

Born in Canada and Raised in the USA



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A look at a large cross border farrow to finish operation

Premium Pork is a farrow to finish system with over 40,000 sows in Canada that finishes all of its commercial hogs in the United States, mostly in Iowa and Indiana. Premium Pork has sows in Manitoba and Ontario. The company was started six years ago and has grown into the second largest sow herd in Canada. This paper will look at a few of the underlying reasons that the system has grown into what it is, what areas the company feels are key to ongoing success and what risks the company faces.

Piggie passports – reasons for crossing the border

Cornbelt

The Iowa area is one of the cheapest areas to buy feed for finishing hogs. Unfortunately other people have also figured that out and it is also one of the more densely populated areas for hogs. Disease likes to spread through dense hog population areas. This is why it makes sense to have the sow barns in places like Manitoba where the sow units can be built far from other hogs and kept healthy.

Packer Relationship

Packers in the US seem to be more receptive to setting up long term relationships. Premium Pork has a contract with a long-term cancellation clause. This relationship gives both parties the stability needed in hog supply and in shackle space. Premium Pork likes the stability in this arrangement, as do the banks that Premium Pork deals with. The packer also happens to have a plant in Iowa close to where most of the pigs are finished. This makes for cheaper transportation costs to market.

Health Status

While raising pigs in Iowa seemed to make sense for both cost of feed and transportation, what didn't make sense was building sow barns in

an area where there is a dense pig population offering your herd the opportunity to contract whatever diseases were available. In a nursery or finishing barn there is the opportunity to clean and eradicate any diseases when the barn is emptied every 8 or 16 weeks while a sow barn, being continuous flow doesn't have this same opportunity. For sow barns Premium Pork likes desolate locations and Manitoba has several of these. Two of the Premium Pork barns currently don't have phone lines because of their remote location.

Exchange rate

Premium Pork will be the first to admit the decline in the value of the Canadian dollar has helped it as an exporting company. The impact however is not as drastic as some of the producers in the US like to think since feed prices seem to be based on the same US dollar and do make up a major portion of the cost of the livestock.

Country of Origin Labeling – COOL?

No discussion of crossing the border with pigs would be complete without discussing the current country of origin labeling law on the books in the United States. This law will definitely have an impact on Premium Pork, but what that impact is depends on how the legislation is put into place. Premium Pork has always believed that they are creating a premium product. 80% of the finishing floor currently goes through finishing antibiotic free due to their exceptional health status. Premium Pork also produces enough product to be a single day kill at our packing partner. If the packer were able to stream this product separately and label the product "Born in Canada, raised in the USA" but also point out some of the other benefits of the product there may even be the potential for additional premiums for both parties.

Building a system – partnerships, alliances and elbow grease.

Packer – go big or go home...

From the first meeting with the packer we knew that it made sense to build a system that could provide high quality pork in enough quantity that the packer would value the relationship.

Farming Partners – a wealth of experience

By partnering 50/50 with local farming partners the Premium Pork system has grown into:

- Twelve – 2500 sow breeding, gestation and farrowing barns;
- Seven – 1500 sow breeding, gestation and farrowing barns;
- One – 400 head boar stud;
- Contracted – 2400 sows

Partnering allows Premium Pork access to additional capital, the expertise of the partners, and access to additional land base for manure application.

Genetic alliances – clean and lean

Premium Pork has partnered with Genetiporc, a Quebec genetic supply company. Premium Pork recognizes the importance of not only a lean cutting animal that meets or exceeds the expectations of the packer but also the importance of health status. The animals entering the isolation barns and eventually the sow barns are tested and monitored to ensure the health of the herd is not compromised. The expertise of Genetiporc in keeping herds clean has been used extensively by Premium Pork.

Grow Finish Partners – American experts

Premium Pork has partnered with Prairie States Management of Iowa for their grow finish operations. Shared ownership ensures that Premium Pork works hard to deliver high quality piglets to the US operation.

Employees – 365 days a year dedication, 366 in a leap year.

Premium Pork recognizes that employees are the engine of the company; that proper training, guidance, rewards and recognition are key to the success of the organization. Premium Pork has a training theatre in their head office, a full time HR staff person, a bonus system based on barn performance, health benefits and several annual company events aimed at building a sense of belonging to the Premium Pork family.

Feed & Nutrition – tonnes of expertise

Premium Pork has relied on the expertise and advice of our feed supplier partners in building the system. In Ontario Premium Pork has built a relationship with Masterfeeds and in Manitoba with FeedRite. These relationships involve a high level of communication on the quality of the feed and the condition of the animals in the barns.

Running a system – being particular about the right things

Biosecurity – From construction through production

- Buswash – no trucks back up to the barn but a separate piglet bus is used to take animals off the farm to meet the truck at the road.
- Fumigation room – each barn has a fumigation room to completely disinfect materials before they enter the barn.

- Isolation Barn for all new animals entering the farm. Animals are blood tested for several common diseases before they are cleared to enter the main herd.
- Boot room – outside footwear is removed and replaced with on-farm outside boots before approaching the barn
- Showers – outside clothing and outside boots are kept on the one side of the showers. Barn clothing and footwear are provided on the barn side of the showers. No one enters the barn without showering in. Full wash facilities are included in each barn for the barn clothing.
- Farrowing rooms are all-in all-out and are completely washed and disinfected between batches.
- Farm is gated and fenced including a second 60-ft fence around the perimeter. All meters, feed bins and delivery drop off locations are outside this fence line.
- Walls are concrete sandwich walls surrounded by a strip of gravel preventing infestation by rodents
- All ventilation is mechanical and screened preventing birds from entering facility
- Entry permission forms, entered into a database and verified against health pyramid for proper between farm downtime.
- Mosquito traps around boar facility in Ontario and air conditioning on the boar stud in Manitoba.

Food Safety

- HACCP certified in office, truck wash and one barn and in the process of rolling program out to remaining barns
- Focus on withdrawal times for cull animals and broken needle policies

Environment

- Premium Pork has always worked to ensure the environment is not harmed by their production practices. Premium Pork is currently in the audit phase of ISO 14000 registration in order to ensure that the company is acting in an environmentally responsible manner.

Production, Production, Production

- Weekly Production meeting between production managers and general manager looking at prior weeks results for:
 - Numbers bred vs. targets
 - Pregnancy checking results vs. targets
 - Numbers farrowed vs. targets
 - Number of sows not milking
 - Number of stillborn piglets vs. targets
 - Number weaned vs. targets
 - Culls vs. targets
 - Herd Inventory vs. targets
- Monthly side by side barn comparisons looking at :

- Breeding
 - Total Number of Services
 - % of Repeat Services
 - % Multiple Matings
 - Weaning to 1st Service Interval
 - % Sows Bred by Day 7
- Farrowing
 - No. of Sows Farrowed
 - Avg. Litter Size
 - Avg. Born Alive per Litter
 - Avg. Stillbirths per Litter
 - Avg. Parity of Sows Farrowed
 - Avg. Birth Weight/Live Born Pig
- Weaning
 - No. of Sows Weaned
 - Total Pigs Weaned
 - Avg. Weaned per Litter
 - Pre-Weaning Mortality %
 - Avg. Age at Weaning
 - Adjusted 21-Day Litter Weight
 - Avg. Weaning Weight/Pig Weaned
- Reproductive Cycle
 - Avg. Gestation Length
 - %Days Crates used for lactation
 - Farrowing Interval
 - Farrowing Rate
 - Adj. Farrowing Rate
 - Avg. Non-Prod Days/Breeding Female
 - Litters Farrowed/Mated Breeding Female
 - Weaned Pigs/Mated Breeding Female/YR
- Inventory/Replacement
 - Avg. Breeding Female Inventory
 - Average Unmated Br, Female Inventory
 - Breeding Females Entered
 - Avg. Entry to 1st Service Interval
 - Breeding Females Deaths
 - Breeding Females Mortality Rate %
 - Breeding Female Removal Rate
- Pigs Weaned/Breeding Female Inventory/Year
- Tonnes Feed Usage/Sow/Year
- KG Farrow/Lactation Day
- Cost controls, actual monthly usage
 - Water (meters installed for gestation and farrowing separately)

- Feed (requires monthly inventory)
- Medications (requires monthly inventory)
- Utilities

Knowing the risks – and still sleeping at night

Risk Factors

Disease

The biosecurity measures help to minimize the risk but with any livestock operation there is always a risk. Proper protocols to deal with outbreaks, acclimatization plans, health pyramid updates and communication plans all work to make this risk manageable.

Border closings

The September 11th disaster caused Premium Pork a 24-hour delay in shipping and the rest of the time was business as usual. The border recognized the importance of moving livestock and was very helpful during this difficult time. The situation for Premium Pork was better than that of some Canadian companies delivering to Canadian packers who couldn't get their processed pork across the borders and had to delay slaughter for a few days. The other risk would be the closing of the border due to a disease outbreak in Canada that would prohibit animals from entering the US from Canada. Premium Pork supports breaking Canada into zones so that a break in British Columbia wouldn't prohibit the movement of animals from Ontario into the US. The problems encountered by Premium Pork would be similar if operations were all in Canada as Canadian processed pork would have similar export issues and all Canadian companies would be suffering.

Exchange rate

If the exchange rate between Canada and the US were to change drastically it would have an impact on Premium Pork's operations. The impact would be minimized by a lowering of the feed costs to stay in line with the lowering of the revenues. This risk is minimized through some hedging activities.

Premium Pork plans to continue its expansion at a manageable rate. It continues to look for new opportunities, technologies and expertise in the drive to produce the best pork products available.