



INAUGURAL FALKIRK CONFERENCE GORE 2012

Opening Address
Embargoed until 23 May at 8.30am

Inspiration – Quality - Excellence

Welcome to the Inaugural Falkirk Conference 2012.

It is of major significance that we celebrate 25 years of shaping and implementing a vision that was designed to sustain profitability of farming enterprises. In fact the timing is vital as systemic failure is clearly evident within agriculture.

More importantly it is about celebrating the individual success of every Falkirk client as you have all grown with escalating expectation for every aspect of your farming businesses. Your personal growth, confidence and success are the very oil that motivates and inspires me to continue to gain the goals that are required to complete the journey.

(Nathan Keown quotes; *it is important for his generation of emerging farmers to have the Falkirk System to provide direction and something to aspire to.*)

As with all story lines there is always a beginning, was it;

The birth of an only son?

The curious nature of a small boy?

The adoration of a Grandmother? (Genetics at 10 years)

The fascination with nature?

The competitive commitment to sport? (Rugby strategy)

The meeting of a tenacious young woman from Falkirk Avenue, Seatoun?

The passion with agriculture? (Murray Auld/Bob Bonner. Farm 19 years, 4/4/64)

The passion & growing understanding of genetics? (interface with nature)

The breed brief to study sheep science NZ, June 1984 Rotorua?

The view, in quarantine that would save me 20 years breeding time?

In June 1987 at the Perendale A.G.M. in Te Kuiti I seriously learnt about agri-politics!!

1987!!!!

1985 --- 2008 greed culture!!!!

October share market crash and rural NZ turned GREY. Agriculture never really recovered and was *depowered in terms of leadership*.

I then immersed myself into a period of actively being involved, researching and understanding agriculture and its complexities. From on farm through commerce, politics to Ministry.

The realization that the NZ agricultural model was a knotted mass of sub-defuse and intrigue based upon a levy funding system to sustain its lifeline. It became obvious to me that if agriculture was to hold a significant future position in the economy of NZ the working model had to be based on real time commerce with support organizations, *if required, to be subservant to it.*

That need for a truly commercial dictate is only a logical extension of what transpires on every farm in NZ. Every day farmers make numerous commercial decisions concerning farm inputs, product sales, stock sales and purchases and business arrangements. The only anomaly has been to pay levies to sustain industry good organizations that have delivered questionable results without being audited.

It has been important for Falkirk to understand every aspect of pure and agri-business politics so that the desired solution would not be impeded in its progress. To this end a matrix of all significant industry directors of the sheep and beef industry has been studied to watch the ebb and flow of cross directorship and buddy agendas form before our eyes. The pathway of non-solution and failure has been well documented by media albeit sometimes shrouded in extraneous matter.

With this knowledge we have been able to place our energies into a results base outcome for our client base.

Through the Falkirk investigative process, several areas of concern have been painfully obvious as negatives to the required methodology to drive the industry to prosperity.

Namely, the continued funding with public monies of entities which continue to reinvent themselves as they group for survival, can be identified as the greatest impediment to commercial and economic success for our industry, in addition to our individual businesses.

I question, what and if due diligence was conducted to allocated separate amounts of funding up to some \$170 million in total to entities who claim that they hold the ‘Silver Bullet’ for industry solution either systematically or genetically??

I personally insist that a creditable due diligence be immediately conducted to assist in clearing a pathway for a commercial solution that will benefit the New Zealand economy.

In addition science has been compromised through policy established in 1985. This has hamstrung farmers as the mine field of advice and product failed to deliver the integrity that farmers required. Professional jealousies have been identified as the major issue to transferring robust sequential findings to producers.

Reported recent manipulations of the animal recording system, Sheep Improvement Limited (SIL) is further evidence that the unbundling of genetics in New Zealand is at a terminal stage in viable economic terms.

It has been a strong driver of Falkirk to focus upon ‘***Economic Relative Traits***’ to define and hold the vision of what is vital to commercially enhance genetic gains that will sustain a low cost production system that in turn emits high profit. The development of the Falkirk System of animal production and selection criteria based on ‘***Epigenetic’s***’ fits precisely with ***environmental respect.***

It has long been the belief of Falkirk that New Zealand holds an immense depth of private enterprise agricultural knowledge and innovation. Subsequent systems and solutions, which will propel the sheep and beef industries to a robust influence in the national economy, will naturally follow. There is no need to heed the indoctrinate of Stanford and Harvard Institutions, as seen as essential by some tarnished industry theoreticians.

The immediate requirement is to fully utilize New Zealand ‘made’ business and scientific fundamentals that have with clarity identified success and failure within agriculture and hold the deftness to concentrate on and expand the success factor. Inclusive in this thrust, as illustrated by Falkirk, is the wise and frugal use of private funding that has generated an exceeding high rate of return on capital invested for both the producer client and Falkirk.

To solidify Falkirk’s position, members of the strategy team attended the National Party Caucus on Agriculture to reinforce our real time solution for the sheep and beef industry so aptly illustrated by you with your successful business and genetic programmes.

FALKIRK LEADERSHIP PRINCIPLES

- 1 Vision: define and articulate clearly where you want to go.
- 2 Get the right people; and get rid of the wrong ones fast.
- 3 Then; delegate, delegate, delegate.
- 4 Be consistent on the main points, but flexible on the details.
- 5 Reward success.
- 6 Deal ruthlessly with failure; do it fast; and learn from it.

FALKIRK SCIENTIFIC FOUNDATION

MISSION STATEMENT

“To empower producers to farm the most optimal animal that naturally generates product to exact market specification.

Prudent selection can then be exercised to capture genetic gain and enhance productivity and financial outcomes.

To reward classified product, meat, wool and livestock, through value based payment systems.”

STRATEGY GROUP MEMBERS

Bernie Weller
David Crutchley
Owen Johnston
Guy Martin
Richard Warren
Grant Weller
Ian Walsh

OH THE ARROW OF SUCCESS

INTRODUCTION FOR THE NATIONAL AGRICULTURE CAUCUS

Good morning – The 101 Business Group, with the “Solution for the Sheep and Beef Industry”, would like to thank you for the opportunity to address this caucus – thank you Mr Chairman.

Our intention today is to relay factual information that underpins this successful business plan solution that is based upon: - co-operation of entities – sound business principles and values, interfaced with strong commerce.

The formation of the 101 Business Group Ltd for Agriculture is the overarching entity that identifies and functions with robust viable businesses that hold comparative visions, business ethics and outcomes that drive the economies of scale that are significant. We at 101 Business Group are not under any pretence. We understand that:-

1. Agriculture is vital to the New Zealand economy.
2. The immediate prime Government focus is on rebuilding the economy and a shattered Christchurch.
3. The International “Greed Culture” demise is at the end of an era.
4. New Zealand agricultural governance, policy and management behaviours were not immune from that culture.
5. Systemic failure within agriculture is evident.
6. This is not a recent phenomenon. The roots were birthed in the policy of 1985
7. An ethical conflict between the commercialization of science and science that is accurate is being reported. This debate is required to be concluded to assist the entrance of a new era of agriculture sensibility.
8. In spite of high prices the present situation for agriculture is fragile.
9. Governance and business management ethics are critical to success.

10. Respect – Trust – Integrity – Enterprise – Innovation - and Quality are combined key drivers for the future prosperity of New Zealand agriculture.
11. Sustainable profitability is crucial to New Zealand's wealth – health.
12. 101 Business Groups intelligence information is reliable and robust due to a staunch investigative policy.

The fundamentals of genetics, business integrity and a true marketing regime are understood and practiced by the 101 Business Group.

With the wide acceptance of the Falkirk System of animal selection in New Zealand and the ability to trace breeder genetics through to recipient farmer clients, a library of knowledge has been established to judge the level of genetic ability of flocks that has been influenced by former systems. Upon analysis, the escalation of genetic wastage is evident, posing serious implications for those farmers ***without a corrective solution.***

The estimation that 50% of meat and wool products are not effectively marketable is the core problem to establishing a sustainable pricing regime at the farm gate. This issue holds negative ramifications in the market place.

Based on the expanding business model of Falkirk, it has been identified that the fundamental fault within a morose industry is one of declining and poor quality product, which continues to lead to a lower standard of commodity and the conditional need to sell or trade product.

The specific target is to expand the Falkirk System of Livestock Selection, which practices the fundamentals of "Epigenetic's" to return stock judgment in its entirety to co-exist with the understanding of pure genetics. What is significant is the ability to identify, isolate and multiply the more optimal animals that produce reliable outcomes and product, to drive a true marketing regime,

The benefits of focusing on the more optimal animal are many fold inclusive of a high tolerance to internal parasites, birthing ease, mothering abilities, higher survival, and heavier weights of progeny at weaning. The metabolic efficiencies that positively influence emission outputs are additional to the vital trait of longevity, which enhances lifetime productivity in climatic adverse regions, with greater sale value at auction through slaughter to retail marketing.

This initiative understands that all entities within the sheep and beef industry are fully funded, albeit in some cases not effectively utilized. No additional development funds are required to function this operation. Instead 101 Business Group holds the ability and skill to enter into contractual arrangements to ***multiply the Weller example case study by 5,000.*** The Weller example has already been validated by virtue of winning the Inaugural Environmental Farm Award for 2011.

The strategy is to efficiently utilize existing farmer funded conduits to reach them with this opportunity for consideration, such as, Monitor Farm, and Sheep and Beef Council forums et al. From then forward, the operation is conducted on a business basis.

The terms of engagement are "unconditional". Each party will retain autonomy but place the appropriate resources to compliment excellent governance and commercial reality as prime drivers for this special project. The urgency for such an initiative is immediate.

The success of this commercial solution is underwritten by existing farmer clients who stand as testament for producing improved and superior marketable product. Expedient growth of this system is fueled by referrals.

Pragmatism and logic drive this successful system to understand that the solution to the industry's woes is genetic. This is emphasized by a progressive client base that illustrates very positive profit outcomes and genetic gain. These factors contribute to the quality top edge of lamb, beef and wool product to attract the full financial value that is offered by processors, manufacturers and consumers.

The ability of this grouping to reach both commercial farmers and breeders alike is obvious and immediate. FINZ offers access into astute breeders and breeder groups from which some early up-takers are already programming more optimal genetics based on commercial reality and are interfacing by referral with commercial producers.

NZSCA has not been effectively utilized as an important resource within any perceived industry remedy. Falkirk recognized a highly geared business association which harvests a majority of the national wool clip. More importantly, they hold a client base of the majority of producers and interface on a regular basis with them. The larger, isolated producers, under the current economic conditions are more vulnerable.

CBL & ENZL hold vertical and horizontal integration within the sheep & wool industry and express significant influence on the National Economy and International market place.

CBL, ENZL, FINZ & NZSCA have agreed that any advantage for these entities will be taken by commercial means from a rejuvenated sheep and beef industry that will be financially viable & marketable.

Testimonials

“Our association with Ian Walsh and Falkirk Genetics represent an integral part of a solution to the problem of declining standards of meat and wool production in New Zealand. Ian has outlined the details of a plan aimed at industry rejuvenation involving successful businesses that demonstrate desirable governance that will percolate agricultural commerce to a sustainable continuum. The vertical and horizontal business plan affiliation of these viable entities inclusive of extensive client base set the business ethics and economics that will lead the sheep and beef industry to profit.”

Richard Warren

“The psychological advantage is seeing with your own eyes the improvement in evenness in wool and structure of your sheep which in turn gives a consistent product to market. I have travelled overseas and taken note of NZ meat being sold in supermarkets and restaurants and listened to the owners and chefs concerns about our meat. A lot have changed to Australian meat because we could not supply to their specifications. With the approach Ian and Falkirk have taken, I am totally convinced it will help rectify these issues.”

Owen Johnston

“2154 lambs were weighed off to the works and of those lambs only one was downgraded for excess fat, quite remarkable as there was not a hand put on those lambs to grade them for quality.

On top of the lamb quality, our wool is of exceptional quality being marketed through Dawson Direct with full traceability back to the property.

What is so remarkable to the success of the flock is that it has all been done by private enterprise initiative. Rams are now purchased from a flock that Ian has developed through his Falkirk Genetic program and the consistency of these sheep is phenomenal”

David Crutchley

“In our opinion Falkirk has the capability of revolutionizing farm breeding systems. New Zealand’s agricultural future depends on leaders like Ian Walsh of Falkirk, enabling producers to define marketable produce that is in demand world-wide.

Through Ian’s expertise with his stock assessment system, it has enabled us to drive our business forward to new levels of performance and profitability”

Grant & Bernie Weller

**Ian Walsh
Principal Director
Falkirk**

MEDIA COPY

Project to Rejuvenate the Sheep Industry

SOLUTION 2011

20 09 2011

It has been announced by Mr. Ian Walsh Principle Director of Falkirk Index New Zealand Ltd (FINZ) that a collaborative effort to rejuvenate the New Zealand sheep industry has been launched. In conjunction with Mr. Stuart Chapman CEO of Elders New Zealand Ltd (ENZL), Mr Colin Mckenzie CEO of Cavalier Bremworth Ltd and Mr. Barry Pullin Chairman of New Zealand Shearing Contractors Association (NZSCA) this initiative is considered as the only real time positive for the sheep and beef industry.

The terms of engagement are “unconditional” each party will retain autonomy but place the appropriate resources to compliment excellent governance and commercial reality as prime drivers for this special project. The urgency for such an initiative is immediate.

This initiative understands that all entities within the sheep and beef industry are fully funded, albeit in some cases not effectively utilized, and no additional funds are required to function this operation. The strategy is to efficiently utilize existing farmer funded conduits to reach them with this opportunity for consideration, such as, Monitor Farm and Sheep and Beef Council forums et al. From then forward the operation is conducted on a business basis.

The specific target is to expand the Falkirk System of Livestock Selection, which practices the fundamentals of "Epigenetic's" to return stock judgment in its entirety to co-exist with the understanding of pure genetics. The ability to identify, isolate and multiply the more optimal animals that produce reliable outcomes and product that will drive a true marketing regime is significant and proofed by an expanding client base.

The success of this commercial solution is underwritten by existing farmer clients who stand as testament for producing improved and superior marketable product. Expedient growth of this system is fueled by referrals.

Based on the expanding business model of Falkirk which has identified that the fundamental fault within a morose industry is one of declining and poor quality product which continues to lead to a lower standard of commodity and the conditional need to sell or trade product.

Pragmatism and logic drive this successful system to understand that the solution to the industries woes is genetic which is emphasized by a progressive client base that illustrates very positive profit outcomes, genetic gain and contribute to the quality top edge of lamb, beef and wool product to attract the full financial value that is offered by processors, manufacturers and consumers.

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CBL & ENZL hold vertical and horizontal integration within the sheep & wool industry and express significant influence on the National Economy
CBL, ENZL, FINZ & NZSCA have agreed that any advantage for these entities will be taken by commercial means from a rejuvenated sheep and beef industry that will be financially viable & marketable.

Ian Walsh (FINZ)
Barry Pullin (NZSCA)

Stuart Chapman (ENZL)
Colin McKenzie (CBL)

THE ARROW OF SUCCESS

TO

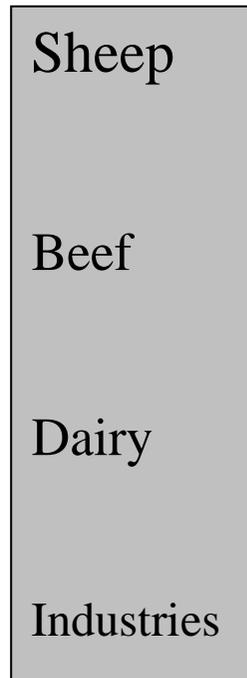
REJUVENATE THE SHEEP & BEEF INDUSTRY

Target

Driver

Critical Mass

Better Outcomes



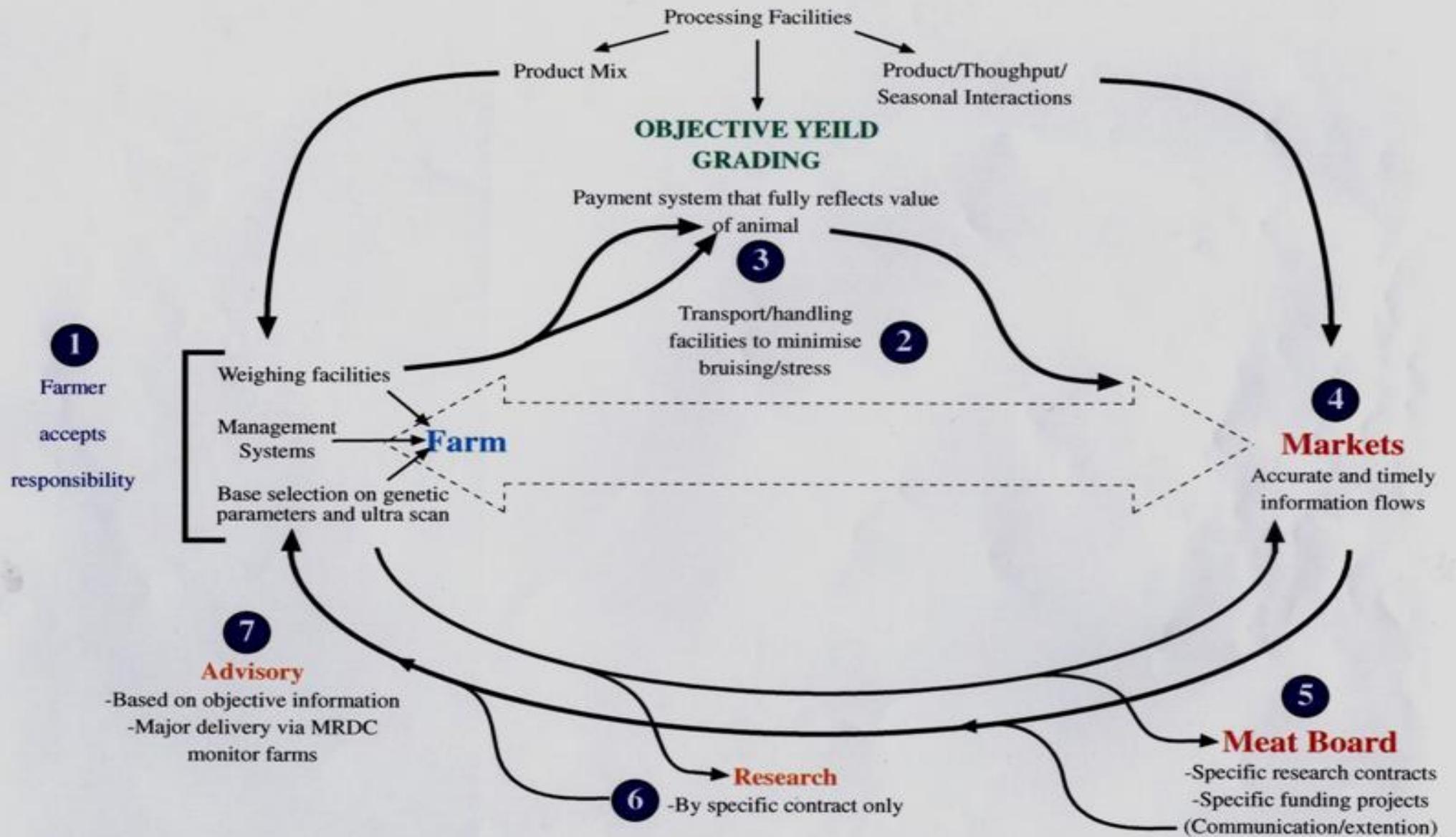
FINZ

COMMERCE



NZSCA





Processing Facilities

Product Mix

Product/Throughput/
Seasonal Interactions

**OBJECTIVE YIELD
GRADING**

Payment system that fully reflects value
of animal

3

Transport/handling
facilities to minimise
bruising/stress

2

4

Markets

Accurate and timely
information flows

5

Meat Board

-Specific research contracts
-Specific funding projects
(Communication/extension)

6

Research

-By specific contract only

7

Advisory

-Based on objective information
-Major delivery via MRDC
monitor farms

1

Farmer
accepts
responsibility

Weighing facilities

Management
Systems

Base selection on genetic
parameters and ultra scan

Farm