



Tigchelaar Berry Farms

One in a series of profiles for the
Friends of the Greenbelt Foundation



Possibility grows here.

Supporting the long-term viability of farming within the Ontario Greenbelt is a primary objective of the Friends of the Greenbelt Foundation. This profile of Tigchelaar Berry Farms is one of a series capturing the business practices and management skills of successful and innovative Greenbelt farmers.





Tigchelaar Berry Farms

Introduction

Tigchelaar Berry Farms Inc. in many ways exemplifies the manner in which many successful family businesses evolve. They have specialized in a profitable enterprise. What was in the early days a focus on production to meet a voracious market is in more recent times supplemented with enhanced business management. The established business is spawning sub-businesses, and the current owner-operators are contemplating the entry of their children.

Dan and Jeff Tigchelaar are third generation Ontario strawberry growers, currently based near Vineland. In the 1990s, the brothers took over the strawberry farm their father had developed in the Binbrook area. When the traditional strawberry business began to decline, they recognized a need to diversify. In 1995 they purchased their current farm in Vineland and started growing day neutral strawberries in 1998 with four acres of the crop. Their initial years with day neutrals were a struggle: "it's a completely different crop than growing June bearing strawberries." It was not until varietal and cultural changes were made that their business started to really take off.

The Tigchelaars have discontinued their Pick-Your-Own operation in Binbrook to focus on expanding their day neutral business. They still grow apples in Binbrook, as well as mixed vegetables and some cash crops, and

Company Aspirations

The Tigchelaars farm to make a good living for their families, and they are driven by strong faith and a spiritual connection to food production. The overarching goal for the Tigchelaars is how they can reflect and incorporate their strong faith into what they do and how they run their business. They note: "We've always tried to stay in the top 10 per cent of what's happening in our industry."

Recently, the brothers are focused on the potential for their children to have a future in the operation: "Another objective now is how we get this business to the next generation in a good, solid way."

have a 10 to 15 acre Pick-Your-Own strawberry operation in Jordan. Notwithstanding their diversification, approximately 80 per cent of their efforts are focused on the day neutral berries.

The business was incorporated in 2000. For taxation reasons, all the land is held outside the company by family members and rented to the corporation. Tigchelaar Berry Farms Inc. is comprised of only the berry plants and equipment.

Family involvement has always been significant. Dan, Jeff, and their spouses have 11 children. Three of Dan's children are married and are involved in the farm operation.

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Successes

The Tigchelaars have experienced challenging times in their early day neutral berry business, but overall they rate their business as a success and see a bright future. Tigchelaar Berry Farms is profitable, they continue to innovate production techniques, thereby maintaining their leadership status in the berry sector, and they are addressing the dual management challenges associated with a large and growing business and the introduction of the next generation of the family into management.

The brothers attribute their accomplishments to several factors:

- The strength of the partnership between Dan and Jeff. They respect their clearly delineated areas of responsibility and trust each other's decision making.
- They are fortunate to have natural advantages in the quality of their land and its proximity to Lake Ontario.
- The local food movement has generated a consumer willingness to pay a higher price for local food and the Tigchelaars are capitalizing on that over a longer season with the day neutrals. “We can't compete on price alone, but because consumers are willing to pay more for a quality local product, we can survive.”
- The Tigchelaars have been open to change and innovation. They relocated their main operation to a different region and adopted day neutral strawberries when that production system was relatively new to Ontario. They have experimented with different lands within the Niagara region and sourced enough land to accommodate the need to continually move producing fields to new properties.

Their innovation has been recognized by the Ontario Premier's Award for Agri-Innovation and by the Niagara Entrepreneur of the Year award in 2009.

Current Challenges

Dan and Jeff intend to continue using a considered and careful approach to deal with some of their current issues:

- The ongoing necessity to address land availability as the berry crops cannot be grown repeatedly on the same fields for disease and pest reasons. Hence, they have a constant need to be securing appropriate land nearby.
- The need to introduce more innovative retail marketing.

- The integration of new initiatives and diversified revenue into the corporate structure. The current farm market expansion and relatively new custom spraying service are being established within the existing business structure rather than as separate corporate structures.
- Rising labour costs, increasing water taking permit restrictions, and minimum labour and food safety regulations.
- Limited access to plant material and varieties specific to Ontario's climate.

Strategic Focus and Decision-Making

Tigchelaar Berry Farms Inc. has no written strategic plan. The brothers prefer to sit down every winter and strategize about what will be new in the next year and how those changes will be implemented. Dan and Jeff plan to spend more time thinking about long term direction as the next generation enters the business.

Dan is corporate President and Jeff is Secretary, with ownership and responsibility shared equally. The brothers have not chosen to formally delineate responsibilities between them, a practice which many successful farms deem critical. To avoid overlap and conflict they are constantly communicating so that they know exactly what the other is doing in the shared responsibility areas of production and marketing. While they are comfortable in this arrangement today, they acknowledge the importance of defining management autonomy when more family members are brought into decision making positions.

The brothers employ what they term a very methodical approach to decision-making, carefully assessing the business environment, their growth plans, and the farm's future needs. They credit this approach with the major advancements of their business, which have included:

“ Clearly labelling their retail packaging to promote its local origin helps capitalize on their “local food” advantage in a marketplace supplied with imported strawberries year round.

- Getting into day neutral berries.
- Experimenting with different land in the Niagara area.
- Incorporating the business, with land kept outside of the company. By following this approach the rent paid to shareholder land owners is a company expense and business income can be transferred to shareholders through rent payments that are set to maximize joint tax advantages. Capital gains tax exemptions can also be maximized.

Best Management Practices

Marketing

Tigchelaar Berry Farms experiences strong demand for their product, especially outside the Ontario June bearing strawberry season. Their first flush of picking is almost complete when the June crop hits the market, affording them a distinct price advantage.

They are often challenged with shortage of product. To maintain customer loyalty and to exhibit fairness they do not contract with individual customers, but commit percentages of the crop to buyers, thereby sharing the crop equitably.

Clearly labelling their retail packaging to promote its local origin helps capitalize on their “local food”

advantage in a marketplace supplied with imported strawberries year round. Food safety and traceability protocols and certification are prerequisites to their retail chain store marketing.

The Tigchelaars strategically market their production among a number of customers without spreading their limited supply among too many buyers. That approach limits accounts receivable pitfalls and the risk associated with potential loss of a singular market. The farm sells a share of their production to Loblaw's. A quantity is sold from the farm, to both further marketers and the consuming public. They also supply smaller retailers, restaurants and dealers who source the berries at the Ontario Food Terminal wholesale market in Toronto. "It is important to be balanced in your customer base," they advise.

Through constant communication and sharing of information, their relationship with that single chain store has matured to the point that the retailer understands and accepts the production constraints that can influence product availability.

On-farm marketing has not been a strength of the Tigchelaars, with little innovation at that level to drive consumer sales. To address that opportunity Dan's daughter and son-in-law are now focused on expanding this sector of the business through a new innovative on-farm market and scratch bakery. They also took over an established farm market and bakery.

Financial and Production Management

The Tigchelaars manage their farm finances like many successful farm operators. They call it the "Big Pot" approach. The principals take from the farm only what they need, investing as much as possible back into the operation. Advanced tax planning is employed to achieve the most beneficial outcomes for the farm and the owners.

Dan and Jeff have an appreciation of their business management needs. In their early days growing day neutrals, demand outstripped supply and the Tigchelaars could afford to focus on maximizing production



and refining their field practices. They now recognize their growing enterprise requires more financial management and monitoring. An outside business analyst has been engaged to perform a quarterly review of their financial records, identifying opportunities to strengthen their bottom line. Financial performance management and cost benchmarking have not been extensively practiced by this farm operation while the main objective was increased production. Peer performance data is available on request from Agricorp, the government agency that administers government financial support programs for farmers. The Tigchelaars use the Agricorp data to monitor their costs against those of other strawberry producers. They are currently refocusing on cost containment as an opportunity to increase profitability, with labour receiving special attention. Notwithstanding the benefits of cost containment, they will not put their high value crop at risk to achieve minor cost savings.

In a farm profile on best management practices one might not expect to see the brothers' acknowledgement that in day-to-day operations they employ a "fly by the seat of our pants" approach to their production. They use that phrase to emphasize the importance of quick decision making and response to the unexpected. "We are somewhat reactive but you have to be because every season is so different. For example, last year, we took covers off the strawberries and half the plants were dead."

The Tigchelaar brothers enjoy innovation in production and are constantly striving to improve yields and quality.

- Biological pest control practices of the greenhouse industry have been adapted to the Tigchelaar strawberry fields, employing the beneficial insects Orius and Cucumeris to control plant and fruit damaging pests.
- Based on early learnings with the biologicals, strawberry rows are now interspersed with oriental peppers and alyssum which act as hosts for the beneficial insects.
- An innovative system of floating row covers promotes late fall plant development and flower bud initiation, thereby promoting an early spring harvest.
- To stay at the forefront of production technology the brothers conduct on farm trials and work on projects in concert with the Vineland Research and Innovation Centre.
- With minor modifications, the Tigchelaars' berry equipment has been creatively adapted to serve the needs of a neighbouring grape grower, thereby generating another source of revenue.

“The Tigchelaars pride themselves on being open to change and adaptive to new opportunities and circumstances, even to the point of contemplating the day when Tigchelaar Farms may no longer be day neutral strawberry producers.”

The Tigchelaars found that pioneering in day neutral berry production was fraught with setbacks and learning experiences. Confidence and perseverance in the face of adversity are attributes the brothers cite as key to their success.

Human Resource Management

Treating staff with respect, being sensitive when offering criticism or correction, and generating pride in their work are some of the Tigchelaars' people management approaches.

Much of the Tigchelaars' workforce is Spanish-speaking and the owners' Spanish skills are limited, so they are planning to address this deficit.

Dan and Jeff used to think they would be farming for about 20 years and then selling because their

children would not want to continue, but that may not be the case. The next generation is expressing some interest in the business: “If the kids are going to join us in the business, they need a vision and a passion, and we are encouraging them to figure out what they can bring to the table to make the business better.”

The brothers appreciate that with expansion and family succession they will need to be more hands off on a daily basis and let their children take over. They hope to match the new family members entering the business with responsibilities tailored to their skills and potential, and avoid slotting them into unsuitable and unrewarding positions.

Risk Management

The risks are high in a large farm business growing an annual, perishable, and weather dependent crop. And the risks grow as the business expands.

- The switch to day neutral berry production provided a degree of risk mitigation by virtue of the multiple harvests rather than a single harvest in June.
- Their production innovations enhance the prospects of a good harvest; incorporating biological control agents (good bugs) in the fields, and the floating covers they apply to protect fruit buds and ensure the earliest possible spring harvest returning maximum revenue.
- Investment in irrigation provides both necessary moisture for crop growth and frost protection.
- Government funded support programs are accessed: Self Directed Risk Management, AgrilInvest and AgriStability.

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Outside Advisors and Support

The Tigchelaars are constantly seeking out advice, support and assistance from many sources and applying that learning to their business. They reciprocate by sharing their expertise and experience with others.

- Production trials are conducted with the Vineland Research and Innovation Centre and salt trials with some Tigchelaar plants have been initiated with Niagara College.
- Collaborating with other growers at the Ontario Berry Growers and the North American Berry Growers events provides new insights, and the meetings and conferences offer a venue to share their experiences.
- Their sources of information include OMAFRA crop specialists, industry supply businesses, Bartlett Chemicals and Vineland Growers Co-operative, industry publications The Grower and Berry Bulletin, greenhouse growers when exploring biological pest control, and Quebec day neutral berry growers.
- Government cost-shared funding has been accessed to develop their traceability program, and Environmental Farm Plan funds have supported their adoption of GPS technology and the addition of wind curtains on their sprayer.
- Agricultural policy is not an area that has received much of Dan’s and Jeff’s time to date. They belong to, but are not active in business organizations. There is potential for that to change as responsibilities are passed to the next generation.





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