



Social Enterprises
Knowledgeable Economies
and Sustainable Communities

Penokean Hills Farms Business Analysis and Strategic Plan

Brandon Lawrence and Gayle Broad

**A research report prepared for the Northern Ontario, Manitoba,
and Saskatchewan Regional Node of the Social Economy Suite**

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Entreprises sociales
économies intelligentes
et communautés durables



PENOKEAN HILLS FARMS



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PENOKEAN HILLS FARMS

BUSINESS ANALYSIS AND STRATEGIC PLAN

BRANDON LAWRENCE AND GAYLE BROAD



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Centre for the Study of Co-operatives
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EXECUTIVE SUMMARY

PENOKEAN HILLS FARMS (PHF) is a group of Central Algoma beef farmers that came together to collectively market and sell their beef to the Algoma Region. They officially launched in May 2008 with the following mission: “To produce the highest standard of tasty, nutritious beef while enhancing the environment and supporting the local community.” The group has four distributors located in Sault Ste. Marie, Echo Bay, Richards Landing, and Little Rapids, and sells product at the Sault and Desbarats farmers’ markets, along with farm-gate sales spreading across Central Algoma from Desbarats to Iron Bridge.

The group formed so that the local farmers could combine their time, resources, and knowledge to put forward a larger marketing campaign for a local branded beef product and increase consumer demand. Every member follows the same protocols and undergoes third-party farm audits. The organization provides its members with the opportunity to sell their beef locally instead of shipping it down south. When a member puts beef through PHF, it stays in the region from start to finish, thereby reducing the amount of travel it takes to reach the consumer’s plate. The organization also provides price stability for the local farmers compared to the volatile beef prices received when shipping elsewhere.

The current challenge facing PHF is becoming a self-sustainable business. At current sales levels, the organization does not retain sufficient profits to cover key expenses going forward such as a marketing budget and employee salaries. To date, the business has been relying on external funding support to cover these expenses, and funding for 2010 is uncertain.

The issues outlined are caused by two factors: low profit margins and insufficient sales levels. In order to increase the organization’s profit margins, the group must either decrease

the amount the organization pays its members for their beef or increase the price charged to consumers. Insufficient sales levels are a result of being a relatively new business that is not yet sufficiently well known and established in the local markets. Other issues include quality control and offering a consistent product.

Summary of challenges:

- sustainability
- changing consumer demand
- quality control
- inventory tracking
- product demand
- marketing
- long-term sustainability

The purpose of the study was to evaluate the organization's current situation and provide a strategy and sense of direction for moving forward. The study includes the following:

- introduction and analysis of the business and the beef industry
- a better understanding of what is needed to become self-sustainable
- research and analysis on profit margins
- analysis on past sales data and sales projections
- summary of past marketing efforts and recommendations for a future plan
- a strategy for PHF (short-term to long-term)

Challenges and Recommendations

Sustainability

The major issue for PHF is to become self-sustainable. For that to happen, the organization needs to retain sufficient yearly profits to cover key expenses. Thus, the group's profit margins and/or sales levels must increase.

Option A: Decrease the amount PHF pays to the farmer.

- Currently, the farmers are paid more than if they were to ship their beef down south. Farmer payments account for more than 70 percent of PHF's total sales, leaving minimal amounts to cover expenses such as processing, marketing, and staff salaries. Members should still be paid a reasonable wage, but decreasing this expense will allow PHF to retain more profits even if sales are stagnant. As sales levels grow, the price paid to farmers can increase, but in the short term, profit margins must increase as external funding for 2010 is uncertain. The group must determine what they can afford to take for their beef while still being able to earn a reasonable living.

Option B: Members invest capital into the company and have it repaid over a three-to-five-year term.

- This immediate injection of funds would allow the group to continue marketing the business, even if they do not receive funding support in 2010. It is also recommended that the group seek funding from both federal and provincial governments to assist PHF until it can establish itself in the marketplace and reach the point where it can operate independently.

Locating closer to larger population centres and expanding the number of places where product is sold would be an effective way to increase sales levels. In 2009, there were only four permanent distributors selling PHF's products in the region.

- It is recommended that the group expand its search for distributors to carry its products. The group should create teams to look at different areas in Algoma and determine a list of potential distributors. Meetings should be set up with appropriate contacts to discuss the possibility of distributorship. PHF should research potential distributors in Elliott Lake and in the East End of Sault Ste. Marie in particular. The group has recently raised the commission it offers. This, along with undergoing another year of marketing efforts and growing the business, will lead to a better chance at finding new distributors in desired locations. This search ought to happen immediately and should carry on as the business grows.
- There is a large demand for fresh beef; some consumers do not even consider buying frozen beef. It is recommended that PHF establish a distributor to carry fresh product. This will allow the group to target a new market and will increase sales levels. Due to its large market size, Sault Ste. Marie is the most appropriate area for fresh product.
 - In a year's time, once the group is further established, members should approach Pino's grocery store in Sault Ste. Marie to see if they would be interested in carrying PHF's product. This time period will give the group a chance to solve some of the quality-control issues, as well as ensuring that the business can run efficiently without an intern, as the group will likely get only one opportunity to sell product there. It is recommended that the group approach Pino's in the next few months to determine the store's interest as well as what requirements the group must meet. It will become clearer during the next year if this is a feasible option.

PHF must continue to develop and revise its current policies and procedures to make sure that the organization is running as efficiently as possible to ensure future sustainability.

- The group must determine a processing schedule for members' beef for the upcoming year and establish rules about who gets priority. This will eliminate future issues regarding whose turn it is to ship beef through the program. It is recommended that the member with the least amount of cattle should get priority.
- The group must determine gas reimbursement policies and event attendance before spring. Since members undertake a large amount of travel to promote the group and move product, PHF should consider reimbursing those members for their mileage, as

well as determining who will be attending the farmers' markets for the upcoming season.

- With the intern leaving in the next month, roles and responsibilities must be divided up amongst the group. This will allow the business to continue running smoothly and will help prevent the drop-off in sales that occurred when the previous intern left.
- The group should also review and revise the shareholders' agreement, and re-establish priority with the local processing plant to ensure the organization can ship beef in when needed.

Since there is a lack of working capital in the organization, members do not get paid for their beef until after it is sold. This is a problem, as members sometimes cannot afford to wait a couple of months to be paid.

- It is recommended that the group establish a line of credit to pay farmers for their beef upon shipment, but PHF should set restrictions on the number of cattle that will be paid out at one time. It is recommended that the group apply for a \$5,000 line of credit and pay out for no more than three animals at a time. This will leave remaining funds to provide increased financial security should unexpected expenses occur.

PHF must be aware of changes in consumer demand and adapt its products and services appropriately to grow the consumer base.

Changing Consumer Demand

- There is a current trend in consumer preference for grass-fed beef. More research is required to determine if there is a viable market to expand PHF's product line.
 - The group has two options in developing this new product line: 1) Have current producers start to produce a grass-fed beef line; or 2) Recruit local beef farmers who produce grass-fed beef and who have similar protocols, or are willing to adopt PHF's protocols. Creating this new product line will allow the group to target and sell to a larger market.

- Another change in the industry sees consumers buying smaller quantities of beef. This is due to a general decrease in meat consumption and average family size, as well as limited freezer space. Consumers are purchasing fewer sides of beef, while sales for individual cuts have increased dramatically. This is due largely to the success of the Sault Ste. Marie farmers' market in 2009, as well as PHF's distributors starting to request more individual cuts. Being able to continually adapt the organization's products to meet the needs of the consumer will help to achieve self-sustainability by increasing awareness and sales levels to a point where retained earnings can cover major expenses without external support.

Quality Control

PHF is experiencing quality control issues with regard to the selection of cuts in the mixed boxes, the quality of cuts, and packaging of the product. These issues must be addressed, as consistency and quality are key for repeat purchases, especially in the food industry. The group is trying to portray a brand image of providing a premium local beef product, but it must address certain quality issues before this will be perceived by consumers.

- The group should conduct quality-control tests. Random boxes should be opened prior to sale to make sure the proper selection of cuts is in the box. The group should also seek opinions from industry professionals about the quality of cuts they provide. Any problems or issues should be put into writing and presented at a meeting with Northern Quality Meats (NQM), the local processing plant. Improving the quality and ensuring the proper selection of cuts will help to retain customers and increase sales.
- Ground beef should be packaged in a different way. Consumers have complained that they have had to place packages of ground beef in another bag before they store it in the freezer in order to prevent freezer burn. The group should consider packaging similar to that used by grocery stores.
- PHF should stamp the type of cut on the freezer paper used to wrap the product instead of having it labelled in marker. The group could also put PHF's logo on each individual cut, as well as a sticker on the outside of the mixed boxes indicating their

contents. This would eliminate past issues of consumers not knowing exactly what cuts are in the box. These changes would make the product look more professional and would help demonstrate that PHF is truly a premium local brand. It is recommended that the group begin discussions with the processing plant to determine alternatives for packing its product and to go over the other quality-control issues outlined above.

Inventory Tracking

PHF has had issues tracking inventory. Product often goes through a number of movements before it is finally sold, which makes it difficult to monitor. At any given time, the group can have product at a number of different farm locations, distributors, and even the processing plant. This must be tracked.

- To help improve inventory tracking, the group should look at adopting a barcode system. This would help to monitor inventory levels, as well as making sure product does not go unaccounted for. This is particularly important for tracking individual cuts of beef (i.e., single packages of steak, roast, and ground beef).
- PHF should consider purchasing a mobile refrigerated unit. This could act as a central storage location and make it easier to track inventory; it would also provide a unit in which to transport beef. The outside of the unit could be painted and act as a moving PHF billboard, and the group could also use it as an outlet from which to sell product.
 - For example, the group could approach businesses in the East End of Sault Ste. Marie to see if they could park this unit outside their establishment and sell product there during certain times of the week or month. Even when the group is not selling product, the unit could be parked outside the establishment, acting as a marketing tool helping to increase brand awareness. This recommendation has the potential to provide numerous benefits:
 - acts as a moving and stationary billboard; will increase awareness and will reduce marketing costs in the future
 - provides a central storage unit; will improve the inventory tracking system
 - acts as a retail front; will increase sales and awareness
- Depending on the upcoming budget and future sales levels, this could be purchased within the next couple of years.

Product Demand

Another challenge facing PHF is being able to meet consumer demand for hamburger. This has resulted in the organization missing out on potential sales and customers. Finding ways to increase supply will result in a larger customer base and increased sales levels.

- To help meet the demand for hamburger, the group could create a new line of hamburger patties from culled animals. This line would have different protocols from the original patty line, which must be communicated to the public in marketing efforts. Even though certain protocols may change, the key ones stay the same (i.e., local, no growth hormones and antibiotics). With this new product line, most of the beef would be ground into hamburger as the farmer would be paid less than if he/she was to ship cattle through the program under current protocols.
- Another option for increasing the supply of hamburger and thus increasing sales levels is to adopt a grid pricing system. This means that members would be paid more for a triple-A-graded beef than for a double or single A. The organization currently pays members the same amount of money for the three grades of beef. Since this recommendation decreases the price paid to members for single-A beef, the group could submit cutting instructions that would leave the most valuable cuts but grind the rest of it into hamburger, which would be made into patties or ground beef. This option would provide incentive for members to strive to produce a higher-graded product, while at the same time increasing the supply of hamburger. But also note that this option must not trigger any changes in protocols or marketing strategy.
- By producing more double- and triple-A beef, the group would be better prepared to sell product to restaurants and grocery stores, which usually purchase only higher-graded beef. Increasing distributors and accessibility of the product would help to increase sales.

Marketing

PHF's 2010 marketing budget is uncertain. For the past two years, the organization has received funding from the Ontario Cattlemen's Association for its marketing efforts. Depending on the budget allocated for the upcoming year, PHF may need to alter its marketing plan.

- To reduce marketing costs, PHF should look to collaborate with the Sault and Desbarats farmers' markets. The group could share marketing efforts such as creating a billboard that promotes both the farmers' markets and PHF. This is feasible since both are trying to educate the public and create awareness of the benefits of buying locally produced food. The group should also team up with the farmers' markets and take them to new areas. This would allow both the farmers' markets and PHF to determine the feasibility of these new areas and gauge the levels of demand for their products. These temporary markets would help determine which areas would be well suited for permanent distributorships.
- Attending community events with informational materials and product is the best way to get the organization's name out to the public. Community events provide a forum for consumers to talk to the producers and would help PHF develop a face-to-face relationship with its customers. Attending these events is relatively inexpensive, and the group should split them up among members to make sure that everyone is contributing. If the marketing budget is reduced, attending this type of event will become even more crucial.
- Other marketing efforts should be undertaken even if the group does not receive funding support, e.g., doing a brochure mail-out and putting up a billboard. The brochure mail-out was one of the most effective marketing tools used in the past two years and this should be sent to households in the region before the beginning of summer 2010. Since the group already has a billboard cover printed, they should rent a billboard location from Superior 7 Advertising to put it up. Choosing a location with high levels of traffic and good visibility will be the key to its success. Depending on the marketing budget, other efforts, discussed below, should be undertaken as well.

Long-Term Sustainability

The final issue facing PHF is identifying a long-term plan. These recommendations discuss getting other local food producers involved and together growing the local food movement and developing a unified local brand to help achieve sustainability in Northern Ontario's agricultural industry.

- PHF's current business structure is similar to a co-operative model. If the group formed a co-operative, it would be in a better position to qualify for more funding

support and would increase the likelihood of its survival. Adopting this model would also help (but is not required) with the transition into the other long-term recommendations.

- As the business grows, there will be a need for increased supply. The group should encourage other local beef producers to join them. The new producers should be required to adopt the group's protocols. A larger group would be able to meet greater demand and would also bring increased knowledge and experience into the organization.
- As the brand name gets more established in the local communities, the group should recruit other local food producers under its brand name. Recruiting other meat producers should be the initial step (i.e., pork, poultry, and lamb producers). This would allow PHF to diversify its product line and cater to a larger market. The group could sell these meats individually and also expand its product line and create variety boxes. In addition, the group could recruit local produce growers. Using a local brand name with which the public is already familiar would help to increase the local food movement in Northern Ontario.
- PHF should consider opening a local food retail store in Sault Ste. Marie. Sudbury has a similar store and has seen tremendous success. The group should look for funding support to start this venture, following the path of the Sudbury store. This store would act as a "local-only" grocery store, providing both the accessibility and convenience factors that would better equip local food producers to compete with the large grocery store chains. This recommendation would also help to ensure the sustainability of the agricultural sector in Northern Ontario.

Following the recommendations outlined above would enable PHF to take another step towards becoming a self-sustaining business and helping to grow the local food movement. This study provides the group with a better understanding of the business and industry, as well as a direction and a guide with which to move forward.

INTRODUCTION

Background on Penokean Hills Farms

PENOKEAN HILLS FARMS (PHF) is a group of Central Algoma beef farmers who came together to collectively market and sell their beef to the Algoma Region. They decided to work co-operatively so they could pool their time and resources in a large marketing campaign to create enough demand to sell their products locally, instead of shipping cattle eight hundred kilometres to southern Ontario.

In 2005, five local beef farmers, with the support of the Ontario Cattlemen’s Association (OCA) started working collaboratively to sell their beef as a local branded product. The following year, they were successful in recruiting four more members. They then incorporated, and in May 2008, officially launched with the following mission: “To produce the highest standard of tasty, nutritious beef while enhancing the environment and supporting the local community.” The group currently has six farms across Central Algoma from Desbarats to Iron Bridge (Penokean Hills Region). (See Appendix 1 for the farm members and location.)

Prior to the launch of the business, the group received support from Algoma University and the NORDIK Institute (Northern Ontario Research Development, Ideas and Knowledge). The Community Economic Social Development (CESD) program at AlgomaU conducted initial studies to determine if there was a market to sell premium, local, natural beef. CESD carried out marketing research, identified target markets, and established production protocols (see Appendix 2). A survey that gathered information from more than seven hundred residents of Sault Ste. Marie was used as a guide for getting the business started. The survey focussed on the following key areas:

- whether the consumer would purchase a locally raised beef product
- how much the consumer was willing to pay for such a product
- whether the consumer would purchase a “close-to-organic product” if it was available locally
- how much the consumer was willing to pay for such a product
- if buying in prepackaged boxes was a purchase interest of consumers
- if consumers were willing to pick up prepackaged boxes outside of Sault Ste. Marie (near Desbarats or Echo Bay)

After determining the feasibility of the project, NORDIK, Algoma University’s community-based research facility, hired two interns (one in 2008 and one in 2009) with funding support from the Northern Ontario Heritage Fund Corporation (NOHFC) and the Linking, Learning, Leveraging project at the University of Saskatchewan. The first intern’s role was launching the business and conducting marketing efforts to help the group sell product and get established in the local markets. The key was to educate the public about PHF and the benefits of buying locally, while creating a brand identity. The intern established distributors in Sault Ste. Marie, Echo Bay, Thessalon, and Blind River. The second intern took over in 2009 to continue the first-phase efforts and to make sure that the group could sustain operations in the future without external support, while at the same time minimizing inefficiencies in the business.

Background on the Northern Ontario Beef Industry

Farmers have been exiting the beef industry at alarming rates, and if this trend continues, the region could be looking at its last generation of family beef farmers. Local farmers have been struggling for years to find a way to make beef farming profitable and to demonstrate to future generations that there are good reasons to continue running the family farm. According to Statistics Canada,¹ the country as a whole saw a decrease in farms and farm operators of 5.5 percent from 2001 to 2006, while Ontario farms decreased by 3.1 percent. The key statistic, however, is that beef cattle ranching and farming has decreased in Canada by 8.8 percent from 2001 to 2006, and 17.1 percent in Ontario during the same period. This disproportionate impact on beef farming is attributed to the closure of the

1. See <http://www40.statcan.gc.ca/l01/cst01/agrc22g-eng.htm>.

American market to Canadian beef due to an occurrence of Bovine Spongiform Encephalopathy, or mad cow disease, which resulted in many Canadian farmers losing their farms.

In the past, local beef farmers had two options. The first was to ship their beef to southern Ontario to be finished, processed, and shipped back up north to be sold in stores. The problem with this option was that profits were unpredictable because the price of beef was, and remains, extremely volatile. The other option was to try and sell beef individually to local consumers. The problem with this option was that the farmers lacked the time and resources needed to create sufficient demand, and it also required them to become sales people.

Local farmers face an additional problem in the convenience and accessibility of grocery stores, which can provide consumers with all their shopping needs and do not usually carry local beef. Most big chains have their meat shipped in from further away. It is also difficult to sell wholesale to butcher shops and grocery stores because they often want just the expensive cuts, leaving the less desirable cuts for the farmer to sell. The ideal situation for local farmers is for consumers and small retailers to take an entire side of beef. With changing family sizes and an aging population, sides of beef are less marketable than in the past.

There has been a growing trend in recent years towards purchasing locally grown food. The local food movement has grown by educating the public on the benefits of buying locally and creating awareness of where to purchase local food products. Today people want to know what is being put in their food so they can provide for themselves and their family the safest, healthiest choice. There are also other benefits to the economy and environment when purchasing locally; these will be discussed below. This growing trend provides a niche opportunity for local beef farmers and can change the way beef farming is done in the north.

Benefits of Buying Locally

The public is realizing the importance of buying locally and the positive impact it has on the environment as well as the economy. As mentioned previously, traditional Northern Ontario beef farming practices involve most of the beef being shipped south. By keeping everything local, the product would travel less to reach the consumer's plate, which would reduce the carbon emissions released into the environment, thereby reducing PHF's or any other local food producer's carbon footprint.

Purchasing locally is key to a sustainable way of life. It is important not to rely on other places to provide communities with products that can be grown and produced in the area. The less dependent a place is on other areas, the better the community can sustain its own way of life. If an outbreak of mad cow disease or swine flu, for example, occurs in another part of the country or the world, a community that purchases locally would be less affected and thus could move towards a more sustainable way of life. Food security is a big issue; supporting family farms would give everyone in the area access to local foods both now and in the future.

Purchasing locally produced food will also grow the local economy and help to support family farming as a way of life, which is key to many small communities. PHF strives to use local businesses in its day-to-day operations — the local processing plant, local advertising companies, and local suppliers. This helps to keep dollars circulating in the region and stimulates the economy. The agriculture industry also creates spinoff jobs; supporting local family farms will help support other local jobs.

Food safety is another major advantage of buying locally. Knowing where your food comes from and what is being put in it can contribute significant peace of mind to purchasing decisions. It gives consumers greater control over what they eat and knowledge of the conditions under which the food is being produced. Penokean Hills Farms not only works hard to communicate its protocols, procedures, and code of ethics (see Appendices 2 and 3) to the public, but also guarantees adherence. This allows consumers to make more informed decisions and encourages them to become repeat purchasers.

Producers need to know why consumers buy locally if they wish to run successful businesses. Their marketing efforts and other communications must remind consumers of the benefits outlined above. The more educated the consumer, the more likely they are to purchase local, naturally raised food products.

Products

Penokean Hills Farms beef is born, raised, finished, and processed in the region. PHF members do not administer growth promoting hormones or antibiotics to their animals and raise them as close to natural as possible without organic certification. Furthermore, the beef is 100 percent traceable. Organic certification is an expensive process and is not currently financially feasible for all members, some of whom have small-scale operations.

The group follows strict guidelines and protocols enforced by third-party audits of each farm to ensure that a consistent-quality product reaches the consumer’s plate.

PHF’s product line ranges from large quantities to individual cuts.² The group sells sides³ for \$2.70 a pound on the hot hanging weight⁴ and quarters⁵ for \$2.85 a pound. The twenty-five- and fifty-pound mixed boxes of steak, roast, and ground beef, which sell for \$149 and \$285 respectively, account for the highest percentage of the group’s sales. Other products include a ten-pound box of lean ground beef and a five-pound box of all-beef patties. (Appendix 4 provides full details of Penokean Hills Farm’s products and prices.)

Table 1: Percentage of total sales for each product line as of November 2009

Product	Percentage of Sales
25-lb. mixed box	31.73
50-lb. mixed box	13.41
5-lb. box of hamburger patties	3.49
10-lb. and 25-lb. boxes of ground beef	3.94
Sides	31.08
Quarters	7.36
Individual cuts	8.99

The table shows that more than 45 percent of total sales come from the mixed boxes of steak, roasts, and ground beef. Sides also account for a large portion of sales (more than 30 percent), but this number is declining as more consumers are becoming familiar with the twenty-five- and fifty-pound mixed boxes. While ground beef and hamburger patties account for approximately 7 percent of total sales, the group cannot meet consumer demand for this product line, which should ultimately account for a higher percentage of sales. Although individual cuts made up just fewer than 9 percent of total sales, this product line is the fastest growing and will eventually account for a much higher percentage.

2. “Individual cuts” is a term used to describe vacuum-packaged single cuts of beef. For example, a single t-bone steak, a package of ground beef, or a rump roast are all considered individual cuts. Another common name for this is “spares.”
3. “Side” refers to half a cow or a “side of beef.”
4. “Hot hanging weight” is the weight of a side of beef that is hanging before being cut and trimmed (weighed immediately after kill before it chills).
5. “Quarter” refers to half a side of beef.

Market Analysis

In the Algoma District, there are very few places to buy local beef, let alone local beef that has not been administered growth hormones or antibiotics. There is thus a major gap in the market that Penokean Hills Farms can fill. The lack of competitors makes PHF less price sensitive,⁶ yet its prices closely match grocery store beef prices. This will help to grow the customer base initially, and since there is a major local food movement underway, the group has a unique opportunity to become the number one option for local, naturally raised beef in the area. Appendix 1 lists the current distributors that carry PHF products. Having product available throughout Algoma helps to build awareness of a true, local-branded beef product.

Since the price of beef is so volatile, especially in Southern Ontario, PHF provides a financially feasible option for local beef farmers to keep their product in Algoma. The farmers are currently paid \$1.90/lb. on the hot hanging weight, which is much higher than they would get if they shipped their cattle elsewhere. The price of beef in Southern Ontario has plummeted in the last few months, with low demand causing butcher shops and grocery stores to lower prices. Despite this, PHF has experienced a growth in sales, which will be discussed later. PHF provides farmers with a price stability they cannot get elsewhere. People will pay more for a premium product that fits their purchase criteria. This provides a sense of security to local farmers in the organization.

Customer Analysis

Women aged thirty-five to fifty-five are the ideal customers to anyone focused on retail marketing. Women this age probably have families to feed, and it is known that they usually make the food purchasing decisions for the household. People in this age range are well established in their careers, may have more disposable income than those younger or older, and are looking for healthy choices. The average consumer of locally produced foods is well educated and knows the importance of buying locally and the benefits it has for their health, the economy, and the environment.

6. "Price sensitive" is the tendency of demand for a product or service to vary according to variations in price.

CHALLENGES

THE MAIN CHALLENGE facing Penokean Hills Farms is to become a self-sustainable business. At current sales levels, there are insufficient retained earnings to cover key expenses going forward. In the past, the group has received funding support for its marketing budget and also to hire an intern to help with running the business. With funding support uncertain, the organization must find ways to earn sufficient profits to continue operating.

Two key factors have contributed to insufficient retained profits: low profit margins and insufficient sales levels. In order to increase profit margins, the group must either decrease the amount they pay members for their beef or increase the price charged to consumers. The latter option does not seem feasible as PHF's prices are comparative to grocery store prices and increasing them would likely result in a loss of customers. Decreasing the payment to farmers seems like the only feasible option to help improve the organization's profit margins. As sales continue to grow, the price paid to farmers can increase as well, should this recommendation be implemented.

If the group does not do anything about its profit margins, then sales levels must increase dramatically in order to retain sufficient profits to be self-sustainable. Insufficient sales levels occur because PHF is a relatively new business and lacks accessibility and customer awareness. It takes extra effort to buy PHF's beef products since they are available in only a few select locations, so it's more convenient for consumers to purchase meat at grocery stores. Increasing the accessibility of products and educating the consumer will be critical for the survival of the organization. Other issues facing PHF include quality control, the changing demands of consumers, and effectively marketing the business and its products.

Despite these challenges, the group is moving in the right direction. Sales are increasing and if the group can follow the recommendations provided in the study, they should start to generate enough profits to be sustainable without external funding.

SITUATIONAL ANALYSIS — INTERNAL

STRENGTHS

Organization/Group

- Has 6 dedicated farms involved in PHF (large supply and lots of experience in the industry)
- All farmers have completed an environmental farm-plan course and a verified beef-production course (increased knowledge and expertise)
- Conducts third-party audits on the farms (makes sure everyone follows protocols)
- Has very little overhead costs (i.e., no retail store or staff expenses)
- Putting beef through PHF pays farmers a reasonable wage (currently much higher than if they were to ship it south)

Product

- Has an established and understood set of protocols (equals a consistent product and distinctive selling features)
- Few big competitors that sell local, natural beef (becoming a market leader)
- Competitively priced compared to everyday grocery store prices
- Purchasing products has multiple benefits to the consumer, economy, and environment

Distributors/Availability

- Has year-round distributors in 4 communities: SSM, Little Rapids, Richards Landing, and Echo Bay (offers variety of locations across Algoma)
- Has other locations to pick up product: farms in Desbarats, Iron Bridge, Thessalon
- Has 2 seasonal locations: Desbarats and Sault Ste. Marie farmers' markets
- Has sold product in Wawa, Blind River, and Elliot Lake (helped build a customer base in more locations across Algoma and could help ease PHF into these markets)

Sales/Marketing

- Has had 2 years of marketing efforts, as well as lots of relationship marketing (i.e., events, word-of-mouth advertising); helped to build a larger loyal customer base
- Sales and brand awareness in the largest market (SSM) has grown in the last year (total sales from '08 to '09, June to September, increased by 37 percent)

WEAKNESSES

Organization/Group

- Relatively new business (lack of awareness)
- Board members are all farmers and extremely busy (hard to get people for meetings/events)
- Doesn't have any staff/manager (all responsibilities fall on the board members)
- No sound business plan in place to make sure everything is "fair" as well as to provide a sense of direction and focus
- Intern will be leaving at the end of the 2009 (business will be much more reliant on farmers to go forward with the day-to-day activities)
- Farmers often incur out-of-pocket expenses

Product

- Has low profit margins
- Product not readily available fresh
- Has experienced complaints about selection in boxes (processor not following instructions)
- Inventory control problems (tracking is difficult with individual cuts and the movements they go through; also, no central storage location)

Distributors/Availability

- Does not have a year-round distributor in Sault Ste. Marie that is committed to selling individual cuts (not impressed with NQM's cutting and it is not financially feasible to do own cutting)
- Lost outlet in Blind River; none in Elliot Lake
- Can offer only small percentage commission for distributors (result of low profit margins)

Customer Support

- Experienced a period of time when emails weren't being checked (loss of customers)
- Phone calls are not answered on a regular basis when PHF has no intern, who usually checks messages (results in lost sales)
- Website wasn't operating for a long time

Sales/Financials

- Small amount of operating income (shoestring budget, resulting in financial restrictions)
- Farmers have to wait a couple of months before being paid for their beef
- Could not keep up with burger demand in the summer (lost sales)
- Seasonal factors of the industry have huge impacts on sales

SITUATIONAL ANALYSIS — EXTERNAL

OPPORTUNITIES

Distributors/Consumers

- Have a very small percentage of the market share (lots of room to grow)
- Consumers are becoming more health conscious and care about where their food comes from and how it is produced (lots of potential to expand the current customer base and distributors)
- Growing trend for supporting local businesses and buying locally (i.e., economic, environmental, and health benefits); use these messages to market PHF and create more awareness about the company and its products
- Demand for fresh product (find an outlet to carry fresh product)
- Demand for more accessibility to local products (find new distributors and go to more events with product)
- Demand for smaller amounts of meat (have all locations sell individual cuts)
- Cannot keep up with burger demand (look at other processing options to help provide more hamburger)
- Growing demand for all local food products (have local food retail store like the one in Sudbury)

Business Structure

- Expand relationship with NQM (split costs such as marketing and have the GM have roles in both organizations)
- Expand relationship with farmers markets (split costs of marketing, i.e., billboards)
- More co-operatives are being formed in the agriculture industry (creating a co-op may lead to more support and a better chance of survival)

Processing Plant

- Demand for quality cuts and packaging (have meeting with the plant and discuss and solve current issues); new packaging and processing can be an excellent marketing tool

Producers

- There are lots of beef farmers in Northern Ontario that are not in the group (expand the group, which will increase supply, skills, and experience in the beef industry for PHF)
- Increasing demand for other local meat products (get other meat producers involved in the group and offer variety boxes)

THREATS

Distributors/Competition

- Distributors are used to earning higher percentage commissions than PHF can offer
- Restaurants and butchers usually only want to receive prime cuts (not taking a whole side, leaving PHF with the less desirable cuts)
- Butcher shops can get beef products much more cheaply from southern chains
- Lots of competition (i.e., butcher shops, grocery stores); customers may go there because of convenience and/or price
- Prior distributor owes a substantial amount of cash to the business for past products; uncertain if PHF will be able to collect
- Sense of competition amongst the group (some members sell beef individually as well as ship beef through PHF)

Economic

- Economy went through a recession (has and may continue to affect sales)
- Increasing gas prices (more expensive to transport product)
- The industry price of beef is volatile (hard for a small company to continually change prices to match the industry average)

Seasonal Factors

- Product demand is seasonal and results in large sales fluctuations (with a small amount of operating income, it could become a big problem if the finances are not closely monitored)

Regulations

- Strict meat quality and processing guidelines and procedures (a simple change could drastically affect PHF or the processing plant)

Processing Plant

- Processing plant has been struggling financially and its survival is not secure (PHF won't be able to continue without a local abattoir)
- Processing plant has had many complaints (has and may continue to affect the quality of the end product, which makes it harder for PHF to retain a loyal customer base)
- Processing plant has high processing costs (only abattoir in the area so PHF has limited options)

External Support

- Has been receiving outside funding to help sustain the business (future uncertainty)

Conclusion

Long-term profits must increase if PHF is to be sustainable. This can be done either by increasing sales, decreasing costs, or a combination of both. This would allow more profits to be retained by the company, which could then be used for marketing, staff, equipment (i.e., refrigerated mobile unit), and other day-to-day costs.

KEY SUCCESS FACTORS

A NUMBER OF FACTORS will have a significant impact on PHF establishing itself as a sustainable business. First, PHF must continue to create awareness of its products and increase accessibility to them. People need to know what the organization does, what it offers, and the advantages of buying its products; they also need easy access to them. People are less likely to go out of their way to make a food purchase if they do not understand the advantages of doing so. Educating the consumer and making products readily accessible will increase the likelihood of a purchase.

Second, PHF must provide a consistently high-quality product. Quality control plays a large role in the success of any organization, but it is particularly important in the food industry. If the product does not fulfil the needs and expectations of the consumer every time, they will not become repeat purchasers or recommend the product to friends or family. Positive word-of-mouth advertising is an important marketing tool. Providing consistent, high-quality products and services will increase the likelihood of positive word-of-mouth advertising and result in increased brand awareness and beef sales.

Third, PHF must develop a face-to-face relationship with consumers. This will create a sense of trust and confidence in the company and help build a loyal customer base. Larger businesses — PHF's competitors — have difficulty developing this type of relationship with consumers and PHF should take advantage of the small, local character of their organization. It is also important to work consistently on improving their products and services, so as to better meet the needs of the clientele. If a problem or complaint arises, it is critical to resolve the issue as quickly as possible and learn from past mistakes to ensure they do not happen again.

Fourth, it is essential to continually adapt to the needs of the consumer. PHF has experienced this first hand, observing the growing trend towards purchasing smaller quantities of

beef. Understanding consumer demand and delivering on it will help grow the business and its customer base.

Finally, PHF's members must communicate openly amongst themselves, sharing knowledge and mentoring each other. They must encourage and foster growth within the group. Setting aside time at monthly meetings for discussion and brainstorming would help create more cohesive bonds among members and generate ideas about how to improve business practices.

MARKETING

2008 Marketing Summary

Launch

Penokean Hills Farms officially launched in May of 2008, kicking off with a barbeque at the Algoma Co-op AG Centre in Echo Bay, which ran in correlation with the Echo Bay for Sale Day. At this point, the group had its first intern working with them to develop the name brand and create awareness in local communities. The launch was extremely successful, and the group sold an abundance of twenty-five-pound boxes that day. Both the launch and the Echo Bay for Sale Day were well advertised, which helped contribute to the overall success. Advertising included radio and print ads, as well as a great deal of word-of-mouth publicity.

Setup

Prior to the launch, Alicia Mills, business and marketing intern for PHF, helped the group develop the name of the organization and its logo, tag line, and protocols. She also co-ordinated the design and production of brochures, flyers, name tags, coupons, and signage, along with other promotional tools.

Distributors

The Algoma Co-op AG Centre was the first place to carry product. Soon afterwards the group found a distributor in Sault Ste. Marie at Bruni's Fine Foods. It was important to have a distributor in the largest market in the area. Distributors in Blind River and

Thessalon soon followed. The distributors agreed on an 8 percent commission on products sold in their establishments and were also included in PHF's marketing campaign, which was great for both parties. The distributors received free advertising, and when customers went in to buy PHF products, they would frequently purchase other items from the establishment. It was a risk-free situation for the distributors because they only paid for what they sold, unless the distributor needed the freezer space for something else. In these cases, the group provided its own freezers or reimbursed the establishment for hydro.

Farmers' Markets

The group had setups at both the Sault Ste. Marie and Desbarats farmers' markets. The markets were an excellent venue, attracting food enthusiasts who came out to purchase local produce, meat, bread, maple syrup, handmade crafts, etc. The markets also offered the convenience and accessibility of a grocery store, where people could do most of their shopping in one place. Being at the markets gave the group the opportunity to increase their brand awareness and to educate the public on buying locally.

Marketing Message

The key marketing message was that the beef is local and has stayed in the region from start to finish. In addition, the animals have never been administered growth hormones or antibiotics, and everything is 100 percent traceable from gate to plate. Another important message was the positive impact of buying locally on the environment, the economy, and the health of the consumer. It was important to repeat this marketing message as often as possible so it would stick in the mind of consumers.

Advertisements

The Ontario Cattlemen's Association provided the group with funding for promotion purposes. They advertised on local radio (EZ Rock), in newspapers (*Sault Star*, *Coffee Perks*, *Sault This Week*), online (soonews.ca), and especially at community events. This helped to get the group's name out in the public and also created awareness of the benefits of buying locally. These initial efforts were followed with lots of word-of-mouth advertising as customers recommended the product to their friends and family, which resulted in more sales and more people spreading the word.

Community Events

The group attended as many community events as possible, which allowed them to develop a face-to-face relationship with consumers. With local products, it is key to gain consumers' trust. Having PHF members at community events gave consumers the opportunity to meet the person who was producing their food and to ask any questions they might have. It was not possible to have products at all events because of lack of staffing or restrictions set by the host of the event.

Other Costs

As mentioned, the group spent the marketing budget on ads, but they also spent a lot of it getting the business set up. They needed to get brochures designed and printed, boxes and labels stocked; they incurred membership fees, paid for phonebook advertising, and purchased website domains and servers. Business start-ups are expensive and a detailed budget must be planned out in advance to ensure that an organization does not overspend or run out of money before it's up and running.

Conclusion

The group experienced some difficulty near the end of the year when the intern left and animals continued to be shipped into the processing plant. This caused a large inventory buildup and the group had to scramble to move their products. This may have been a blessing in disguise as it forced the group to become more self-reliant and motivated them to find new, creative ways of pushing their products into the local markets. By the end of the year, they had achieved their initial goals: to develop a brand identity for the group and sell their products throughout communities in Algoma. Consumers were becoming educated on the benefits of buying locally and on where they could access these local food products. PHF was making sales from Sault Ste. Marie to Elliot Lake, which provided a solid base of customers to move forward with and expand upon.

2009 Marketing Summary

Introduction

The following year (2009), the group hired a new intern, Brandon Lawrence, on a one-year contract. His goal was to expand upon the accomplishments of the initial stages and also to ensure that the business was self-sustainable in the long term by the end of his contract.

Farmers' Markets

PHF continued with the farmers' markets in Desbarats and Sault Ste. Marie, this year selling product. The Sault market became one of its most successful venues. The group sold both large quantities and individual cuts, and soon realized that there was a large market for the latter. Sales increased dramatically for this product line, which allowed people to taste the meat before purchasing it in larger quantities. PHF also discovered the advantage of having the same person at the market week after week, which encouraged the development of a face-to-face relationship between the producer and the consumer.

Community Events

PHF attended the 2009 Home and Outdoor Show at the Essar Centre in Sault Ste. Marie in March, which offered a great opportunity to promote the group to a large number of people. PHF distributed more than two thousand brochures during the three-day event and sold both boxes and individual cuts of meat. Most people attending were from the Sault, so it was important to promote Bruni's Fine Foods and let the public know that the product was available there. PHF attended other events in 2009, including Seedy Saturday at Sault College, Rotaryfest, and a one-year anniversary of PHF's launch barbeque at the co-op in Echo Bay.

At all the events they attended in 2009, PHF both sold product and handed out brochures and other beef-information pamphlets, educating the public on how to properly cook the products to maximize taste and tenderness. This appeared to be important as recent generations seem to have lost the cooking skills of their forebears due to increased amounts of processed food in the average consumer's diet.

Raffles

PHF conducted raffles during certain events, offering assorted cuts of beef in a draw. While customers were filling in a ticket, they were asked if they wanted to join PHF's email group and also if they were interested in purchasing any of the company's products. This gave the intern the information he needed to conduct follow-up calls, and a couple months later, he called more than two hundred people who had expressed an interest in large quantities of meat. This refreshed their memory of the organization, what products were available, and where they could be found. This generated a positive response and added a large number of people to PHF's customer base.

New Markets

The group took product to the Salmon Derby in Wawa for the first time in 2009 at the instigation of organizers from the Desbarats farmers' market, who decided to attend the derby and run a one-day farmers' market. The decision paid off and PHF sold everything they brought in a matter of hours, which revealed that there was a market in Wawa for local food products. Since then, consumers from Wawa have been calling and making the drive into the Sault to purchase beef. Attending the Salmon Derby provided a stepping stone that PHF hopes will result in a new distributor in the community.

The intern and a PHF member went to Elliot Lake to scout potential distributors in the spring of 2009. Although there was some interest, no one agreed to carry PHF's products at the time. But the group has increased its distributors' commission to 10 percent and has seen more success in the Elliott Lake area during the past year; they hope to establish a distributor there in the near future.

Supplying Events and Fundraisers

PHF supplied beef to several different events in 2009. At the Environmental Expo in Desbarats, the group provided roasts for beef-on-a-bun. They supplied steaks for the Hundred Mile Dinner sponsored by the Algoma Food Network; the dinner was a huge success and helped raise money for local food banks. PHF provided beef for a dinner on the eve of an agriculture co-operative workshop and hamburger patties for numerous barbeques at Algoma University. Supplying product to events like this is a great promotional tool. It gives the public a chance to taste test the product and an opportunity to talk to group representatives on hand.

Email Group

As mentioned, PHF created an email group in order to distribute news and updates such as information about new distributors, new products, a new website, and upcoming events. This created further connections between the organization and its customers.

Website

When he began work, the new intern quickly realized that the group's website wasn't accessible and got help from another researcher at NORDIK to redesign the site, revise and update

it, and get it back online. The new site included information on the group's protocols as well as its code of ethics. The website address changed as well, from penokeanhillsfarms.com to localbeef.net. When most people hear "Penokean" (e.g., on radio ads), they don't know how to spell it. Localbeef.net is catchier, easier to spell, and works as an advertising tool, getting the message across immediately that PHF deals with local beef.

Radio Advertising

The group advertised during the summer months on EZ Rock and Q104 radio, which research suggested best fit the organization's target market. They ran at least three ads per day per station over a three-month period, almost guaranteeing that radio listeners would hear at least one ad a day. The group increased ads a week prior to Canada Day and the August long weekend, capitalizing on the peak times for barbecuing. Multiple ads focusing on themes such as barbeque season, consumer health, the environment, and the economy ran in rotation. During the last month, the ads were condensed to two: environment and economy, and barbeque season and health. This produced one final push with more repetitious ads, which increased the chances that the message was received and understood by the consumer. See Appendix 10 for details of the radio ads and samples of the other forms of advertisements.

Other Forms of Advertising

Other marketing efforts similar to the previous year included ads in the *Sault Star*, *Sault This Week*, Coffee Perks, The *Sentinel*, the Farm Fresh Directory, and Soonews.ca. The ads were updated to promote the group's marketing message and ran through most of 2009. PHF also had ads on the Sootoday.com classified section, which cost \$40 a month compared to around \$800 a month for a two-by-three-inch ad on the site. The assumption was that fewer people were around computers during the summer so the classified route would give PHF the maximum benefit and allow them to use the remaining funds in other more effective advertisements.

Billboard

With help from Superior 7 Advertising, the group created a billboard ad, which went up at the corner of Lake Street and Trunk Road in Sault Ste. Marie (see Appendix 10), a high-traf-

fic intersection. With Black Road closed for most of the summer, the traffic increased even more, making this a perfect location. The sign was angled so as to be visible from three of the four streets. There is a popular gas station directly across from the billboard with a clear view of the ad, which further increased the value of the location. The billboard had PHF's contact information and locations where product was available. Judging by phone calls and inquires at the Sault farmers' market, the billboard was such a success that the group decided to put up a second billboard in another part of town.

The second billboard went up near the corner of Second Line and People's Road, another high-traffic area with a Mac's Mart that offered a clear view of the ad. Negotiating a special deal, PHF got the other side of the billboard for free, which made it visible from both directions on Second Line. Both billboards were up for three months. They were such a hit that the group created new point-of-sale signs based on the billboard.

Brochure Redesign and Mail-Out

PHF redesigned its brochure for 2009, replacing the cow on the front panel with a photograph of mouthwatering steaks on the grill and adding more colours to make it more appealing. The front panel also featured PHF's logo and contact information. There were other revisions to the content, the photographs, the distributors, and product selection. And the group added its protocols to the brochure so the consumer could be fully informed before making a purchase. Once the redesign was finalized, the brochure was mailed out to 7,500 households in Sault Ste. Marie and 2,500 in Elliot Lake. The intern analyzed the courier routes online to ensure the selection of routes with the most houses. People who own houses are likely to have larger families, more disposable income, and larger freezer space than those in apartments. This advertising tool was the most successful to date. The day of the mail-out, both PHF's business phone and Bruni's Fine Foods received numerous calls and there were plenty of emails as well, which continued for a few weeks. This also occurred in the fall, so if the mail-out were done next year at the beginning of summer, the organization could see even greater results.

The Commission

At this point, the group realized that the 8 percent commission paid to distributors was not sufficient and decided to raise it to 10 percent. This provided PHF with more security at its current locations and may encourage new distributors to start carrying product.

Supplies

The rest of the marketing budget was spent on supplies such as boxes, labels, brochures, membership fees, phonebook advertising, farmers' market supplies, and the website domain name. PHF distributed the marketing budget over the year in order to keep the organization in the minds of consumers. The group kicked off its marketing campaign with radio ads (spring/summer), followed with the billboards (summer/fall), and concluded with the brochure (fall). The less expensive advertising (print and internet ads) continued throughout the year.

Conclusion

The key for PHF's marketing efforts is to develop a message and repeat it consistently and frequently. Looking at new and creative ways to reach consumers will help set an organization apart from its competitors. And understanding how the consumer's mind works will allow the group to adapt its strategy to better target its markets. For a full summary of the 2009 marketing budget, please refer to Appendix 9.

MARKETING PLAN 2010

GOING INTO 2010, PHF had undertaken two years of marketing and promoting its brand, which allowed the organization to create a brand identity and get established in local markets. Its strategy remained similar heading into its third full year of business: creating awareness about PHF and its products as well as the benefits of buying locally. The marketing message continued to focus on the local, natural aspects of the product. The group needed to continue developing markets, which meant directing marketing dollars at target markets. If the group found a distributor in Wawa, for example, then a portion of the marketing budget had to target consumers in Wawa and the surrounding area.

The group was advised to team up with the Sault and Desbarats farmers' markets to promote local food products, which would help reduce marketing expenses by splitting costs on a billboard, radio ads, or even a brochure mail-out. Working together could also provide an opportunity for more funding support. PHF should also develop mobile markets to target new areas, setting them up in conjunction with other community events. This approach was tested in Wawa and proved to be a huge success.

The group should attend all possible events, selling product and handing out brochures and beef information pamphlets, which explain how to properly cook beef. The group may want to consider offering pre-marinated steaks, which could be a great seller considering the issues around lack of knowledge around meal preparation among the younger generation.

One of the billboards was damaged by weather near the end of the year. Superior 7 reproduced it in cloth-cover rather paper-cover, which can be used in the future and will save the company \$800–\$1,000 in production costs. In addition, *The Standard* in Elliott Lake made a billing error, giving the group a credit of \$120.

One of the recommendations of this report is to create a new burger line. If this happens, the group must make efforts to promote this product. Attending events and sponsoring a barbeque would be a great promotional tool, giving people the opportunity to test the product and buy it if they like it. Creating a new burger line would supply distributors with enough hamburger patties and ground beef to meet demand and also increase sales levels for the company.

The group must also remember to renew the server and domain names for the business website on an annual basis. And someone must be designated to check and update the site, which did not happen when the group had no intern. A website gives the business a presence on the Internet; organizations that either do not have websites or do not maintain them lose out on potential sales. This also shows a disinterest in their own business in the eyes of the consumer.

The brochure mail-out and billboard proved to be the most popular form of advertising in 2008–09, and the group should do another brochure mail-out to kick off the summer of 2010. PHF saw tremendous results in the fall of 2009, but a mail-out right before the prime beef-consumption season would have a greater impact on sales. Before this occurs, however, the group should find a new distributor in Elliott Lake, as the mail-out would be an enticing factor for them to start carrying PHF's products. The brochures should be sent to postal routes not covered in the fall of 2009 (see Appendix 12 for routes included in the 2009 mail-out), which would target new consumers and increase PHF's customer base. Depending on the budget and the distributors, the group should do a mail-out in Sault Ste. Marie, Elliot Lake, Thessalon, and possibly other areas.

PHF should place ads in local newspapers and on websites year-round. Consistent marketing reinforces brand awareness. With print and radio ads, they should use multiple ads in

rotation, which would allow the group to get across multiple messages. For example, one ad in *The Sault Star* can focus on the products being offered, and the next one can deal with the benefits of buying locally. A good example is the four radio ads created in 2009 that ran in rotation on EZ Rock and Q104 (see Appendix 10). These ads reinforced four main messages: health, the local economy, the environment, and barbeque season.

If something changes with the product (e.g., packaging, cutting), the group needs to let people know. For example, the front of the brochure could exclaim “New Packaging!” This would give PHF a second chance with consumers who were not satisfied with past standards.

PHF should continue to update its email group with news and events and also find ways to add more people to its list (e.g., have a raffle). A raffle provides the opportunity to gather valuable customer information as well as a reason to do a follow-up call. It also increases traffic at the booth.

If the group is able to obtain funding, advertising on local television could be quite effective. PHF should place ads during morning and evening news broadcasts, which would give the group access to the largest number of its target audience.

If the group does not receive funding support, the marketing budget will have to be trimmed significantly and PHF will have to rely more on attending events and word-of-mouth advertising. The group should still do a brochure mail-out, but may have to narrow distribution to fit the budget. Since the billboard cover is already printed, PHF should rent billboard space again. Superior 7 has shown they can work with small budgets in the past and PHF should try to obtain another discount. Remaining marketing funds should be dispersed over less expensive forms of advertising such as local newspapers and websites. Taking the classified route on Sootoday.com in particular would be the most financially feasible option to maximize marketing dollars.

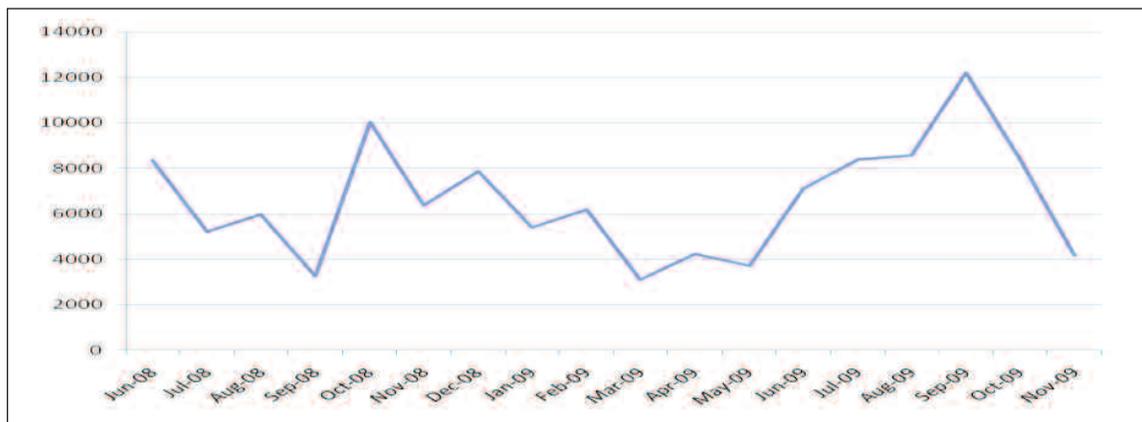
SALES ANALYSIS 2008–2009

PENOKEAN HILLS FARMS 2009 SALES equaled roughly \$70,000 (June 08–May 09). During the following six months, sales came to just under \$50,000; a projection over the next six months suggests sales of just under \$100,000. Reaching

this level would indicate substantial growth from the year before. This projection is fairly optimistic, however, as the average was taken from the first six months of 2010 sales (June to November 2009), which tend to be the most profitable. A more realistic projection would be approximately \$90,000.

PHF has kept detailed sales records since June 2008 (see Appendix 8 for a summary of PHF’s monthly revenues and expenses). From January to December 2009, the number of animals shipped through the program decreased from 38 to 30.5 compared to the prior year. This is because the group shipped in six animals during the final weeks of 2008, resulting in an inventory surplus at the beginning of 2009. This, combined with a sluggish sales start in 2009, resulted in no animals being put through the program until March. PHF was current with its inventory going into 2010, with no product being older than one month, which resulted in more animals needing to be shipped during the first couple of months. The group should see a much larger number of animals put through the program in 2010.

Figure 1: Penokean Hills Farms monthly sales, June 2008 to November 2009



The large variations in monthly sales shown in the above table should balance out as the business grows. Sales dropped significantly from June to July and from August to September in 2008, unexpected for summer months. Although the business can anticipate drops in sales, they should occur during the winter. Similar declines did not occur the following year. Sales in June 2009 were \$7,100, which increased to \$8,400 in July, \$8,600 in August, and hit an all-time monthly high in September of more than \$12,000. Sales dropped in October 2009, but figures were similar to prior months at approximately \$8,400.

Table 2: Summary of monthly sales, June to November 2009

Month (2009)	Sales
June	\$7,106
July	\$8,383
August	\$8,572
September	\$12,196
October	\$8,428
November	\$4,180

The most substantial growth covered by the period of this report was in the summer of 2009. From 1 June to 30 September, sales increased by 37 percent over the same period in 2008, showing positive signs that the business was growing and getting established in the local communities. Despite this growth in sales, the communities have been going through a recession, and the weather during the summer of 2009 was the worst in recent memory, potentially affecting barbeque sales. Without these two factors, growth could have been even higher.

Table 3: Comparison of sales among product lines, 1 June 2008 to 31 November 2009

Product line	Sales June-Nov. '08	Sales June-Nov. '09	Increase/ (Decrease)
25-lb. box	\$12,569	\$16,518	\$3,949
50-lb. box	\$8,023	\$4,845	(\$3,178)
Ground beef	\$1,822	\$1,074	(\$748)
Hamburger patties	\$1,742	\$2,462	\$720
Sides	\$12,391	\$12,994	\$603
Quarters	\$1,372	\$4,818	\$3,445
Spares	\$1,297	\$6,154	\$4,857

Total increase in sales: \$9,648.70

Sales for the twenty-five-pound boxes increased, while those for the fifty-pound boxes decreased by almost the same amount. However, the twenty-five-pound box is the more profitable line and consumers may simply be buying twenty-five-pound boxes instead of

purchasing the fifty-pound box (two twenty-five-pound boxes). Ground beef showed a slight decrease in sales, while hamburger patties showed a similar increase. As mentioned, PHF in 2010 could not meet the demand for hamburger and these figures could be much higher if the product was available. While sides showed a slight increase in sales, the total number of sides sold in 2009 compared to 2008 actually decreased; the higher sales were due to a price increase in 2009. Quarter sales increased to \$3,445, showing a consumer trend towards purchasing smaller quantities of beef. This was especially evident when viewing the growth of individual cuts (spares), which resulted in an increase of just under \$5,000. This large growth in sales was due to the group’s success at the farmers’ markets in 2009, when PHF saw an increase in sales of just under \$10,000, a positive sign moving forward.

The organization did see a noticeable decrease in November 2009, when total sales equaled roughly \$4,200 and there were no side sales, which seemed to peak during the two previous months. Sales levels of individual cuts also fell because the Sault farmers’ market was over for the season. PHF’s monthly sales figures can be misleading, however, because sales that occur in one month may not show up until the following month. This may be the case with November 2009, because there were funds that needed to be deposited near the end of the month. In addition, the price and demand for beef dropped across the province in the fall of 2009, which pressured grocery stores to decrease prices. These factors could have negatively affect November sales totals.

SALES FORECAST

Table 4: Sales forecast for 2010: Scenario A⁷

Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
\$5,940	\$6,790	\$3,400	\$4,640	\$4,090	\$8,500	\$7,470	\$8,000	\$8,500	\$11,500	\$7,010	\$8,650

This projection was based on an increase in sales of roughly 10 percent. Where sales figures were available for the past two years, the average was calculated and then increased by 10 percent. This was a conservative forecast as sales from a young business should grow by an even larger amount. These numbers also assumed that the current advertising budget would

7. Forecasts were based on financials up to 31 September 2009.

be maintained; if they were not, sales figures would probably be less than expected. The group saw sales increase by 37 percent during the peak season (June-September 2009), so a larger increase than the 10 percent projected would not be unusual, particularly given the role of word-of-mouth advertising with this type of business. Total annual sales in this scenario equaled a little over \$84,000.

Table 5: Sales forecast for 2010: Scenario B

Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
\$6,000	\$6,000	\$4,000	\$5,000	\$6,000	\$10,000	\$11,000	\$12,000	\$9,000	\$10,000	\$7,000	\$7,000

Scenario B considered factors affecting sales during certain months and helped to balance out the variations. Total annual sales in this scenario equaled \$93,000, an increase of \$9,000 from Scenario A. Once again, it was expected that the company would increase sales by more than 10 percent and eclipse the \$100,000 sales mark for 2010. If this happened it would almost match the \$105,000 in sales of the previous sixteen months (June '08 to September '09).

Table 6: Sales forecast for 2010: Scenario C

Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
\$6,000	\$6,000	\$6,000	\$7,000	\$8,000	\$12,000	\$13,000	\$15,000	\$10,000	\$15,000	\$11,000	\$8,000

This forecast was slightly more optimistic, with projected sales of \$117,000. These projections were based on current increasing sales levels and the expectation that the recommendations and strategies provided in this report would continue that trend. With the success of the farmers' markets in 2009, an expansion in the number of distributors, a projected end to the recession, and the chances of better summer weather, this was a feasible scenario. These figures could act as a target; if the company reached these totals, they would have made enormous progress towards becoming self-sustainable.

Conclusion

The scenarios above represented rough sales forecasts and many factors could have an impact on the figures. Distributors could be added, for example, which would have a positive impact on sales totals. However, the marketing budget could decrease and/or distributors might stop carrying product, which would negatively affect sales. Once PHF is more estab-

lished with its distributors and more sales data is accumulated, more accurate sales forecasting will be possible. With the strategy provided in this report, it is expected that PHF will experience substantial positive growth, given the proven market demand.

GUIDE TO BECOMING SELF-SUSTAINABLE

IN ORDER TO BECOME SELF-SUSTAINABLE, PHF must determine what profit margins are required to cover expenses. The group could also achieve this goal by increasing sales levels.

Table 7: 2009 profits from each major product line with the farmers’ payment at \$1.90/lb.

Product Line*	Profits per Side
Side (retail)	Approximately \$50
25-lb. boxes (not sold at distributors)	Approximately \$250
25-lb. boxes (sold at distributors)	Approximately \$150
Individual cuts	Approximately \$330

* These figures were based on a side with an average weight of 349 pounds.

In 2009, the business made a little more than \$50 retailing a side to a consumer. A side that went into boxes, on the other hand, netted more than \$250 if sold to the consumer from an event or at the farm gate. PHF made around \$150 from a side in boxes if it was sold to a distributor receiving 10 percent commission. And it made more than \$330 a side if it was sold in individual cuts. So while production decreased in 2009, sales still increased, and more importantly, profits increased, making PHF more efficient. Consumers moved from the lower-profit products to the higher ones.⁸

If the company wanted to cover expenses without external support they would need to increase animal production and sales. To retain profits of \$27,000 a year to pay \$10,000 for marketing, \$15,000 for an employee, and \$2,000 for other expenses, would require sales of approximately ninety animals in boxes, including commission, or approximately fifty-two

8. These numbers were based on \$1.90 paid to farmers per pound on the hot hanging weight and the 10 percent commission offered to distributors. See Appendices 5–7 for all full breakdown of profit margins.

animals in boxes, not including commission. So, if the group sold fifty-two animals in boxes (not through distributors), it would make approximately \$27,000 in profits for marketing, staff, and other expenses. Realistically, however, the business will need to share some proceeds with distributors; given this, eighty animals would probably be sufficient to meet the expenses outlined above. This would include selling a few sides, selling some boxes not through distributors, but selling the majority through distributors. This would represent a large increase over the prior two years, however, so the group needs to find other ways to increase the profit margin. Retaining some of the profits distributed to individual farmers is the only way to generate the funds necessary to continue to market the business without external support.

Table 8: 2009 profits from each major product line with the farmers' payment at \$1.70/lb.

Product Line*	Profits per Side
Side (retail)	Approximately \$110
25-lb. boxes (not sold at distributors)	Approximately \$330
25-lb. boxes (sold at distributors)	Approximately \$230
Individual cuts	Approximately \$400

* These figures are based on a side with an average weight of 349 pounds.

It was difficult to determine precisely how much PHF needed to sell in order to retain sufficient profits because multiple factors affect profits (e.g., selling boxes or sides, selling at distributors, selling at farm gate). If PHF reduced the farmer's payment to \$1.70 a pound, the group would raise profits to approximately \$330 a side in boxed product sold directly to consumers and approximately \$230 a side in boxed product sold through distributors. If this were the case, PHF would need to sell only about forty animals in boxes or about sixty animals in boxes sold through distributors to generate \$27,000 in profits. A highly feasible target would be approximately fifty animals per year for the next couple years. This does not take into account selling sides as individual cuts, by far the most profitable product line. If the farmer's price decreases to \$1.70 a pound, the profits off a side sold in individual cuts would equal around \$400.

In order for PHF to retain sufficient profits to be self-sustainable, the company must look at decreasing what it pays the farmers until sales figures reach the level necessary to cover at least the marketing budget and day-to-day expenses, if not a staff member as well. Marketing

efforts must continue at this stage in the development of the business to help grow the customer base. With a decrease in the amount paid to farmers, the group could retain enough profits in 2010 to cover 2011 expenses. Once this is achieved, the payment to farmers could increase, based on funds remaining after all expenses are covered; or PHF could look at other useful ways to spend the funds within the business.

RECOMMENDATIONS

Short Term (First Year)

Retain Company Profits, Reduce Individual Farmer's Payment

An analysis of PHF's profits margins in 2009 (see Appendix 6) revealed that the group must find ways to increase its margins in order to become self-sustainable in the long term. Sales were insufficient to retain enough profits to support the organization's basic expenses. The group had been getting by with support from the Ontario Cattlemen's Association (OCA) for its marketing budget and a variety of other sources for its interns. After PHF increased the distributors' commission by 2 percent, they had to decrease the amount paid to farmers by five cents per pound in order to retain the same profit margins they had before. Appendix 7 shows the profit margins on each product after the price to individual farmers fell from \$1.90 to \$1.85 per pound.

Farmers must be paid a reasonable amount for their beef, which is one of the main reasons the group was started. However, PHF needed to determine if it was possible to go any lower than \$1.85 per pound, at least for 2010. In the end, this temporary sacrifice would be worth it, as the higher the profit margin, the more funds that would be available for the survival of the business. The year 2009 was a critical time for PHF as the OCA funding for the 2010 and 2011 marketing budgets was not secure. In addition, what PHF paid its members for their beef was much higher than what they would receive if the animals were shipped south. At this stage in the business lifecycle, marketing funds were important for growing the customer base. Once the organization began to earn enough to cover marketing costs, wages, and other day-to-day expenses, the price paid to farmers could be increased.

Develop a Production Cycle

At the end of each year, the group should create a basic production cycle for the upcoming year, which would give the farmers a guide to when they should have cattle ready for the

program. The group needed to develop and vote on the rules that would guide this process. This report recommended that the member who put the least amount of beef through the program should have priority over those who put through more. And PHF should look at past years' beef sales to determine how much beef they could expect to move in the coming year. Refer to the Sales Forecast section, above, for details on what was expected, and what factors may have influenced sales in 2010.

Producers should determine how much beef they would like to put through the program for the upcoming year. The process would then work as a selection draft and the person with the lowest amount would select a kill date to put two animals through, the next lowest producer would select the next date, and so on. Sending two cattle at once decreased the farmers' shipping cost to the processing plant. It was recommended that the farmers each select a month or two when they would plan to have beef ready, but they needed to be prepared with alternative options if beef sales not live up to expectations. They should also plan to have additional beef ready should sales increase by more than anticipated. Sales can change dramatically from what is expected, particularly with relatively new businesses that are dependent on seasonal factors.

Develop Delivery, Gas, and Event Reimbursement Policies

Group members needed to determine if they were going to offer delivery services and use this information in their marketing message if appropriate. They also had to decide what sales volume was necessary to make it worthwhile to drive to certain locations. There were a few options to choose from:

- Maintain the status quo (farmers basically store and move their own meat)
- Members could be given the 10 percent commission on boxes to deliver product X number of kilometres
- The group could charge customers X dollars for delivering product X number of kilometres, and then pay the farmer who delivered it X dollars per kilometre.
- PHF could establish a gas reimbursement policy, paying members based on kilometres travelled

At the point of writing, there was no gas reimbursement for the farmers. If Bruni's Fine Foods needed six boxes, for example, the farmer whose beef was top priority delivered it to the store without mileage reimbursement. It was recommended that farmers receive reim-

bursment for mileage, which could be determined by calculations on Google maps. PHF could use a reimbursement policy of \$0.455/km, which is what Algoma University was using at the time.

Regarding attendance at events, the group had to decide if the member running the booth would be paid an hourly rate, a commission on products sold, or nothing. It was recommended that the person running the markets for the upcoming season (2010) should be paid an hourly rate, and that the same person should continue to go each week, as past experience has revealed that having the same person there helped build relationships with consumers. For other events, the farmers should take turns as they are equal owners of the business and it is not yet financially feasible to pay them for their time. The group should track the hours committed by each farm and if a member is not pulling his/her weight, the issue should be discussed at a meeting and a decision made on how to deal with the discrepancy.

Revise the Shareholders' Agreement

The Shareholders' Agreement needed to be revised as a couple of members left the group during 2009. More particularly, PHF needed to more clearly define the profit allocation method. The most feasible option would be to divide any leftover profits among members according to the percentage of cattle shipped through the program. This might need to be readdressed if the company started to earn larger profits. Solutions could include paying annual dividends or increasing the price paid to farmers, as mentioned earlier. PHF also needed to clarify disciplinary policies for members who broke protocols.

Review and Revise Sales and Banking Procedures with Members and Distributors

The business intern developed an inventory system on Microsoft Excel that can track production, inventory, and sales, and also has a customer database and email group. One member should be designated the role of depositing money and handling the inventory tracking system; all sales receipts must go through this person. This will eliminate any unaccounted deposits. The person who sold the product should fax or email an itemized bill (who, what, where, when, and what box number) to the inventory tracker. This will record the sale in the system and show if payment has been made or not. It will also record who made the last movement, so the tracker will know what needs to be collected and from whom. If it is not convenient to get the payment to the inventory tracker immediately, it should be done at the

next monthly meeting. This will improve the accuracy and efficiency of the system. If product is sold near the end of October, for example, the inventory tracker can make sure the sale is recorded in that month instead of relying on the bank statement, which would show the sale occurring in November because that was when the money was deposited. This process provides an additional advantage. Recording where the product was sold would help to evaluate markets, determining the most profitable areas and which ones are seeing the strongest growth. Good communications must be maintained between group members and distributors to ensure consistent procedures. The group should consider having an accountant look over the financial records and recommend improvements if necessary.

Re-establish Priority with Northern Quality Meats

When the group first formed it established an agreement with Northern Quality Meats (NQM), which reserved two spots for PHF on every second kill date. Re-establishing this would give PHF secure access to increased sales. PHF can book additional dates if necessary but will need to give reasonable notice when cancelling. The group should work closely with NQM as they rely heavily upon them to provide a quality service. PHF also brings the plant more business because consumers are inquiring about other local meat products and PHF is referring them to NQM. The more beef PHF can move through the plant, the better off both companies will be.

Assign Roles and Responsibilities to Board Members

The group must clearly define the roles and responsibilities of the board members, particularly in the absence of an intern. Events should be evenly shared, and other roles will need to be filled: recording sales; banking; answering the phone and emails; and marketing. Someone needs to be regularly available to answer the phone and email. This has been a problem in the past and could have a major negative impact on PHF if it occurs again.

Customers are reluctant to leave a message. If they see a PHF ad, they may call only once. Whoever has the phone should check for missed calls and return them; this will show consumers that PHF cares about each customer. The group should also assign one person to deal with each distributor and the processing plant, which will avoid the confusion and annoyance of multiple members approaching their business partners about the same thing.

Establish a Line of Credit

Since there is some time between when an animal goes in for processing and when the farmer is paid for it, the group should consider applying for a line of credit so farmers can be paid immediately after shipping their beef. However, the group should set a limit on the number of animals it will pay out. It is recommended that PHF establish a \$5,000 line of credit and a limit of three animals paid out at one time. This will leave extra funds for unexpected expenses. And setting a limit on the number of animals paid out will force the group to continually monitor its production and expenses.

Collaborate with the Sault Ste. Marie and Desbarats Farmers' Markets

In order to reduce marketing costs, PHF should approach the two farmers' markets to see if they would be interested in sharing marketing expenses. They could split costs on a billboard promoting both groups and also consider taking product to new markets such as Wawa, Elliott Lake, and Chapleau. This would help both groups to determine the feasibility of establishing a new farmers' market or distributorship in these areas. It would likely be more successful if a community event was taking place when they try out these new markets. An example is when PHF and the Desbarats farmers' market went to Wawa in the summer of 2009 and ran a market in conjunction with the annual Salmon Derby. It was a great success, with everything selling in a few hours. This helped to grow the customer base and acted as a stepping-stone to a new market. Working together may also allow the groups to take advantage of further funding opportunities.

Develop a New Line of Hamburger Patties

During the summer of 2009, PHF could not keep up with burger demand. The group did not sell enough mixed boxes to get the extra burger that would be yielded from a side of beef once the twenty-five-pound boxes were filled. One animal yields approximately fourteen, mixed, twenty-five-pound boxes and seven, ten-pound ground-beef boxes. The ground beef sells more quickly than the twenty-five-pound boxes, and in order to meet the demand for burger, PHF would have to continue shipping animals in, resulting in a surplus of the twenty-five-pound boxes. A solution would be to develop a new line of burger using culled animals;⁹ the entire animal, apart from the valuable cuts, would be ground into burger.

9. Culled animals are those that do not go through PHF because they do not meet the age requirements set by their protocols.

The farmer would be paid less for a culled animal; this would need to be discussed and voted on at a meeting. And PHF could decrease the price it charges consumers depending on how much it pays the farmer. The group should make all burger patties with this type of beef, but continue to use the same protocols for the ground beef. It would be too confusing to have two types of ground beef, one in the large mixed boxes and another in the ten-pound boxes. The burger could be marketed as a local, natural, all-beef product and must be advertised as a new line.

When someone wanted ground beef or hamburger patties in the past, they would have to call the 971-MEAT line because the product moved so fast the group could never get any of it to the distributors. This recommendation would allow the group to meet demand, even at the peak of barbeque season, and would also allow it to provide product to its distributors.

Another option for increasing the supply and thus increasing sales levels would be to adopt a grid pricing system, which would pay members more for triple-A graded beef than a double or single A. The organization currently pays members the same amount for all three grades. Decreasing the price for single A beef, the group could submit cutting instructions to leave the most valuable cuts and grind the rest into hamburger. This option would require no changes in protocol or marketing strategy. It would also give members the incentive to produce a higher-graded product. Further details of the grid pricing system are provided in the medium-term recommendations, below.

Conduct Quality Control Tests

The business must find ways to continuously improve the quality of its products if it wants to be competitive with grocery stores. It should periodically check boxes to ensure that the right number of cuts is in each box, which has been an issue in the past. The group could also get an assessment of the product from experienced meat cutters. PHF should put everything into writing and present it to Northern Quality Meats so the plant can improve its processes. Experienced meat cutters have volunteered to examine processing in the plant to see if there are ways to improve quality control. PHF should encourage NQM to have this done. Solving quality issues will contribute to the growth and prosperity of both businesses.

Expand the Number of Distributors

The group should continue to look for new distributors to carry its products. The more accessibility the public has to local, natural beef, the greater likelihood they will buy it. PHF

should approach distributors in the east end of Sault Ste. Marie, Wawa, Elliott Lake, and Blind River. Since the group has raised commission rates, these new markets should be easier to access. The group must also make it clear that the store will be included in PHF's marketing efforts, which will attract new customers.

Search for Funding and Applications

With the marketing and intern budgets uncertain, the group should examine other funding options. PHF is moving in the right direction and with support for another year or two it will be able to build enough sales to become self-sustainable.

Medium Term (One-to-Two Years)

Provide Fresh Product in Sault Ste. Marie

In the medium term (one to two years), the group should continue to recruit additional distributors, particularly to carry fresh meat, as some consumers will never buy it frozen. This would help meet consumer demand and further establish PHF as a major local beef option. Ideally, an establishment would purchase a side of beef and do its own cutting, packaging, and selling. A distributor in Blind River was highly successful with this approach but due to financial troubles could no longer provide this option.

Approaching grocery stores such as Pino's in Sault Ste. Marie would also be an option in the future, although this may be dependent on NQM for changes in quality of service and/or pricing structure. The largest expense is currently in the kill and hang, as opposed to the cut and wrap. A change in the price structure would make it financially feasible for PHF to wholesale sides to grocery stores and butcher shops. NQM changed its pricing structure because local producers were getting the plant to do the kill and hang and then shipping the beef elsewhere to get it cut and wrapped as they were unsatisfied with NQM's cutting job. NQM then tweaked the pricing structure to make it almost financially impossible for local producers to get the meat cut elsewhere or to wholesale product.

Modify Product Packaging

The group should talk to NQM about alternative ways to package product. The ground beef packaging should be more user friendly and look more appealing. It should be on a paper

tray that can be recycled and wrapped with saran wrap so the customer can see the product and open it easily. Packaging it similar to the grocery stores' ground beef would help PHF compete with them. The group should also design a sticker for the twenty-five-pound box that indicates the number of cuts in each box.

The packaging should look more professional. The group currently uses a marker to identify the cut on the freezer paper. PHF should purchase stamps with the names of the different cuts so the processing plant can stamp the packages. NQM could use these stamps as well so the two businesses might consider splitting the cost of producing them. The group should also develop a logo sticker for individual packages.

Purchase a Mobile Refrigerated Unit

Purchasing a mobile refrigerated unit would give PHF a central storage location. The group should approach different businesses to see if they could park the unit in front of their store a couple of times a week or month. The unit itself could be painted like a moving billboard and serve multiple functions: a storage unit, retail front, and delivery truck. Trunk Road in Sault Ste. Marie would be an ideal location to park it. This is a high traffic area with many businesses that might be interested in having it parked outside as it is likely to attract more customer traffic to their establishment. Even when the group is not selling product, the unit could be parked and act as a billboard. PHF received \$5,000 for winning the Premier's Award in 2009; these funds could be put towards this purchase. Additional funding may be available in 2010.

Purchase a Scale with Label-Printing Capabilities and Offer Customized Boxes

This recommendation would allow the group to be more prepared to sell individual cuts and make the product look more professional. It would also give PHF the opportunity to provide customized boxes, which has strong consumer demand. For products that don't sell as well or as quickly, the group could offer specials to help move them, and the least popular cuts could be ground into burger, with prices adjusted as necessary. Appendix 5 shows the average weight of each type of cut yielded from a side, broken down so that the price of burger and/or other cuts can be adjusted in the event of grinding cuts into burger. This would allow PHF to tweak prices to achieve the same profit levels as before. The sample used four sides, but the group should continue to monitor cutting in order to obtain more accurate yield percentages. They could also test out different cutting instructions to allow for maximum profitability.

Conduct Satisfaction Surveys

It is important to gauge the effectiveness of changes that occur with the product. See Appendix 11 for the satisfaction survey, which can be placed at distributors. To increase returns, it is suggested that customers get a 10 percent discount off their next purchase. The survey could also be emailed to the group's mailing list and made available at the events the group attends. It could also be placed on the website. Survey responses would give the group an idea of where they need to make improvements. It would also give consumers a greater sense of control and make them feel more valuable as customers. The surveys could be shown to NQM to help them improve the quality of their services. The surveys could also query customers about the website and other advertising and promotional materials, providing an excellent monitoring and evaluation tool.

Redesign the Website

The website should be updated on a monthly basis. It should have a comment board that would allow consumers to share their stories about the product. This could be an effective advertising tool, helping to monitor and evaluate the business and its offerings. If potential consumers view positive testimonies, they will be more likely to make purchases. The group should consistently update product and price lists, and put more photographs of its farms and products on the website. Farmers could also supply farm histories and profiles for the site to give the public more information about the farms involved. The site should also be set up so that consumers can place orders online. PHF must repurchase the domain and server name annually. The website changed from www.penokeanhillsfarms.com to localbeef.net but kept both names, which allowed customers to be redirected to the new site. This should be purchased for at least one more year until marketing materials ensure everyone knows that the website is now localbeef.net.

Implement an Inventory Barcode System

An inventory barcode system would greatly improve inventory tracking. Without one it is difficult to keep track of individual cuts that don't go into boxes because there are multiple storage locations and the spares often go through a number of transactions before they are eventually sold. A barcode system would result in more accurate sales figures and a more efficiently run business.

Hire a Part-Time Employee

After a year or two the group should have enough funds to hire a part-time employee who could check phone calls, emails, update the website, and attend events, among other things. This would reduce the pressure on members to run the business. As the business grows, PHF should retain enough profits to hire a full-time employee to take over marketing and sales efforts. This should be a priority, both to maximize interest in local food and for efficiency.

Adopt a Grid Pricing System

At the time of writing, the majority of PHF's production was single-A beef because there was no financial incentive to produce double- or triple-A beef. If the group adopted a grid pricing system, farmers would receive more for triple-A beef and less for single- or double-A beef. One option would be to keep the current price paid to farmers as the triple-A price and offer lower amounts for double- and single-A, though this may not be financially feasible. The main benefit of a grid pricing system would be to help meet hamburger demand. Since the group is paying less for a single-A beef, they can afford to grind more of it into burger while maintaining profit margins.

Table 9: Grades yielded by number of sides produced in 2009

Single-A sides	17
Double-A sides	12
Triple-A sides	1.5
Average weight of a side	344 lbs.

As the business grows, the group will be able to expand the grades of products it offers. Farmers must strive to produce triple-A beef so they can offer this product as a separate product line. Once this happens, pricing can be changed to reflect the quality of cuts in the box, which will allow PHF to pay the farmers a premium for higher graded beef. PHF could designate certain farms to produce triple-A beef, while others continue with their current production. Having double- and triple-A beef available consistently would give the group a better chance to get their products into restaurants and grocery stores. This would also improve PHF's image; offering higher-graded products fits the image of a local premium brand.

Long Term (Three-to-Five Years)

Adopt a Co-operative Business Model

At the time of writing, PHF's business structure was similar to a co-operative model. By officially changing the status of the business, which would take only a few weeks, PHF could be eligible for more external support. Co-operatives have a greater success rate than privately owned businesses; becoming a co-op would increase the likelihood of PHF becoming self-sustainable. This recommendation would allow for the other three long-term recommendations to happen in sequential order, although that is not necessary.

Recruit New Beef Farmers

As awareness of PHF's brand increases, the group will need to find more producers to supply the area. A number of farmers have already expressed interest, and after three-to-five years, sales should be at a level that will require PHF to put more cattle through the program and/or add new producers to the group. All producers would have to follow the same protocols and this would be enforced, as it was at the time of writing, by third-party farm audits.

PHF could also consider offering a grass-fed beef line as there is growing demand for this type of product, although they should undertake market research to determine the feasibility of a new product line. They could do this by either recruiting new farmers who already produce this type of beef, or have current members get into this line. This would provide more consumer choice and increase sales.

Recruit other Local Food Producers

With an established brand name, PHF will need to expand its product offerings. The group should recruit other local meat producers with similar protocols (i.e., naturally raised). PHF already gets numerous calls from customers about other meat products — pork, poultry, and lamb — and this would help to meet consumer demand. It would also provide PHF with the opportunity to expand its offerings and sell frozen mixed-meat boxes. Local produce growers could sell under the PHF name as well, which would make Penokean Hills Farms a comprehensive local food brand in the north and contribute to the local food movement. The group could consider forming a marketing co-operative with these other local producers.

Set Up a Local Retail Store in Sault Ste. Marie

With other local food producers now a part of PHF and possibly a co-operative, the group could open a permanent retail location in Sault Ste. Marie similar to what Sudbury has to offer (www.eatlocalsudbury.com). This would provide easy access to consumers for locally produced products and would act as a local grocery store, something the area has been lacking. PHF could charge memberships to help increase revenues, though this need not be mandatory. The Sudbury store has an optional membership fee of \$10 a year for a 4 percent discount on all products.

Even if the group does not become a co-operative or does not recruit new producers, a local retail store would still be desirable. The business structure would change but the store could provide a retail front for locally produced products. Because of accessibility and convenience factors, this recommendation has the greatest potential for achieving sustainability in Northern Ontario's agricultural sector. Eat Local Sudbury got funding support to start its store; PHF should investigate similar funding opportunities.

MUTUALLY EXCLUSIVE ALTERNATIVE: AMALGAMATE WITH NORTHERN QUALITY MEATS

THE GROUP SHOULD LOOK AT THIS OPTION if the opportunity arises. People are more familiar with Penokean Hills Farms than with Northern Quality Meats in Sault Ste. Marie, so this would have benefits for both organizations. PHF would have input and direct control in NQM. The organization could be run out of the processing plant and the PHF name could be used for marketing all products. The manager could run both the plant and PHF, with the plan to eventually become one. The groups could share marketing efforts, which would decrease costs for both organizations. Inventory tracking would be much easier and the business would become more efficient. This recommendation is similar to those presented in the long-term plan for PHF. It would allow the brand name to expand and product selection to increase. If this recommendation is undertaken, the groups would need to develop a new business plan to work out the details and logistics.

Another option would be to sell the PHF name to NQM and establish a contract where the group's members become NQM's suppliers, which, again, would benefit both organiza-

tions. With PHF's intern leaving, the group could hand over the business side to NQM and focus solely on producing cattle.

MONITOR AND EVALUATION

THE GROUP MUST ANALYZE THE CORRELATION between sales and marketing dollars spent in order to evaluate the overall recommended strategies. This would clarify if the marketing efforts are working and also help determine which are the most effective. In addition, it would be a useful tool for future marketing plans. Feedback from consumers and distributors would also help PHF evaluate its current situation and strategy. Communicating with consumers at events and conducting satisfaction surveys would give the group an idea of where things have improved and what issues still need to be addressed. PHF should talk regularly to distributors, who have the most frequent contact with customers and will have valuable feedback for the organization.

Profit levels and margins are the key figures for evaluating the strategies provided here. Sales should increase each year to a point where the group can afford its own marketing budget, an employee, and meet other costs. At this point, the group will be self-sustainable and the consumer base will continue to grow along with this local food movement. As long as the group continues to produce local, naturally raised goods, there will be a market for PHF's products.

CONTINGENCY PLAN

IF, ACCORDING TO SALES AND PROFIT LEVELS, the strategies turn out to be less successful than projected, the group should consider streamlining its efforts. It should continue on its current course as the business has few overhead costs. This would allow the group to take less risk while continuing to grow the brand. PHF should carefully evaluate any recommendations that involve a large cash outlay and conduct a risk analysis to see if it makes sense to continue with the strategy.

If the group does not receive marketing support in 2010, they should delay the purchase of a refrigerated unit and put the money towards marketing for that year. This would keep

PHF in the minds of consumers, and by the end of the year the group should have earned enough to purchase the refrigerated unit as well as funds to put towards marketing for 2011. If the group does receive funds for marketing in 2010, they should purchase the refrigerated unit and follow the marketing plan and strategy outlined above.

If the organization sees greater success than expected, the group must be prepared to ship extra beef through the program so they don't miss out on potential sales. PHF will also have more money to put towards marketing and should approach more distributors, especially to sell fresh product. This will increase the consumer base and sales levels, helping to achieve sustainability.

APPENDICES

Appendix 1: Farm Members and Distributors

Farm	Owner	Phone #	Address	Email
Algoma Farm Fresh	Jack and Lou Ann Tindall	705-782-6328	3676 Government Road, RR 1, Desbarats, P0R 1E0	johntindall@sympatico.ca
Clear Water Farms	Ken and Robin Macleod	705-736-2236	RR 2, Bruce Mines, P0R 1C0	clearwaterfarms@sympatico.ca
Applehill Farm	Will and Elaine Samis	705-843-5567	2 Tait Rd, RR 2, Iron Bridge, P0R 1H0	ewsamis@inorth.on.ca
Spruce Ridge Farm	Ray and Joanna Prestedge / Blair McKinnon	705-842-0476	120 River Ward, Huron Shore, P.O. Box 3, Thessalon, P0R 1L0	rjprestfarm@sympatico.ca
Leeburn Valley Farm	Gordon Hacker	705-736-1086	RR # 1, Bruce Mines, P0R 1C0	gordonhacker@vianet.ca
Sweet Water Ranch	Luke and Amy Vine	705-842-2265	111 Vine Rd, RR 2, Thessalon, P0R 1L0	lwlvine@hotmail.com

(Updated January 2010)

Store	Owner/ Contact	Phone #	Address	Store Hours
Bruni's Fine Foods	Lou Bruni	705-256-7367	328 Wellington Street West, Sault Ste. Marie	Mon-Fri: 9-6 Sat: 9-4
The Algoma Co-op AG Centre	Joe or Peggy	705-248-2201	3475 Hwy. 17, Echo Bay	Mon-Sat: 8:30-5:00
Little Rapids General Store	Merv Brooks	705-842-3717	4 km. North on Hwy. 129	Mon-Sat: 8-6 Sun: 9-5
Dinelle's 2 Meats and Grocery	Carol Naitresse	705-246-2500	Richards Landing, St. Joseph Island	NA
Northern Quality Meats	Kathy Haynes	705-782-4224	290 Deplonty Road, Desbarats	Mon-Fri: 8-5

Appendix 2: Protocols

1. Calves must be born on members' farms and raised to the protocol standards with proper documentation
2. 100 percent traceable — all animals will be age verified with the Canadian Cattle Identification agency
3. Complete and submit an approved animal information sheet with each animal to Northern Quality Meats and keep a record as well
4. All animals processed under provincial inspection
5. Be less than 24 months of age
6. Attain a minimum grade A
7. Have no growth hormones or implants administered at any time
8. Have no antibiotics administered at any time
9. Have no ionophores administered at any time
10. Have a parasite control program administered
11. Be castrated by 600 lbs. or by weaning
12. Vitamins and minerals may be used
13. Must be vaccinated
14. Must be dehorned
15. Beef must be finished with full-grain feed for approximately the last 100 days, using our approved locally grown by 2010 barley/pea diet, of which peas must constitute no less than 25 percent by weight
16. Farmers must have completed an Environmental Farm Plan Course, a Verified Beef Production Course, and must keep Verified Beef Production (VBP) records that are adequate for full traceability of cattle and inputs
17. The goal is to have calves sired by a bull with minimum AA grade for marbling on approved test upon replacement of a farm's bull
18. Conducts third-party farm audits

Appendix 3: Code of Ethics

- We will produce a wholesome, tasty and nutritious product.
- We will meet the needs of every animal on our farms every day.
- We will protect and improve the environment on our farms, leaving it better for future generations.
- We will encourage and foster the growth and positive development of all individuals involved.
- We will as individuals and as a corporation be a positive force in the area's communities.

Appendix 4: PHF's 2009 Product Price List

By the side*	\$2.70/lb.
By the quarter*	\$2.85/lb.
50-lb. standard box	\$285.00
25-lb. standard box	\$149.00
10-lb. box of ground beef	\$40.00
5-lb. box of patties	\$24.50

*Sides and quarters are cut to your specification and priced on the hot hanging weight

Individual Cuts

Lean ground beef	\$4.25/lb.
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Steaks

T-bone	\$10.95/lb.
Rib	\$8.99/lb.
Sirloin	\$7.99/lb.
Round	\$6.99/lb.
Minute	\$6.99/lb.

Roasts

Sirloin	\$6.99/lb.
Rump	\$6.99/lb.
Blade	\$5.99/lb.
Cross-rib	\$5.99/lb.

Appendix 5: Yield Percentage and Retail Value of a Side*

Tag #	813	813	812	812	812	812	Average	% of total weight	Price per lb.	Value (\$)
Weight (lbs.)**	323	335	366	372	349					
Rib steak	18.26	16.89	18.8	18.16	18.0275			5.17%	\$9.99	\$180.09
Blade roast	21	18.43	19.19	19.81	19.6075			5.62%	\$5.99	\$117.45
Cross-rib roast	8.11	5.42	5.69	6.58	6.45			1.85%	\$5.99	\$38.64
T-bone steak	14.62	16.4	18.76	19.06	17.21			4.93%	\$10.95	\$188.45
Sirloin steak	10.25	9.38	11.28	11.1	10.5025			3.01%	\$7.99	\$83.91
Round steak	9.68	10.05	12.21	10.53	10.6175			3.04%	\$6.99	\$74.22
Minute steak	4.8	5.45	5.5	6.33	5.52			1.58%	\$6.99	\$38.58
Rump roast	6.51	6.8	7.98	8.2	7.3725			2.11%	\$6.99	\$51.53
Sirloin tip roast	8.76	8.79	10.58	10.74	9.7175			2.78%	\$6.99	\$67.93
Ground beef	92	91	110	110	100.75			28.87%	\$4.25	\$428.19
Cut out weight	193.99	188.61	219.99	220.51	205.775			58.96%		\$1,268.99
Loss	129.01	146.39	146.01	151.49	143.225			41.04%		\$934.95
										Revenue from Side
										Processing cost (include \$35 for shrink wrap)
										Profit
										\$334.04
										26% Profit Margin

* generic cutting instructions

** the weights of the side are on a three-week hang

Appendix 6: Price Breakdown and Profit Margins

Expenses	Side in Boxes	Wholesale (Hot)	Wholesale (Cold)	Side Retail
Farmer	\$1.90	\$1.90	\$1.90	\$1.90
Cut and wrap	\$0.43	n/a	n/a	\$0.43
Kill and hang	\$0.22	\$0.26	\$0.26	\$0.22
Total	\$2.55	\$2.16	\$2.16	\$2.55
Transportation (0.135/lb.): estimate	n/a	\$53.00	\$53.00	na
Hide fee	\$10.00	\$10.00	\$10.00	\$10.00
349 lb. side cost	\$899.95	\$816.84	\$816.84	\$899.95
Hot weight cost/lb.	\$2.58/lb.	\$2.34/lb.	\$2.34/lb.	\$2.58/lb.
Cold weight cost/lb. (6% shrink)	\$2.73/lb.	\$2.48/lb.	\$2.48/lb.	\$2.73/lb.
Revenues	Option A			
Sell (7 boxes @ \$149/box)	\$1,043.00	\$872.50 (2.50/lb.)	\$869.20 (2.65/lb.)	\$942.30 (2.70/lb.)
Sell (30 lbs. of GB in 10 lb. boxes)	\$120.00			\$994.65 (2.85/lb.)
Total	\$1,163.00			*selling both side
Profit (deduct \$10 for boxes)	\$253.05	\$55.66	\$52.36	\$42.35 (5% margin/side)
Profit Margin	22%	6%	6%	\$94.70 (10% margin/quarter)
Commission on 7 boxes (10%)	\$104.3			
Revised Profit	\$148.75			
Revised Profit Margin	13%			
	Option B			
Sell (7 boxes @ \$149/box)	\$1,043.00			
Sell (6 boxes of patties @ \$24.50/box)	\$147.00			
Total	\$1,190.00			
Profit (deduct \$13.50 for burg + \$7.00 for boxes)	\$269.55			
Profit Margin	23%			
Commission on 7 boxes (10%)	\$104.30			
Revised Profit	\$165.25			
Revised Profit Margin	14%			

Appendix 7: Price Breakdown with Farmer Payment Decrease

Expenses	Side in Boxes	Wholesale (Hot)	Wholesale (Cold)	Side Retail
Farmer	\$1.85	\$1.85	\$1.85	\$1.85
Cut and wrap	\$0.43	n/a	n/a	\$0.43
Kill and hang	\$0.22	\$0.26	\$0.26	\$0.22
Total	\$2.50	\$2.11	\$2.11	\$2.50
Transportation (\$0.135/lb.)	n/a	\$53.00	\$53.00	n/a
Fuel charge (variable)/GST	n/a			n/a
Hide fee	\$10.00	\$10.00	\$10.00	\$10.00
349 lb. Cost	\$882.50	\$799.39	\$799.39	\$882.50
Hot weight cost/lb.	\$2.53/lb.	\$2.29	\$2.29	\$2.53
Cold weight cost/lb. (6% shrink)	\$2.68/lb.	\$2.43	\$2.43	\$2.68
Revenues	Option A			
Sell (7 boxes @ \$149/box)	\$1,043.00	\$872.50 (2.50/lb.)	\$869.20 (2.65/lb.)	\$942.30 (2.70/lb.)
Sell (30 lbs. of GB in 10 lb. boxes)	\$120.00			\$994.65 (2.85/lb.)
Total	\$1,163.00			*selling both sides
Profit (deduct \$10 for boxes)	\$270.50	\$73.11	\$69.81	\$59.80 (7% margin/side)
Profit Margin	23%	8%	8%	\$112.15
Commission on 7 boxes (10%)	\$104.3			(11% margin/quarter)
Revised Profit	\$166.2			
Revised Profit Margin	14%			
	Option B			
Sell (7 boxes @ \$149/box)	\$1,043.00			
Sell (6 boxes of patties @ \$24.50/box)	\$147.00			
Total	\$1,190.00			
Profit (deduct \$13.50 for burg + \$7.00 for boxes)	\$300.50			
Profit Margin	25%			
Commission on 7 boxes (10%)	\$104.30			
Revised Profit	\$196.20			
Revised Profit Margin	17%			

Appendix 8: 2008/2009 Revenues and Expenses

	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09
25-lb. box	\$1,755.00	\$1,890.00	\$3,780.00	\$1,080.00	\$2,849.00	\$1,215.00	\$596.00	\$2,514.00	\$1,937.00	\$1,392.00
50-lb. box	\$3,558.00	\$1,880.00	\$1,175.00	\$470.00	\$470.00	\$470.00	\$285.00	\$855.00	\$755.00	\$570.00
Ground beef box	\$394.00	\$393.75	\$225.00	\$112.50	\$641.25	\$56.25	\$0.00	\$135.25	\$316.00	\$237.00
Patties	\$321.00	\$624.00	\$432.00	\$208.00	\$157.00	\$0.00	\$0.00	\$0.00	\$128.00	\$0.00
Sides	\$1,916.33	\$0.00	\$0.00	\$845.00	\$5,238.32	\$4,391.57	\$5,524.44	\$972.00	\$3,000.00	\$0.00
Quarters	\$390.00	\$302.10	\$0.00	\$430.63	\$250.00	\$0.00	\$510.15	\$510.15	\$0.00	\$0.00
Spares	\$34.37	\$115.18	\$354.80	\$109.98	\$435.88	\$246.94	\$949.17	\$416.28	\$35.64	\$893.11
Totals	\$8,368.70	\$5,205.03	\$5,966.80	\$3,256.11	\$10,041.45	\$6,379.76	\$7,864.76	\$5,402.68	\$6,171.64	\$3,092.11
OCA Grant	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,687.76	\$0.00	\$7,977.19	\$0.00	\$215.27
Cut and wrap	\$1,750.68	\$1,462.46	\$0.00	\$3,164.86	\$352.57	\$432.43	\$595.07	\$153.07	\$274.28	\$0.00
Farmer pymt	\$8,167.00	\$5,927.00	\$1,915.00	\$0.00	\$2,938.00	\$7,104.00	\$6,694.00	\$2,676.00	\$8,393.84	\$7,215.00
Butcher	\$0.00	\$786.76	\$0.00	\$1,988.98	\$87.23	\$875.00	\$714.24	\$201.03	\$163.09	\$0.00
Commission	\$172.17	\$496.38	\$0.00	\$0.00	\$586.44	\$0.00	\$64.80	\$91.15	\$109.00	\$200.96
Delivery	\$0.00	\$28.98	\$0.00	\$157.50	\$30.00	\$129.78	\$317.19	\$20.62	\$88.03	\$0.00
Hall rental	\$20.00	\$35.00	\$10.00	\$10.00	\$0.00	\$20.00	\$0.00	\$0.00	\$25.00	\$0.00
Printing	\$0.00	\$0.00	\$249.44	\$0.00	\$0.00	\$2,567.36	\$0.00	\$0.00	\$0.00	\$360.52
Advertising	\$0.00	\$638.19	\$308.45	\$0.00	\$0.00	\$1,056.80	\$0.00	\$379.42	\$280.00	\$0.00
Phone	\$0.00	\$50.52	\$52.50	\$50.17	\$52.15	\$0.00	\$104.83	\$107.74	\$0.00	\$52.15
Boxes	\$0.00	\$0.00	\$308.35	\$0.00	\$376.39	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SC	\$22.75	\$27.50	\$21.50	\$26.00	\$30.00	\$18.00	\$21.00	\$22.00	\$21.00	\$21.00
Misc	\$150.00	\$0.00	\$1,064.00	\$0.00	\$1,566.34	\$30.88	\$10.00	\$173.96	\$0.00	\$124.72
Totals	\$10,282.60	\$9,452.79	\$3,929.24	\$5,397.51	\$6,019.12	\$12,234.25	\$8,521.13	\$3,824.99	\$9,354.24	\$7,974.35
Profit	-\$1,913.90	-\$4,247.76	\$2,037.56	-\$2,141.40	\$4,022.33	-\$3,166.73	-\$656.37	\$9,554.88	-\$3,182.60	-\$4,666.97
Total Profits	-\$1,913.90	-\$6,161.66	-\$4,124.10	-\$6,265.50	-\$2,243.17	-\$5,409.90	-\$6,066.27	\$3,488.61	\$306.01	-\$4,360.96

Appendix 8: 2008/2009 Revenues and Expenses (cont.)

	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Total	% of Total Sales
25-lb. box	\$1,639.00	\$447.00	\$3,427.00	\$2,533.00	\$3,427.00	\$2,834.00	\$2,509.00	\$1,788.00	\$37,612.00	31.73
50-lb. box	\$570.00	\$0.00	\$285.00	\$855.00	\$570.00	\$1,140.00	\$855.00	\$1,140.00	\$15,903.00	13.41
Ground beef box	\$316.00	\$237.00	\$158.00	\$196.82	\$119.25	\$160.00	\$240.00	\$200.00	\$4,138.07	3.49
Patties	\$105.00	\$231.00	\$189.00	\$567.00	\$420.00	\$992.00	\$294.00	\$0.00	\$4,668.00	3.94
Sides	\$0.00	\$1,966.95	\$1,960.20	\$3,461.25	\$2,256.22	\$2,605.58	\$1,732.70	\$978.75	\$36,849.31	31.08
Quarters	\$1,001.70	\$512.29	\$992.25	\$0.00	\$0.00	\$1,707.00	\$2,118.95	\$0.00	\$8,725.22	7.36
Spares	\$589.50	\$324.09	\$95.31	\$770.11	\$1,779.83	\$2,757.43	\$678.42	\$73.48	\$10,659.52	8.99
Totals	\$4,221.20	\$3,718.33	\$7,106.76	\$8,383.18	\$8,572.30	\$12,196.01	\$8,428.07	\$4,180.23	\$118,555.12	100.00
OCA Grant	\$55.13	\$257.22	\$649.99	\$1,025.56	\$4,013.03	\$3,216.25	\$1,715.60	\$1,688.22	\$23,501.22	19.82
Cut and wrap	\$1,415.04	\$599.49	\$1,196.22	\$1,262.58	\$405.75	\$1,674.68	\$813.13	\$0.00	\$15,552.31	13.12
Farmer pymt	\$0.00	\$4,462.00	\$3,035.25	\$6,274.75	\$4,850.20	\$6,482.80	\$3,485.40	\$3,669.20	\$83,289.44	70.25
Butcher	\$709.07	\$328.60	\$597.97	\$776.50	\$299.92	\$1,003.27	\$442.48	\$0.00	\$8,974.14	7.57
Commission	\$69.00	\$148.80	\$71.50	\$169.16	\$21.22	\$83.48	\$205.92	\$69.76	\$2,559.74	2.16
Delivery	\$0.00	\$0.00	\$0.00	\$116.76	\$113.67	\$43.22	\$0.00	\$0.00	\$1,045.75	0.88
Hall rental	\$0.00	\$40.00	\$0.00	\$0.00	\$0.00	\$30.00	\$0.00	\$0.00	\$190.00	0.16
Printing	\$0.00	\$3.84	\$0.00	\$0.00	\$0.00	\$1,014.74	\$1,242.64	\$2,292.54	\$7,731.08	6.52
Advertising	\$342.96	\$326.31	\$685.64	\$1,433.43	\$5,390.70	\$3,404.64	\$460.20	\$0.00	\$14,706.74	12.40
Phone	\$152.67	\$0.00	\$62.32	\$127.19	\$63.86	\$0.00	\$63.00	\$67.42	\$1,006.52	0.85
Boxes	\$0.00	\$0.00	\$0.00	\$72.43	\$0.00	\$410.28	\$0.00	\$0.00	\$1,167.45	0.98
SC	\$17.00	\$15.00	\$25.00	\$29.50	\$25.50	\$26.00	\$25.00	\$13.00	\$406.75	0.34
Misc.	\$241.50	\$308.23	\$132.14	\$180.53	\$248.39	\$375.35	\$79.80	\$111.64	\$4,797.48	4.05
Totals	\$2,947.24	\$6,232.27	\$5,806.04	\$10,442.83	\$11,419.21	\$14,548.46	\$6,817.57	\$6,223.56	\$141,427.40	119.29
Profit	\$1,329.09	-\$2,256.72	\$1,950.71	-\$1,034.09	\$1,166.12	\$863.80	\$3,326.10	-\$355.11		
Total Profits	-\$3,031.87	-\$5,288.59	-\$3,337.88	-\$4,371.97	-\$3,205.85	-\$2,342.05	\$984.05	\$628.94		

Appendix 9: 2009 Marketing Budget

Purchase	Amount	Description
Rogers Radio	\$3,969.00	3 months
Superior 7 Billboard	\$3,883.25	3 spaces for 3 months
Brochure mail-out (SSM and EL)	\$2,777.18	7,500 to SSM, 2,500 to EL
NORDIK printing bill*	\$2,392.11	
Colour labels	\$1,014.74	3,000
The <i>Sault Star</i> **	\$874.65	3 months
The <i>Standard</i> **	\$726.38	5 month ad/Jewel in the Wilderness ad
Colour brochures	\$716.42	3,000
Coffee Perks	\$626.80	2 months ad/3 months classified
<i>Sault This Week</i>	\$503.94	2 month business ad
Uline	\$482.71	25- and 10- pound boxes
Canpages	\$369.60	phone book advertising for the year
Black and white brochures	\$287.02	2,500
Sootoday.com	\$200.00	Classifieds for 5 months
Algoma Farmers' Market	\$200.00	Membership for the year
4 POS signs	\$176.28	
The <i>Sentinel</i>	\$92.38	Classifieds for 2 months
Farm Fresh Directory	\$75.00	
Price sheets	\$73.50	2,500
Yellow Pages	\$57.96	phone book for the year
Chamber of Commerce membership	\$45.49	
Market sign	\$43.30	
Whiteboard/markers	\$38.05	
Price inserts	\$36.80	1,000 black and white
Bags	\$32.76	
Web serve	\$24.14	rights to LocalBeef.net for 1 year
Barbeque co-op	\$10.00	supplies
Photocopy of inserts	\$3.84	
Total	\$19,733.30	

* NORDIK bill was a non-payable expense

** Credit of over \$600 coming from the *Sault Star* and the *Standard* (billing error)

Appendix 10: Marketing Materials

Billboard — Corner of Trunk Road and Lake Street and near the corner of Peoples Road and Second Line



Radio Ads

Example Ad: Barbeque — For this barbeque season there's no better way to satisfy your grilling needs than by making a call to Penokean Hills Farms at 971-Meat. Penokean Hills farmers provide our community with locally raised, minimum grade-A beef. Purchase custom-cut beef by the side or quarter, or 25- and 50-pound mixed boxes of steaks, roasts, and ground beef. To pick up your beef, visit the Sault or Desbarats farmers' markets, Bruni's Fine Foods in the Sault, Algoma Co-op Ag Centre in Echo Bay, or Country Bins Bulk Food Store in Thessalon. Call 971-Meat and fire up your barbeque.

Example Ad: Environment — Today, most Northern Ontario farmers ship their cattle to Southern Ontario to be finished, processed, and shipped back to stores in the North. Penokean Hills Farms does it differently. These local farmers keep their product here in the Algoma region from start to finish, cutting down on travel and carbon dioxide emissions. By purchasing Penokean Hills Farms beef you not only help the environment but change the

way farming is done in the North. That has a positive impact on our planet. For quality beef close to home, call Penokean Hills Farms at 971-Meat.

Example Ad: Economy — Family farming is a way of life that supports our local communities. By purchasing Penokean Hills Farms beef, your dollars stay in Algoma and help support local family farms. Research shows that for every one job in farming, an additional two point five jobs related to agriculture are supported. Do your part to support the local farmers and the local economy by purchasing Penokean Hills Farms locally raised, minimum grade-A beef products. Call 971-Meat for inquiries. Penokean Hills Farms, quality beef close to home!

Example Ad: Health — In this day and age don't you want to know where your food is coming from? You want the meat that your family consumes to be tasty, healthy, and natural. Then you need to know that a group of local farmers have come together to form Penokean Hills Farms and provide your community with locally raised, minimum grade-A beef. Call 971-Meat for inquiries or visit penokean hills farms dot com. Make the right choice for you and your family. Penokean Hills Farms, 971- Meat, quality beef close to home!

Revised Ads — For this barbeque season, there's no better way to satisfy your hunger than by making a call to Penokean Hills Farms at 971-Meat. Penokean Hills beef is locally raised and never given growth hormones or antibiotics. Purchase Penokean's tasty mouthwatering beef in the Sault at the farmers' market and at Bruni's Fine Foods on Wellington Street West. Products are also available at Country Bins Bulk Food Store in Thessalon, at the Algoma Co-op Ag Centre in Echo Bay, and the Desbarats farmers' market. Visit Penokean Hills website at localbeef.net. Call today and fire up that grill! 971-Meat! Quality beef close to home.

Family farming is a way of life that supports our local community. For years the families of Penokean Hills Farms have been providing the North with tasty, premium beef, which is never administered growth hormones or antibiotics. All beef is locally raised and processed, which helps reduce travel and carbon dioxide emissions. Purchasing Penokean Hills beef helps support local farmers, the economy, and the environment. Recently, Penokean Hills won the 2009 Premier's award for agri-food innovation excellence. In the Sault, find Penokean Hills products available at Bruni's Fine Foods and at the farmers' market. Call 971-Meat or visit localbeef.net today!

POS Signs



Classified Ads*Sootoday.com Classified Ad***Penokean Hills Farms, Quality Beef Close to Home**

- All beef is locally raised without the use of growth hormones and antibiotics
- 25-lb. and 50-lb. frozen mixed boxes of steak, roast, and ground beef
- Available by the side and quarter, cut and wrapped to your specifications

For full details visit us at LocalBeef.net or call 971-MEAT (6328) today!

Product Locations

- Bruni's Fine Foods: (705) 256-7367, 328 Wellington Street West, SSM
- The Algoma Co-op AG Centre: (705) 248-2201, 3475 Hwy. 17 B, Echo Bay

Product is available at the Sault Ste. Marie Farmers' Market on Saturdays

*You can also pick up product at Penokean members' farms — visit LocalBeef.net for locations

PENOKEAN HILLS FARMS
971-MEAT (6328)
LOCALBEEF.NET
PHFARMS@GMAIL.COM

Proud members of the Ontario Cattlemen's Association

Sentinel Classified Ad

Penokean Hills Farms, Quality Beef Close to Home! We sell sides and quarters cut and wrapped to your specifications. We also sell 25-lb. and 50-lb. frozen mixed boxes of steaks, roasts, and ground beef. Our products are 100 percent traceable from gate to plate, and are never administered growth hormones or antibiotics. Visit LocalBeef.net or call 971-Meat (6328) for full details. Penokean Hills Farms are proud members of the Ontario Cattlemen's Association.

Soonews.ca Logo Ad



Quality Beef Close to Home

**TO ORDER OR INQUIRE:
705-971-MEAT (6328)**

AVAILABLE FOR PICK-UP AT:
Bruni's Fine Foods, Sault Ste. Marie - 705-256-7367
The Co-op Algoma AG Centre, Echo Bay - 705-248-2201
Country Bins Bulk Food Store, Thessalon - 705-842-1050

Our Products

Standard 50 lb. Box
Approx. 30 lbs. of steaks and roasts combined and 20 lbs. of ground beef.

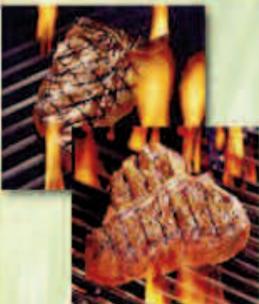
Standard 25 lb. Box
Approx. 15 lbs. of steaks and roasts combined and 10 lbs. of ground beef.

5 lb. Box of Burger Patties
Ready for grilling! Try our 100% all beef, no filler hamburger patties. Each patty weighs 1/3 lb.

25 lb. Box of Ground Beef
Contains 25 lbs. of ground beef.

By the Side
Our product is also available by the side, cut and wrapped to your specifications.

By the Split-Side
Our product is also available by the split-side, cut and wrapped to your specifications.



All steaks are cut 3/4" thick and packaged individually; all roasts are approximately 3 lbs. each; and all ground beef is packaged in approx. 1 lb. bags.

Our Farms

Clear Water Farms Ken & Robin MacLeod Poplar Dale, ON	Spruce Ridge Farm J. & B. Prentice & MacKinnon Thessalon, ON	Sweet Water Ranch Amy & Luke Vine Thessalon, ON	Mills Farm Karen & Roger Shanle Ophir, ON
Leeburn Valley Farm Gordon Hackler Leeburn, ON	Algoma Farm Fresh Jack & Lou Ann Trindall Deburau, ON	Applehill Farm Elaine & Will Samis Iron Bridge, ON	MacLeod Farms Norma & Wallace MacLeod Poplar Dale, ON

Proud Members of
 Ontario Cattlemen's Association

Penokean Hills Farms
Phone: (705) 971-6328
Email: penokeanhillsfarms@gmail.com
<http://penokeanhillsfarms.com>

About Us

Penokean Hills Farms is a group of local farmers, which sells high quality, minimum grade-A, hormone and antibiotic-free beef to local consumers. Penokean Hills products are available at Bruni's Fine Foods in the Sault, at the Co-op Algoma Ag Centre in Echo Bay, and at Country Bins Bulk Food Store in Thessalon.

Brochure, Side 1

PRODUCT LIST

Standard 50 lb Box (\$205)
Approximately 30 lbs of steaks and roasts, and 20 lbs of lean ground beef. Cuts of steak include t-bone, sirloin, round, rib-eye, & minute steak. Cuts of roast include sirloin tip, rump, cross rib, and blade.

Standard 25 lb Box (\$149)
Approximately 15 lbs of steaks and roasts, and 10 lbs of lean ground beef. Same cuts as 50 lb box.

Scott's Ground Package (\$40)
10 lbs of lean ground beef packaged into approximately 1 lb bags.

5 lb Box of All Beef Patties (\$74.50)
Ready for grilling! Try our 100% all beef, no filler hamburger patties. Each hamburger patty weighs approximately 1/3 lb.

By the Side (\$7.70/lb)
Our product is available by the side, cut and wrapped to your specifications.

By the Quarter (2.05/lb)
Our product is also available by the quarter, cut and wrapped to your specifications. **By the side, approximately 200 lbs will get you four full lbs and one full lb.

All steaks are cut 3/4" thick and packaged individually. All roasts are approximately 3 lbs each, and all ground beef is packaged in approximately 1 lb bags. Please be aware that when purchasing a side or quarter you are paying on the hot hanging weight before cut out.
Prices subject to change

PENOKEAN HILLS FARMS

Algoma Farm Fresh Jack & Lori Ann Tindall Deseronto, ON	Appalachian Farms Elaine & Will Samis Iron Bridge, ON	Letourneau Valley Farms Gordon Hacker Leeburn, ON
Clear Water Farms Ken & Robin MacLeod Poplar Dale, ON	Sweet Water Ranch Amy & Luke Vine Thessalon, ON	
Spruce Ridge Farm Joanne & Ray Preatledge Blair MacKinnon Thessalon, ON		



Penokean Hills Farms
Quality Beef. Clean & Honest

CONTACT INFORMATION

(705) 971-MEAT (6328)

www.LocalBeef.net
phfarms@gmail.com

Proud Members of the Ontario Cattleman's Association



Ontario Cattleman's Association
Goodness in Cattleman

AVAILABLE AT

Bruni's Fine Foods
328 Wellington St. W. Sault Ste. Marie - 705-266-7307

The Co-op Algoma AG Centre
Egbo Bay, ON - 705-248-2201

Little Rapids General Store
4 km North on Hwy 129 - 705-942-3177

The Sault Ste. Marie & Deseronto Farmers Markets (in season)
*also available for pick up at members' homes—order ahead for storage, with 14 days notice

Penokean Hills Farms

Quality Beef. Clean & Honest

LocalBeef.net

705-971-MEAT



Brochure, Side 2

BENEFITS

Protect Your Family's Health:
Knowing where your food comes from and how it is raised enables you to choose safe products. Penokean Hills Farms takes pride in raising cattle that are never administered growth hormones or antibiotics.

Reduce Your Environmental Impact:
Traditionally, Northern Ontario farmers shipped their cattle to Southern Ontario only to be finished, processed, and shipped back up North to be sold in stores. We keep our product in the region from start to finish. This along with using local feeds, significantly reduces our carbon foot print.



Strengthen Your Local Economy:
Buying our products keeps your dollars circulating in Algoma and helps to support family farming as a way of life. Penokean Hills Farms strives to use local businesses and products in all day-to-day operations

CODE OF ETHICS

- ✓ We will produce a wholesome, tasty and nutritious product.
- ✓ We will meet the needs of every animal on our farms every day.
- ✓ We will protect and improve the environment on our farms, leaving it better for future generations.
- ✓ We will encourage and foster the growth and positive development of all individuals involved.
- ✓ We will, as individuals and as a corporation be a positive force in the area's communities.



PROTOCOLS

- ✓ Never administered growth hormones or antibiotics
- ✓ Must be born & raised on the members farms
- ✓ 100% traceable from gate to plate
- ✓ Minimum grade A beef
- ✓ Use award winning finishing diet which includes peas and barley that are locally grown



ABOUT US

Penokean Hills Farms started out in June 2005 when a group of local farmers from the Algoma District joined together under the guidance of the Ontario Cattleman's Association, as a means to collectively sell their high quality beef to local consumers.

By 2007, the group incorporated as a business with one mission in mind:

To produce the highest standard of tasty, nutritious beef while enhancing the environment and supporting the local community.

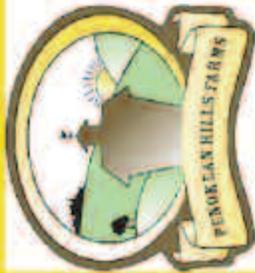


JUICY, TENDER CUTS

Penokean Hills Farms has strict product standards in place to ensure only the best quality beef reaches your plate.

As well, all of the farmers abide by the Quality Starts Here/Verified Beef Program, and all products are 100% traceable.

Poster



Penokean Hills Farms

Quality Beef Close to Home!

About Penokean Hills Farms: In 2005, a group of local beef farmers, with the support of the Ontario Cattleman's Association started to think about collectively marketing and selling their beef under a unified brand name. NORDIK Institute, with funding support from FedNor and NOHFC helped the group form Penokean Hills Farms by conducting marketing research, identifying target markets, and establishing production protocols. They incorporated, and officially launched in May 2008 with one mission: "To produce the highest standard of tasty, nutritious beef while enhancing the environment and supporting the local community." Currently the group has 6 different farms spreading across East Algoma, from Desbarats to Iron Bridge.

Current Project:

- Develop and implement a marketing plan
- Develop a business plan
- Redesign inventory system
- Sales support

Benefits:

- Supporting family farming as a way of life
- Strengthening our local economy
- Reducing our environmental impact
- Protecting our health

Project's Goal: Provide the framework for the long-term sustainability of Penokean Hills Farms. This will provide a financially feasible option for local beef farmers to keep their product in Algoma.









Researcher: Brandon Lawrence
Faculty Advisor: Dr. Gayle Broad





2x Premier's Award Recipient

Flyer



**Penokean Hills
Farms Inc.**
Quality Beef Close to Home

To order or inquire
call 705-971-MEAT (6328)
Or email phfarms@gmail.com
www.LocalBeef.net

- Local minimum grade A beef that is never administered growth hormones or antibiotics**
- All beef is born and raised on the members farms, and is 100% traceable from gate to plate!**
- Strict protocols in place to ensure a consistent, high quality product**
- Feed Penokean Hills beef to your family with confidence while supporting local family farms**



Standard 50 lb box - \$285
Mixed box of steak, roast, and ground beef. You get approx. 30 lbs of steak and roasts, and 20 lbs of lean ground beef. Steak cuts include: t-bone, rib, sirloin, and round steaks. Roasts cuts include sirloin tip, rump, blade, and cross-rib roasts. Roasts are approx. 3 lbs, steaks are 3/4 inch thick, and the burger comes in approx. 1 lb packages.

Standard 25 lb box - \$149
Mixed box of steak, roast, and ground beef. You get approx. 15 lbs of steak and roasts, and 10 lbs of lean ground beef. Steak cuts include: t-bone, rib, sirloin, and round steaks. Roasts cuts include sirloin tip, rump, blade, and cross-rib roasts. Roasts are approx. 3 lbs, steaks are 3/4 inch thick, and the burger comes in approx. 1 lb packages.

By the Quarter - \$2.85/lb
Our product is also available by the quarter, cut and wrapped to your specifications. We will divide the side completely, ensuring that you will get cuts from both the hind and the front.

By the Side - \$2.70/lb
Our product is available by the side, cut and wrapped to your specifications. Note that with both sides and quarters the customers pays on the hot hanging weight (before cut out).

Scot's Ground Package - \$40.00
Contains 10 lbs of lean ground beef packaged into approx. 1lb bags.

5 lb box of All Beef Patties - \$24.50
Ready for grilling! Try out 100% all beef, no filler hamburger patties. Each hamburger patty weighs approximately 1/3 lb.

Proud Member of the
Ontario's Cattleman's
Association



**Ontario
Cattlemen's
Association**
Established 1917

Product prices: subject to change

DISTRIBUTION LOCATIONS

Bruni's Fine Foods, Sault Ste. Marie—705-256-7367
The Co-op AG Centre, Echo Bay—705-248-2201
Little Rapids General Store — 705-842-3717
 The Sault & Desbarats Farmers Markets (in season)
 Available for pickup at members farms — check website or call for full details

Examples of Newspaper Ads

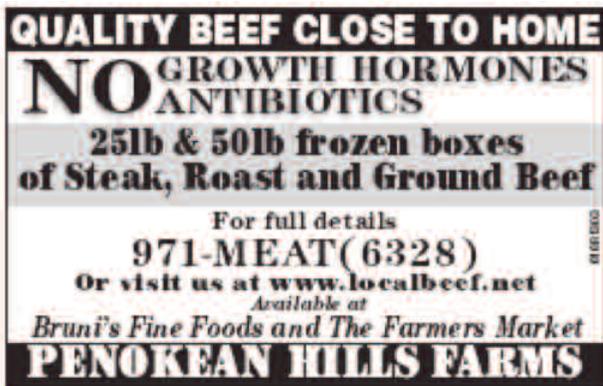


Penokean Hills Farms Inc.
Quality Beef Close to Home

- All beef is locally raised without the use of growth hormones & antibiotics.
- 25lb & 50lb frozen mixed boxes of steak, roast, and ground beef
- Available by the side & quarter cut and wrapped to your specifications

For full details visit us at LocalBeef.net or call 971-MEAT (6328) TODAY!

The Standard



QUALITY BEEF CLOSE TO HOME
NO GROWTH HORMONES
ANTIBIOTICS
25lb & 50lb frozen boxes
of Steak, Roast and Ground Beef

For full details
971-MEAT(6328)
Or visit us at www.localbeef.net
Available at
Bruni's Fine Foods and The Farmers Market
PENOKEAN HILLS FARMS

The Sault Star




PENOKEAN HILLS FARMS
Quality Beef Close to Home

☆ NO GROWTH HORMONES or ANTIBIOTICS
Available at
Bruni's Fine Foods and The Farmers Market

Call (705) 971-MEAT
Or visit us at www.localbeef.net

The Sault Star



Penokean Hills Farms - Quality Beef Close to Home

- No growth hormones or antibiotics
- 25 lb. & 50 lb. frozen mixed boxes of steak, roast and ground beef

For full details visit us at
LocalBeef.net or
call 705-971-MEAT (6328) today!

"Find our product in the Sault at Brun's Fine Foods and the Farmers Market"

Sault This Week

Appendix 11: Satisfaction Survey

Our organization is committed to continually improving our product and customer service. Please take a moment to fill out this survey to help us better meet your needs. You will be entered into a draw to win a free assortment of cuts from Penokean Hills Farms.

Please check the box that applies	Excellent	Good	Average	Fair	Poor
Please rate the flavour of the meat					
Please rate the tenderness of the meat					
Please rate the quality of the cuts					
Please rate the selection of cuts available in the box					
Please rate the overall quality of the meat					
Please rate the customer service on the phone/email					
Comments					
Please rate the customer service at the point-of-purchase location					
Comments					
Please circle the answer that applies					
Do you consider yourself a health-conscious person?	Y/N				
Would you recommend this product to a friend or family members?	Y/N				
Was there an adequate selection of products available?	Y/N				
Purchase location/date					
Name					
Email					
Phone #					
Address					
Age: 0-20__ 21-30__ 31-40__ 41-50__ 51-60__ 61-70__ 71+__					

Thank you for taking the time to complete this survey. Your responses will help us better meet the needs of our valued customers in the future. For more information call 705-971-MEAT.

Appendix 12: Brochure Mail-out (2009)

Elliot Lake	Sault Ste. Marie
LC 0001	LC 0011
LC 0006	LC 0013
LC 0007	LC 0017
LC 0010	LC 0018
LC 0011	LC 0019
	LC 0020
	LC 0021
	LC 0022
	LC 0030
	LC 0040
	LC 0042
	LC 0043
	LC 0048
	LC 0060
	RR 0005
	LC 0043
	LC 0060
	LC 0065
	LC 0069
	LC 0074
	LC 0075
	RR 0003
Sault Ste. Marie total	7,538
Elliot Lake total	2,480
Total	10,018

Appendix 13: Reflection: What I Have Learned

Brandon Lawrence

Introduction

Working at NORDIK over the last year has been an excellent opportunity to gain new knowledge and skills that I will be able to use going forward in my career. The job of Penokean Hills Farms Business and Marketing Intern has been exciting, and at times a challenging job. I recently graduated from Algoma University's Business Administration Degree Program, with a specialization in marketing. This job gave me the opportunity to jump right into the business world after school, and allowed me to take what I learned over the four years of post-secondary education and put it to use immediately. Often graduates have to work for years before they are given the responsibilities for which I was assigned with this job title. I knew immediately that this was a great opportunity for me.

Locally Grown Business

Working here at NORDIK has educated me on the importance of local businesses and the impact they have on the community. I now know the significance of social enterprises and the role they play in the local communities. This job has allowed me to start to think about how business is done. It is not only about making a profit, but enhancing the economy, protecting the environment, and creating a sustainable way of life. When a community is prospering, so are its businesses. So looking out for the community as a whole must be brought into consideration with any business. Without this job I may have never been aware of these important facts, which could have limited my success in the future.

Working for a local food business, you have to learn and understand the benefits for both the producer and consumer. Not only that, I learned the benefits that buying locally has on the environment and the economy. This goes for all local products, not just food. Knowing these benefits is great, but marketing and communicating these to consumers is key for the survival of the business. During the last year I have improved upon my skills each day to better communicate these benefits. An example of this is adding the group's protocols to some of our marketing materials (i.e., brochure). I feel this improved upon my marketing skills by making sure that I found a message and communicated it to the consumers over and over again. I learned that you want to keep the marketing message as consistent and simple as possible.

Skill Development

Working with Penokean Hills Farms, I basically took over a managerial role. I was the centre point of all day-to-day activities. When I first took over, the group had a very inefficient inventory system. I created and implemented a new inventory system that allowed for better tracking. I never thought I would ever have to create an inventory system, but now that I have, I feel that I could find a way to track any type of businesses inventory, or find ways to improve upon the current system. Along with the inventory system, I created a way to track sales, customers, production, and inquiries all in one file. This not only improved the organization of the business, but my own organizational skills as well. It is important to continually look at what can be improved upon and how to decrease inefficiencies.

I have been responsible for the marketing efforts of Penokean Hills Farms during my employment. Since I specialized in marketing during my post-secondary education, this is where I really felt I could put what I learned in school to the test. First off, just dealing with the advertising companies has allowed me to gain important contacts that will come in handy in my future when doing any type of advertising in Algoma. I now have a better idea of the value of different types of advertisements in terms of cost and return. This was something I learned from a textbook, but being able to actually plan a marketing budget in real life and see the results has been priceless. I now have a better understanding of which marketing channels are most effective for particular situations.

For example, when we were planning to advertise on a popular local news website, I first thought we should do it during the spring and early summer, but then realized that this type of advertising would be more effective during the fall and winter months, when more people are indoors around their computers. During the summer, people are more likely to be outdoors than sitting in front of a computer. This job made me really think about how to improve the marketing of the group and its products, and how to get the most benefit out of each dollar.

During 2009, a group of us created a business plan for the local abattoir, Northern Quality Meats, and are in the process of creating a new one for a group interested in purchasing the processing plant. During my schooling, we had to prepare numerous business plans, so it was great experience to do one outside of school. This plan provides me with a unique tool, which I can use in my resumé. This improved my business-plan writing skills, among other things.

One of my weaker areas coming out of school was accounting and financials. However, my main job with the NQM business plan was analyzing the financial statements, which allowed me to turn a weakness into a strength. Working on the Penokean Hills Project, I now enjoy looking at the numbers, analyzing them, finding trends, and making recommenda-

tions. During my schooling, we did numerous case studies; working on the Penokean Hills Project and the two business plans has allowed me to build upon my major strengths. I also had to write funding proposals, which will help me in the future.

I have improved my presentation skills working at NORDIK. During the summer, I attended an environmental expo in Desbarats and did a half-hour presentation about Penokean Hills Farms and the importance of buying locally. It gave me the experience of doing a presentation outside the atmosphere of a classroom. Our weekly meetings also helped improve my presentations skills as I reported on what I'd been working on, what I'd be doing the following week, and fielded questions from my fellow workers.

I have improved my website design and management skills. When I took over, the Penokean Hills website wasn't even up and running. I got help from another researcher to redesign the site and since then have been doing monthly updates and changes. This has made me more familiar with how websites run and I am continually thinking of ways to improve it.

I have improved my skills in Microsoft Excel. Working with this program outside the classroom has consolidated what I learned there and given me the opportunity to explore features I was unfamiliar with. And I did not use Microsoft Publisher before I started this job and have now done numerous brochures, posters, and even created a billboard design with it. I appreciate the opportunity the program has given me to explore the creative side of advertising.

Community Involvement and Commitment

I never knew how much support there is for local businesses. I have learned that organizations provide both tangible and intangible support to ventures that benefit the economy and the community, and this has made me really think of business ideas that could contribute to community well-being. I also observed how people were willing to help out in any way they could to benefit local businesses and our community. Working at NORDIK I observed the employees dedicating not only their work time but also personal time to community causes, and on a regular basis saw volunteers and students passionately involved in supporting community events. It has been inspirational to see the efforts people have made to better the place in which we live.

During my time with NORDIK I helped plan certain events. We brought a co-operative specialist up from Southern Ontario to host a workshop for local food producers and I worked closely with Tony Martin's office, NORDIK employees, and a few producers to put this two-day event together. I also helped plan a forum about the economic crisis earlier in

2009. Both these events helped me get more involved in the community and prepared me for future event planning.

I learned it was important to attend many different events promoting Penokean Hills Farms. I attended the Home and Outdoor Show, Seedy Saturday, Rotary Fest, and the farmers' markets. This improved my people skills and helped me become a better salesperson. It also helped me develop a face-to-face relationship with our customers, which I learned is very important with small local businesses. Going to the events helped me realize firsthand the importance of relationship marketing. At numerous events, I would be talking to potential customers when a person who had already tried the product would come up and say how much they loved it. The person I was talking to usually inquired further or purchased some products. Not only that, but when people called about our products, they always seemed to have heard about us from a friend or family member. This showed me how important and effective word-of-mouth advertising is, especially in a small community. You hear about it in school, but you never know how powerful it is until you experience it.

At times I felt as if Penokean Hills Farms was my business since I was the one running most of the operations. I have always thought about owning and operating my own business. This job gave me a test run at it, and I feel much more prepared should I seek self-employment in the future. When I used to think about running my own business, I never considered doing it for the benefit of the community, but working at NORDIK has opened my eyes. I now realize the importance of local businesses, as well as how much support there is to get started. Learning what other people are doing to improve our community has made me think differently about what type of business I would like to work at or possibly even open one day.

What I Take Forward to Future Employment

Having eight people overseeing what I have been doing has significantly improved my people and communication skills. I am on the phone daily in communications with the other members of the group as well as my supervisor at NORDIK. This has helped me to "build a backbone" as I have learned that you cannot always satisfy everyone. Dealing with multiple members of PHF, for example, I found some members might pressure me to do one thing, but I'd have to step back and look at the impact on the group as a whole and determine if it was the best decision. Part of the group might be unhappy, but if it was better for the business then it had to be done. This aspect of the experience will help me be more successful in the long run; it has given me the confidence to stand up to anyone as long as I know I am making the correct decision for the business.

Working at NORDIK has helped me to improve my teamwork skills. As part of a group working on a variety of individual projects, I have learned things from every researcher. We all help each other out when needed and come together weekly to update each other on our projects as well as provide and receive feedback. This has not only made me more knowledgeable about the place I have lived in for the last twenty-four years, but has also improved my ability to work in groups, which will be important for the future as many work environments include group or team work. The work environment at NORDIK encourages you to better yourself and those around you.

Working in this atmosphere has made me become more self-motivated to meet goals and deadlines. Setting goals is important; in a job like this, it is difficult to gauge your progress and responsibilities and tasks seem to pile up. Clearly defining what I needed to accomplish, and in what timeframe, made my work days much more efficient. I now try to do this not only at my job but also in my everyday life.

Working with a group of beef farmers and helping to run the business, I have learned more about the beef industry than I ever thought possible. Whether it's the price of beef, different cuts, or even the process itself, I went from complete ignorance to being very knowledgeable about the industry. Although it's difficult to say where work will take me, doing this job proved that I can successfully adapt to any industry and any situation. This provides me with a sense of confidence going forward.

Conclusion

It has been useful to look back on my time at NORDIK and reflect on what I have learned. This job was the perfect stepping-stone from university to the business world and has prepared me for the working world better than most other employment available to university graduates. I am grateful and appreciative of the opportunity and hope the future holds employment for me that will allow me to learn as much as I did here.

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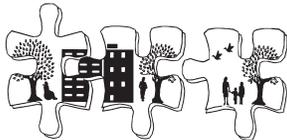


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