

Managing People and Systems to Improve Core Marketing

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As we all strive to produce a better quality product and as packer requirements become more specific, producers are required to adjust practices to best achieve these requirements and to maximize their returns. As units change from owner operators to integrators, how we attain that final product has also changed. Owner operators control all aspects of their operations. If they ship a light pig, it hits them directly in the pocketbook. In integrated systems, management makes decisions on many of the same elements of their business except one, the actual shipping weight. This is controlled by our staff, many of whom get their pay checks regardless of whether their pigs hit the core percentage or not.

In June 2002, we looked at our core percentage and made it a focus area for improvement. Our marketing system at that time consisted of:

- 40-50 loads per week
- 16 different production units
- 2-3 loads/ night/ unit
- 4-5 different packers
- 90% of loads loaded between 10:00pm and 4:00am
- Marketing teams at units that worked night shifts from Sunday-Thursday
- Eyeballing rather than weighing most of the market hogs
- The belief that we could not weigh each pig

We had a marketing system that relied on the individual to select the market hog and had little way of verifying the weight until we received the settlement slips. We did a great job of loading hogs but a poor one of hitting the grid. At that time the in-core% was marketing 72% in the target range corporately, with our best farms in the upper 70% range and our poorest in the 50% range. Our marketing teams were tired, grumpy and were just happy to fill the trucks, let

alone worry about whether they hit core or not. Staff turnover was very high and morale was very low.

In late 2002, our marketing group identified all of the main processes that we felt could be negatively affecting our ability to reach our marketing targets.

Operations

- With a fixed number of days in our units, any improvement in average daily gain would reduce the number of bottom end pigs
- Maximizing the number of days in the farrowing crates and nursery barn would allow for higher entry weights into the finishing unit, again reducing the number of bottom end pigs
- Optimal use of sire-lines to maximize growth performance would reduce some of the variation that we were seeing within groups
- Additional contract spaces were added to allow more flexibility

Systems

- **Time of loading** (night vs. day loads): Our policy of loading between 10pm and 4am was originally developed to minimize carcass shrink. We were convinced that carcass shrink would increase if we loaded in the afternoon, thereby increasing the pre-slaughter holding time from 2-4 hours to 10-12 hours. However, we ran a R&D trial to determine the impact of afternoon loading, and found little difference. The change was made, primarily to help overcome the staffing problems associated with night shifts.
- **The way we selected our market hogs** (eyeballing) wasn't working and we felt that individual weighing had to become a reality. Handling systems were designed and different types of scales were used to implement individual weighing.
- **Sorting and weighing areas**: Our units were not well suited for weighing individual hogs, and areas needed development within the units to make this more convenient. Space was taken from finishing areas to allow us to install weighing systems. We are currently weighing most of our market hogs.
- **Tattooing systems**: Changing from gender specific to group specific slap-tattoos allowed us to monitor the pigs from each batch, to determine if the lights were marketed before the room was needed for the next fill (ie before the last pull).
- **Tracking systems**: SPC charts are used to track the performance in each unit, as well as the corporate average. Load Summary Reports were developed to track loads by weight categories and are sent out to each unit. The tattoo program allows managers to look at specific tattoos, which

enables them to see where and when the light and heavy pigs are originating.

People

- Motivation was improved by changing from night shifts to afternoon shifts. We also started reporting weekly unit rankings and a brief commentary from our CEO detailing how each unit performed and how they ranked amongst their peers.
- Marketing meetings were held to help our staff understand why we needed to improve, and enabled them recognize the improvements that had been made.
- On-farm visits were made to help staff develop new methods for achieving their marketing goals. Staffs were encouraged to develop systems that worked for them.
- A reward system for achieving core marketings was developed. These consisted of both peer recognition and monetary reward for good performance, as well as penalties for under performing units
- Unit fill rotations were adjusted to allow for a more even workload for the staff and enable all staff to become involved in marketing.

Our current marketing system (as of Jan 2004) is as follows:

- 50-60 loads/week
- 18 different production units
- 1-2 loads/unit/day
- 4-5 different packers
- 90% of loads loaded between 2:00pm and 6:00pm
- Transferring of marketing duties to all finishing techs
- The belief that we need to weigh each pig

Currently we are marketing 85%-88% of pigs in the target range and have farms that exceed 90% weekly. Employee turnover has been reduced and morale has improved dramatically.

Our experience has shown that it just wasn't the system or the people. We needed to adjust the system to allow the people to succeed while encouraging the people to believe that changes in the system would improve our performance.