assessment Project

PUREBRED RISK ASSESSMENT (PBRA) PROJECT

UPDATE: FEBRUARY 22, 2007

The Canadian Beef Breeds Council (CBBC) and the PBRA project team are pleased to provide this update on the status of the PBRA project.

If you, your members, or your colleagues seek additional information please contact CBBC or:

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Background to the PBRA project:

The PBRA project is a major initiative of the Canadian Beef Breeds Council (CBBC) and is designed to identify and address various producer business risks associated with producing and marketing purebred beef genetics.

Funder of the PBRA project:

The PBRA project is funded through the Private Sector Risk Management Partnership (PSRMP), a Business Risk Management program of Agriculture and Agri-Food Canada, under the Agricultural Policy Framework (APF).

What has been accomplished so far?

The first phase of the project included a member-producer survey, cow-calf customer survey, evaluations of sector communications, and industry focus groups; during this phase seven key risk areas to the purebred sector were identified.

The overall results of the perils/risk assessment project indicates that, at present, the purebred beef sector in Canada is a decentralized group of individual breed associations and producers that operate without commonly agreed upon and supported goals and objectives. The industry does not have a common understanding of, or agreement on, the key risks it faces, the value that their product adds to the beef industry as a whole, or the appropriate strategies that are required to achieve success. These issues are compounded, and to a certain degree created, by the fact there is weak communication amongst, and a lack of coordination between, industry players.

What's happening now as of February 2007?

The CBBC Going Forward Working Group has determined areas that require further research in order to identify and clarify key producer risks. By March 31, 2007, the identified areas of interest will be further explored. It is intended that the findings from this next step of the project will drive the sharing of information regarding risk mitigation strategies and may lead to the development of enhanced/new risk mitigation strategies and tools for the purebred sector.

During this ongoing assessment/research phase the PBRA project will provide key stakeholders with regular updates on the progress, findings, outcomes and planned next steps.

What are the areas being explored now?

The key risk areas currently receiving additional research, analysis and examination to determine producers' perils/risk impact, needs, and benefits are:

- Value Proposition/Sector Relevance
- Flow of Genetic Information through the Beef Value Chain
- Product Pricing and Financial Services
- Framework for Purebred Sector Business Model and Sharing of Resources
- Inventory and Analysis of Producer Training Products and Services
- International Trade
- Communications and Messaging of Key Risk Activities

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Who is working on this?

Sub working groups have been established by CBBC and together with contractors/consultants they are exploring these areas of focus. CBBC is providing all of the administrative support; a project manager is responsible for delivering the project.

What can you tell me about the focus/scope of each of these areas? And, what will the benefits be to purebred producers?

Value Proposition/Sector Relevance

We are developing key messaging that conveys the value proposition of the purebred sector; in particular conveying that *through known genetics, the purebred sector promotes consistency, performance, predictability and profitability to add value to the Canadian cattle industry.*

We are developing strategies to better demonstrate the value and relevance of the purebred sector to the beef industry and consumers in order to increase the demand for purebred genetics. We will support these strategies and communication with agreed-upon genetic fundamentals and industry knowledge/facts that exist and support our value proposition

Potential benefits to the Purebred Producer

- Through this work we will enhance the positive image of the purebred sector to potentially generate increased demand for purebred genetics from cow-calf producers, cattle feeders and packers.
- Individual purebred producers will be able to utilize the final Value Proposition statement, and potential branding, to support and enhance their marketing activities.

Flow of Genetic Information through the Beef Value Chain

Through this area of focus we will inventory existing genetic data sets from producer to packer to establish what performance data is being readily collected, who is using it for what purposes, which producers are using as international marketing tools, and explore trends in data collection. We will identify novel traits of interest to industry, and identify strengths or weaknesses in the data sets as they relate to value chain participation.

Potential benefits to the Purebred Producer

- Producers will have the information base to better determine appropriate economic traits for selection. This information will enhance production decisions relevant to the market and support other decisions to improve herd health, and respond to changes in market demands—leading to improved producer profitability and viability.

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Product Pricing and Financial Services

We are investigating the cost of production and the feasibility of establishing a price discovery mechanism to better equip purebred producers to effectively price their product(s). We are also exploring creative financing opportunities for producers and looking at purebred market value benchmarking that may enhance how institutions provide lending and risk mitigation insurance products.

Potential benefits to the Purebred Producer

- This area of focus and research will help producers better establish profitable purebred product pricing.
- Will help increase the range of financial services and insurance tools and products, available at competitive rates, to help purebred producers mitigate business risks.
- Will identify viable opportunities for Breed associations to expand their business risk mitigation services for their member-producers.

Framework for Purebred Sector Business Model and Sharing of Resources

We are determining in what areas, and how, national breed associations might effectively share resources for greater benefit to the purebred producer. We will clarify how services and supports are best delivered in the sector, and explore where risk mitigation management services are best led/positioned. Identifying where producers can generally mitigate risks in their own operations, where Breed associations can effectively assist/support, and defining the role of CBBC in sector risk mitigation support/services are all aspects of this work.

Potential benefits to the Purebred Producer

- With clearly defined roles, reduced duplication of services and enhanced collaboration, the sector will be unified and focused and thereby more proactive and innovative in providing purebred genetic products to the beef industry.
- With improved business relationships between national breed associations there may be opportunities for increased core business and risk mitigation services.
- Strengthening sector role definitions and collaboration will improve brand recognition and increase market access and trade in Canada and internationally.

Inventory and Analysis of Producer Training Products and Services

This work will inventory all educational and training programs directed to the beef cattle industry in Canada. We will report on relevance to the purebred sector, current valuable education/training and identify gaps and the potential for new offerings. As we detail appropriate training we will identify funding sources to support producers' skill development in business and risk mitigation.

Potential benefits to the Purebred Producer

- Producers will be fully informed as to appropriate education and training opportunities for the sector including areas of knowledge/skill development, geographic location, costs, and potential funding supports.

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- Increased knowledge and skill will help purebred producers in areas including: beef cattle production, breeding and genetics, business planning, and marketing that will, in turn, improve the quality and marketability of Canadian breeding stock.
- An educated and highly-skilled purebred sector will fortify the Canadian beef industry through enhanced skills, knowledge and improved risk mitigation prowess resulting in a more competitive, profitable and sustainable Canadian industry,

International Trade

On behalf of the membership of CBBC, the Council annually develops a Long Term International Strategy (LTIS). The strategy is integrated with those of other industry stakeholders and is consistent with the industry-wide objectives and goals.

The LTIS enables the Council and in particular its breed association and exporter members to meet their own objectives and goals through a public-private partnership. Activities include global-market intelligence gathering, setting of market access priorities, sponsorship of hosting outbound activities, collateral promotional items, and funding supports export training programs.

For more information, visit: www.canadianbeefbreeds.com

Communications and Messaging of Key Risk Activities

A strategic Communication Plan is implemented to provide CBBC Members, and other key industry stakeholders with timely updates on the progress of the areas of focus detailed above, outcomes and proposed next steps. This Plan is following an internal industry communications analysis, with enhancements being developed.

Potential benefits to the Purebred Producer

- Producers will have enhanced knowledge and understanding of: the PBRA project and progress; the sector's Value Proposition; the recent and ongoing activities that CBBC coordinates for the benefit of the purebred sector; and, the value of Risk Management as a business tool to improve viability, efficiency and profitability.

How can I stay informed?

You can receive notification directly from CBBC when PBRA project updates are posted to the CBBC website. Ask to be added to our PBRA Update Alert email list by emailing us: info@canadianbeefbreeds.com or calling: 403.730.0350

The Canadian Beef Breeds Council (CBBC) represents the Canadian purebred cattle industry. Its members include national breed associations that in turn represent more than 10,000 producers of breeding stock. Associate CBBC members are exporters and service providers. The mandate of the CBBC includes: Animal health policy; Trade access and market development; Genetic improvement; Research and development; Education and extension.

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