

# ALL for one

This innovative group of Alberta feedlot owners is redefining how to win by acting together

“Let’s get naked.” It’s not a phrase you expect (or probably want) to hear from a group of Alberta feedlot owners. But then again, you may never have met the five individuals who make up the Allied Marketing Group (AMG) in southern Alberta.

Getting naked is their cheeky way of telling XXXXX how, metaphorically speaking, they bare it all in front of one another to achieve greater success for their farms and their industry.

In today’s world of finishing cattle, the adjectives we expect to hear are words like “independent,” “competitive” and “cutthroat.” So it’s no small wonder these producers stand out in a crowd, all based on their deciding that if they band together, each of them as individuals will go further, faster and higher.

The five live in the hotbed of entrepreneurship that is southern Alberta. From irrigation technology to Spitz Seeds, the bottom of the province seems to ooze with agricultural pioneers. And these five — Ryan Kasko, Leighton Kolk, Shawn Murray, Ed Stronks and Les Wall — are solidly in that tradition.

Collectively, the five have more than 140 years of combined feedlot experience and 100,000 total head of cattle in a territory that takes an hour to drive across.

How and why did they go from lone wolves to united front? For the answer, it’s important not only to get a sense of their strategic objectives, but also the flavour of their backstories. To do that, XXXXXX interviewed AMG members and their now-retired group facilitator in January, and filed this report.

(Right) Ryan Kasko is one of five men who make up the Allied Marketing Group in southern Alberta. The cohort are all feedlot owners who have collaborated since 2010 on everything from sharing animal data to bulk purchases.



“It’s a big step,” says Ryan Kasko. “But for me, I really looked at it as an opportunity. If I don’t look good in front of the others, I want to know why. If I’m less efficient, I want to know.”



## Five individuals, one shared group

**A**s a young man raised on an acreage near Lethbridge, Ryan Kasko had a clear idea of where life was going to take him. First, he studied business at the University of Lethbridge. From there, he would enrol in law school.

However, Kasko's plans were derailed after he selected an ag chemical company for his co-op term. He became so enamoured with the industry, he switched horses mid-stream and decided to move into the cattle world, swapping the suit for a Stetson.

Kasko bought his first feedlot business in 1997, and jokes the reason was to provide full-time jobs for himself, his brother and their father.

"We literally didn't have enough work for us, so we thought maybe we should get into the cattle feeding business," he says with a laugh.

For young Kasko, though, it would also mean learning about the feeding industry the hard way.

"At the start, I didn't know anything," he says. "We had some major learning curves to get the production side figured out."

He points to pen maintenance, worker safety, clean water bowls, proper bunk feed, computer technology and even adequate lighting and quieter barns as a few of the things he got a real education on during those early years. Over time, as industry practices evolved, Kasko's business did as well.

Kasko's experience was different than Leighton Kolk's, but not so different. Kolk bought into his family's farm operation in 1989 with his brothers John and Claude. While he and John would be in it for the long term, Claude departed early to pursue other passions. By 2000, the operation had changed significantly from its initial hodgepodge roots.

"Its focus had moved from being a poultry and extensive cow-calf background operation to a very focused cattle feeding and irrigated crop farming operation," Kolk says.

He dealt with cultural changes like Kasko, and also was stubborn to a fault and not willing to throw in the towel when faced with business pressures. He isn't a boxer, but he recollects enduring round after round of painful body shots, including 9/11, the BSE crisis, rising tariffs and country-of-origin-labeling, the sky-high grain prices from 2008... all of which greatly tested his resolve.

"The best lessons I've ever learned were the ones that eat your guts out and keep you awake at night," Kolk says. "You have a motivation to learn, it challenged a lot of us to learn about risk management and to learn about value chains. (You have to put) yourself somewhere in the chain that will allow you to survive bad times and thrive in good times."

Kolk observed many exit the business while he watched others do whatever it took to survive, including stepping on friends and neighbours to get ahead.

For him, in a medium-sized operation that was highly leveraged, he couldn't afford to do either.

"You can't eat, but you didn't want to be eaten either, so how do you survive?" he remembers wondering.

As the first decade of the new millennium ended, so did Kolk's business relationship with his brother John, with the two amicably parting ways. Kolk was ready for a change, he just didn't know what.

While all five men weathered storms in their own way, it was another nearby feedlot owner, Shawn Murray, as you'll hear, who itched to speak with people about sharing information.

At the time, as well, all five were working on Elanco's Benchmark system (and still are) and knew a common business associate, Brian Mitschke, who helped write the next chapter of their careers.

## THE POINT OF CONNECTION

Mitschke had spent more than 30 years working at Elanco and knew the name of just about every single person who owned a cow in Alberta. He worked with each of the five producers through Benchmark, and recognized each one as special in their own right.

It set Murray, the group's oldest member, to wondering, and he pursued Mitschke to see who he might suggest as like-minded feedlot owners interested in collaboration.

"It was really about sharing ideas to better yourself," Murray recalls. "I had that in me already thinking... hopefully I can learn from someone else."

Mitschke spoke to all five individually and then brought them together at Luigi's in Lethbridge for an initial get-together on February 11, 2010. It was the first of many pizza-and-beer meetings to talk about a crazy idea: working together.

"The objective of that was to get them all face-to-face, get what their thoughts are, and probably most importantly, what was their view of what each of them had

hoped to accomplish," says Mitschke. "These guys are all progressive and aggressive, like-minded, yet very different people, personalities and strong and independent."

Mitschke facilitated that meeting. He gave the five a stack of Post-It notes and a flip chart, and told them to write down what their top priorities would be if they worked together. Many ideas overlapped, but the consensus picks were to find ways to share ideas, HR personnel and equipment, as well as to identify research opportunities and explore group buying power.

After the first meeting, each producer walked away with a lot to think about, leaving the restaurant with equal parts interest and hesitation.

That meeting "told me I picked the right guys," says Mitschke. "It told me there was a need, as well."

In a subsequent meeting, they all signed onto a confidentiality agreement and their talks began to progress.

It's a gentleman's agreement that was drawn up with the help of online templates but without the help of lawyers.

The philosophy of their written covenant could be summed up as "do no harm," according to Kolk.

"You can't take something you learned in our peer group that was kind of proprietary and use that against, or profit from, somebody else's hard work," he says. "You can use it if that's agreed on, in your own operation by all means. But if you think this is undermining or doing harm, then you damn well better go talk to that person and say, 'Is this above board or should I stop pursuing what I am pursuing?'"

The agreement states that there won't be employee poaching between the five, and when it comes to sales and land, the *modus operandi* is to lay out the situation to the group and have a clear dialogue.

To date, there have been instances that could possibly have created a conflict, but potential flare-ups were defused by simply talking about it. Nobody in the group believes in shortcuts, and the agreement is a reminder of their word given when they began AMG.

"If there was no value in the peer group it might be easier to take a shortcut," says Kolk. "Time has shown us huge long-term gains by sticking together. You'd be tripping over a dollar to make a dime if you tried to shortcut the peer group."

It was then that the affable Kolk decided he would be the first to let his guard down for the betterment of the group, whose ages range from 48 to 56.

"I got naked before anybody else did," says Kolk of openly discussing details of his operation. "The more willing we were to be vulnerable — to show all your warts and moles — the quicker you could get to not judge, but encourage."

Well, after enough pizza and beer, anything is possible. So, following about one year's worth of meetings, the group decided they should truly give it a go. After all, they agreed in principle they could achieve greater success by sharing knowledge and resources than by going it alone.

**You'd be tripping over a dollar to make a dime if you tried to shortcut the peer group.** — *Leighton Kolk*



AMG members acknowledge that it hasn't been easy. Even though they restricted their initial discussions to cattle data and production numbers, it took two full years to build real trust. Having paid that price, however, they're able to chase bigger returns by analyzing business performance.





From left to right: Leighton Kolk, Ryan Kasko, Ed Stronks, Dirk Burken (AMG's nutritionist), Shawn Murray, Les Wall, Greg Van Vaerenbergh (AMG's hired feedlot board advisor), Phil Klassen (AMG's veterinarian) and Bruce Mitschke. Every year the group goes on a professional development trip in North America to learn from successful industry players. Here they are at the McDonald's Hamburger University facility in Oak Brook, Illinois.

"Everybody's competitors down here, yet there was a desire for more open sharing and communication," says Mitschke, who retired from working with AMG at the end of 2017.

Kasko described the sharing as "intimidating," but knew he'd be better off in the end because of it.

"Nobody wants to look bad in front of another person," he says. "It's a big step to be able to share that stuff. But for me, I really looked at it as an opportunity. If I don't look good in front of the others, I want to know why. If I'm less efficient, I want to know why."

Loosely formed in 2010 and incorporated by 2014, the Allied Marketing Group would morph into more than a buyers' group. They became a peer group.

#### **SLOW AND STEADY GROWTH**

Once AMG set to work, they held monthly meetings, which still occur, and information started to flow from each producer to the others. Despite the pact, it still took years before the group developed rock-solid trust where vulnerability was encouraged and where there was no such thing as a silly question or concern.

"To share information freely, so value could be added, it was huge to get going," says Murray.

Being five cattle guys living in southern Alberta's Feedlot Alley, they began with what they knew best: animals.

"It started off focused on the cattle data," says Kasko. "We've been moving more to financial data. We've been benchmarking the operating costs for the last four years. We want to operate as efficiently as we can by comparing costs. We haven't been comparing our profits or margins, but I think it's probably an evolution to that."

**These guys are all progressive and aggressive, like-minded, yet very different people... strong and independent."**

— Brian Mitschke

Strength in numbers does have buying brawn, too. In 2015, the group pooled money and hired Dirk Burken, a PhD nutritionist from the University of Nebraska. He works exclusively with AMG and has "strengthened our feed protocols," according to Kasko.

"We have a lot more consistency in my four yards and amongst all of us," Kasko says. "Our nutritionist has an office in our vet's clinic, so they can share information as well. It's a team of people that are helping us."

Another way they use their group leverage is to purchase operational inputs such as pharmaceuticals, corn and canola seed, silage plastic, fertilizer and crop chemicals. With animals, though, it gets trickier.

"That was one of the areas when we started that we thought it would be easy to do group purchasing," says Kasko. "We quickly found out it's not that easy because all of us had been dealing in an industry where a lot is based on relationships with people. Buying cattle, buying fuel, vet products... you're dealing with people you like and selling cattle would be about the same thing, too."

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**It's starting to function as an entity of its own," says Shawn Murray. "Collectively, it's more than just ideas."**

Although co-ordinated cattle buys may be a few years away, the five decided they could sure talk about their cows and how they perform. All veterans and believers of database utility for tracking vital statistics about animals, the five made a big push into the data game. They pooled hundreds of thousands of dollars to create Athena: a proprietary software developed to track just about every detail you could want from a carcass, such as all packing and processing data, vaccinations, implants, energy level of rations, start and end weight as well as pertinent details to connect the end-product with its production.

"Anything that's happened to that animal from the day we knew it until the day it swings on a hook, we have all those data points coming in and get something useful out of it," says Kolk. "You couldn't do that alone — what we have accomplished. We'd have never built this as one person."

All five members have employees trained on Athena and utilize the technology daily to get the best out of their individual cattle, and regularly share the information.

#### LEARN, GROW AND ENJOY

In addition to AMG's co-operation in business, they also take time to learn from others who have gone before them. Each year, the group takes a trip somewhere in North America and meets with other like-minded people, in and out of the cattle industry, to learn how they've achieved success.

This past year they journeyed east to Quebec and visited with feeders, dairy and egg farmers, greenhouse operators and even a 20-something who recently sold his startup hemp company for \$30 million.

"We want to meet with diverse groups of people in their businesses who have a passion for doing what they do," says Kasko. "We want to get inspired by them and maybe learn something from them."

With a group motto of "learn, grow and enjoy," the trip is non-negotiable in order to not only grow professionally, but also to realize this isn't all about making a buck.

"A big thing we incorporate is a hockey or basketball game, have some dinners, have some fun," says Kasko.

"They wanted a balance and learn from each other and industry," says Mitschke. "(They) never went on these trips as an individual producer."

You can also find them serving food to children at a monthly after-school program in Lethbridge, giving back to the community and nurturing the social aspect of their peer group.

AMG periodically brings in speakers for their monthly meetings, as well. It's not only for their benefit, but also their children, many of whom are involved in the cropping side of business and are affectionately known as G2.

#### FULL BUY-IN

Today, after nine long years together, AMG looks back with humble pride on how they managed to put aside cutthroat tendencies and determine how to work together for the betterment of the group.

For Murray, AMG is much more than just five friends and business partners sharing a jug and a disc at Luigi's.

"It's starting to function as an entity on its own," says Murray. "Collectively, it's more than just ideas."

The group has branched out into many different areas and are working to integrate safety programs, fund new beef-related research, improve humane handling welfare and further strengthen group buying power.

There is also the belief that sharing weakness is a strength. Areas where one of the five isn't as proficient will be talked about and others will share production tips and their own experiences openly in order to help their peer thrive.

"Now, we take our operations and compare them to each other," says Kasko. "You're willing to talk about that so you know how to improve."

#### MUD PUDDLE REFLECTIONS

Many would laugh at the idea of cattle guys openly sharing animal data and merging resources to collectively succeed. However, AMG is not made up of typical people.

Depending who you ask, each will have a different nugget of wisdom that stands out for them, but all will tell you they made the right decision nearly a decade ago.

"We've been able to work together in the same sector — very low margins, competitive — and found a way to better ourselves," says Murray. "I take it for granted to talk to these four guys. It's not common to have this."

"The one thing about us that's odd and unique, (we're) within a 60-mile radius," says Kolk. "We're often told that's not a viable peer group or it's highly unlikely to be successful when you're that close together. Surprisingly, it hasn't hurt us I don't think."

Kasko, who once thought he'd spend his days litigating half-wits as opposed to lifting hay bales, says that he cannot imagine where he would be without these other four producers in his life.

"I think I'm incredibly fortunate," he says. "I look forward to going to meetings with those guys. Even if you have a bad day and you want to share the tough things you're going through, they understand, they're on your side. If I'm out of barley on a Sunday morning, I can call these guys and they're almost like my brothers, they'd help me out."