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Company Affiliations: Cargill Canada Ltd.

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Summary: Retired president of Cargill Canada Len Penner discusses his long career within the multinational grain company. He describes growing up close to farming communities and studying animal science in university before getting his first job in Cargill in their eastern Canada seed division as a salesperson. He explains the history of Cargill's diverse operations in Canada and around the world, and the pros and cons of working for a multinational company. He discusses his move into a managerial position in the seed division and then his move to regional manager in the western grain business during a time of immense change. He recalls the major changes at the time, including the construction of inland terminals, railway rationalization, consolidation of companies, growing farm sizes, and the Crow Rate debate. He describes how these changes affected different sectors of the grain network, but also how the Canadian system effectively adapted to these changes to stay competitive. In his move to senior executive management within Cargill, Penner shares the increasing complexity of issues and his interactions with other divisions like Cargill's terminal elevators and grain researchers. Other topics discussed include Cargill's training program for new employees, the differences between the eastern and western grain systems and markets, changes to industry regulations over the years, the demise of the Canadian Wheat Board, his pride in being able to keep up with industry changes and demands, and his predictions for future challenges the industry will face.

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Time, Speaker, Narrative

NP: It is December 2nd, 2014, and Nancy Perozzo is conducting this interview at the Hotel Fort Garry in Winnipeg, Manitoba. I'll have our narrator for today introduce himself and his connection to the grain trade.

LP: So my name is Len Penner, and I am the ex-president of—retired president of—Cargill Ltd. in Canada. Do you need more information than that?

NP: Oh, no. We'll go more deeply into it.

LP: Okay.

NP: Maybe just, for my records, the years that you were with Cargill?

LP: I was with Cargill from 1975, and then 38 years.

NP: Oh, okay. Wherever that takes us. I'll do the math later. Did you come from a farm family background?

LP: Didn't grow up on the farm, but extended family were farming in southern Manitoba. So I'd say a lot of time on the farm, but not living on the farm. With university, I did work on a grain farm for four years as part of my employment. So that got me clearly into the grain business.

NP: Was your university degree in agriculture?

LP: It was in agriculture, with a major in animal science, though.

NP: Oh, okay.

LP: Yes.

NP: So when you were working on the farm, was it a farm that raised animals, or was it a grain farm?

LP: No. No livestock at all. It was strictly in the grain side.

NP: So that would have been in the early '70s that you would have been--?

LP: That's correct. Yes.

NP: What was life like on the farm when you were working there?

LP: I'd say it was good. It was seen at that point, I think, it was still seen as a very good place to be. You know, lots of activity in the four years that I was involved in farming at that point—reasonable yields, half decent prices, and families were able to do quite well on the farm at that time.

NP: What part of--? Was it in Manitoba?

LP: Yeah. It was just outside of Winnipeg. It was in the Oak Bluff area just outside of Winnipeg.

NP: Mmhmm. And what kinds of work were you required to do?

LP: Anything. Right from seeding right through to harvesting. So anything that was entailed in doing that, I was involved in doing that.

NP: Was it physically demanding?

LP: Yes. Long hours in season to get the job done when the opportunity was there, and the weather was right to do it. But not overly exertion, if you will. But yeah, it was a very pleasant experience.

NP: What did you learn about the life of a farmer?

LP: I'm not sure if there was new learnings, having grown up around the farm, but I think probably for the fellow that I was working with and for, watching him make decisions and how stressful that could be. And the challenge that he had—and any farmer has—is that they've chosen a career to work in a business that you're planting things outside, totally subject to whatever weather comes along. So you don't have control of that weather piece, so the outcome is never known until harvest comes, right? And so, I think it takes a special kind of individual to be at peace with that dynamic, right? When you make your living on growing

stuff outside, that's the big challenge is to deal with the uncertainties that come with that, and the pressures that come with that particular piece as well.

NP: Yes. I think isn't the comment that you don't have to gamble if you farm because you've already--? [Laughing]

LP: Yeah, yeah. You're gambling!

NP: Probably get enough of that. [Laughing]

LP: You're gambling all of your investment. Right.

NP: A little bit about the history of your family. Do you know anything about when and why they came over and how they got set up where their farms were?

LP: I think this would have to go back a couple of generations, but, yes, my grandparents grew up in, at that point, it would have been Russia in the almost very close to the Crimea area in the Ukraine and were farming in the Mennonite colonies over there. They came over to Canada in 1924, and at that point, didn't settle directly on a farm, but some of my dad's parents ended up farming for a period of time. My mother's parents didn't settle on the farm, but a lot of the Mennonite community did end up being on the farm. So there was that connectedness to a broader community that was farming.

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NP: What part of the province was that, then?

LP: All right here in southern Manitoba.

NP: Closer to the US border, then? Emerson area?

LP: Our immediate family would have been all right around Winnipeg.

NP: Did you, in your visits to the farm, did you get a sense for what it was like for them when they started out? Because they were the second round. They wouldn't have been the initial homesteaders, would they have been?

LP: No. I would say, I wouldn't have grown or been exposed to that at that level. So my true exposure to farming as I was growing up was through my uncles who had small farms, and they also had businesses on the side in addition to those. I didn't see them as struggling in the farming business at all, but that was partly because of the nature of the businesses that they had. And so, the true exposure to dedicated farming livelihood would have been in my university years, and so that's not until the '70s. Yeah.

NP: So when you finished university, was your degree in animal--?

LP: My major was animal science, yeah.

NP: Okay. And how did that lead you--?

LP: To the grain business?

NP: Well, I mean--. [Laughs]

LP: Good question! My first assignment as I joined Cargill, my first role was in the seed corn business in Ontario, so nothing to do with animals at all. But I think the degree that I ended up with, although at one point I had an interest in pursuing along animal lines, but it's just the degree opened the door. It allowed you to take a look at what was available because I had studied and been successful at studying. And so, the application from animal husbandry, animal nutrition stuff over into anything to do with agriculture, although the technical stuff isn't directly related, the background in that area is clearly applicable to many different areas. And we continue to see that today. People can be successful in agribusiness without having been on the farm or without having an agricultural degree. They can have a business degree or they can have a science degree. Do they have the aptitude to learn? Do they have any curiosity? That's more important than the experiential background of having worked on the farm or having studied specifically on the technical side of some of that.

NP: Which is, if you think back to '75 and now, just the amount of change that has occurred, that if you were stuck in the technology of what you learned at university--.

LP: Yeah. What's the--. What you're saying is how meaningful is what you learned for four years as a snapshot of four years many years ago? It helps you build a base, and it helps you build probably a discipline of how do you explore or think. That's very valuable in any education process. In my case, I ended up in a career path that didn't require the technical side of plant genetics or animal genetics, for instance, or animal nutrition. So there it's much more learning how to solve problems or how to deal with

change as it occurs, and that's the piece that you're referring to. To me, that's all learning, constant learning. It doesn't stop after four years of university.

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NP: Now, the early '70s or mid '70s, what were career possibilities then? Was it still pretty wide open?

LP: It was. You know, one of my options for taking animal science was actually might I get into wildlife management? That's why I chose animal science. But when I graduated, there were many, many more job opportunities within the agricultural industry compared to government, is where you typically end up with in a wildlife management environment. I had numerous offers when I graduated, and if I remember correctly, most of the class had offers. So it was a period of time where there was a demand for graduates, clearly.

NP: The reason for asking that question other than just curiosity is an awful lot of people that I've interviewed stayed on the Prairies, and yet you said that your first job was in Ontario.

LP: Right.

NP: So what caused you to choose that route rather than--?

LP: You know, I would say I didn't have my--. When I graduated, I had a completely open mind to saying, "Where might this lead?" So I wasn't focused on saying, "I have to stay in a very--." You know, whether it be in Winnipeg or Manitoba or western Canada. It was much more, "Where is the job going?" Fortunately, my wife had the same willingness to explore other areas. And one of the reasons I chose Cargill, even then, was that it was an international company. And not that I was looking for international experience, but just the breadth of business that they represented is I looked at that as an opportunity. And so, even as I signed on, the first placement wasn't necessarily known at the time that I signed and said, "Yeah, I'll work for Cargill." It would be determined after a number of months. They said, "Okay, where might I end up?"

And so, the offer was to move to Ontario, and more than willing to take that on and look at it as an experience and an adventure. We ended up staying in Ontario for 11 years before we moved back. Even when we moved back, we moved to Saskatchewan, not Manitoba, and it took us--. Both our families were in Winnipeg, so we both grew up there. It took us 17 years to work our way back--all very good, positive experiences, both professionally from a career perspective, but also the exposure to the people and the different communities that we ended up living in.

NP: So where in Ontario was your first job?

LP: We lived in London, Ontario, and then also--. We were in London for about five years, and we were in Woodstock, just down the road between London and Waterloo area. We were in Woodstock for about six years.

NP: And what exactly did the job entail?

LP: Very, very basic. My first role was in sales, and we had a seed corn company. Of course, in those days, all the corn was grown in Ontario and Quebec, and that was the focus. There was a little bit of business that was being done in southern Manitoba, so basically covered--. My initial area was as a salesperson responsible for geography from London west down to Windsor.

NP: Working largely with farmers then?

LP: Working directly with farmers, both working with a dealer network, establishing a dealer network. And all the dealers were farmers or there were some farm business supply businesses that may have a dealership, but most of the dealers would have been farmers. Yeah.

NP: You said you were establishing a dealership network. So you were a pioneer for Cargill or--?

LP: No, it was an existing business and stepped into it and took that geography and developed it. Yeah.

NP: What did you find you liked about it? What were the challenges of that?

LP: The huge learning curve would be the first piece. I'd put that on the positive side, but not necessarily the easiest--remembering my background and knowledge would have been animal science technically but experience in grain farming in western Canada, well, going to Ontario, which was strictly corn and soybeans basically, and a little bit of winter wheat, but basically the mainstays would have been corn and beans. So just understand, particularly focused now on corn, understanding that crop and the intricacies of that crop. And so, just the learning curve that came with that was good. It was exciting, challenging.

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But also, that would have been my first time dealing directly with a broad base of farmers. You quickly come to know that in sales, it's not pitching a product. It's really providing a solution. You know, the closer you can get to understanding the need of the farmer, and then matching that need with a solution—even if it's just a variety of corn that you have available that will match what they're trying to do—that's the key. So I'd say that was the learning curve on starting to understand the importance of the customer and how to interact with the customer.

NP: Did you like sales?

LP: Yeah. Very much so, yeah.

NP: I find that interesting, not because my experience has been somewhat similar, but that I always thought, “Oh, I wouldn't like sales.” But it's not what non-salespeople think it is.

LP: Yeah. I think it depends on what--. Do people perceive it to be pitching a product versus saying, “As a salesperson, can I help a person make a better decision?” To me, that's what it was all about. I can say that in hindsight, not necessarily that I approached it that way, but you quickly came to realize, you're only going to be successful if you can understand the need and bring something of value against that need. That's all about helping people make better decisions.

NP: When you were working at that job and the entry level within Cargill, other hires or people who were working there at the same time, what were their backgrounds? Were they quite varied?

LP: Yes. I would say not unlike today or at the end of my career, people came from a very broad base of background, both from an agricultural growing up on a farm to studying agriculture, but also people that graduated from business schools, or even people that graduated with just a science or arts degree but had the personality that might work and had this desire to continue to learn. Those were way more important than the background you came from, right? That's what I saw was the people that I started with, there was probably a group of 10 or 12 that I remember starting with at that particular year at that particular time. They came from universities across Canada and from across many different disciplines of study.

NP: Now, I cannot recall which one of my—sometimes I call them victims—but interviewees had come from England and had joined up with Cargill and talked about the training program and just about the company. So tell me a bit about your experience with--. Because Cargill--. Was Cargill Canada--?

LP: It wasn't brand new. Cargill has been around for over 75 years in Canada.

NP: Oh, okay.

LP: So, you know, my little 38-year stint was only half of the life that Cargill had had in Canada. But in the early years, it was a much smaller operation just focused on basically grain trading. Over the years, as Cargill grew internationally, so did the Canadian operation both in breadth and size and scope of the businesses that it chose to be in. So when I joined, they had just purchased National—so I think that happened in 1974—and that was a western procurement. So that was sort of the start of expanding from a grain perspective. But they had had a seed business for a number of years in eastern Canada, and it was basically tied to a North American--. It was basically an international seed business, and they had purchased that a number of years before on a global basis, and it had a presence in Canada. So it clearly was a much smaller company when I started. I would have to sit down and really think hard as to size then in '75 compared to size now in 2014. It's exponentially grown. Like, it's significantly larger.

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NP: So the set up. Were you hired in Winnipeg for a job in--?

LP: Yes.

NP: So the head office--.

LP: Canadian head office has always been in Winnipeg.

NP: Always been Winnipeg.

LP: Yes. Yeah. Not unlike, probably, the history that you're finding in the grain business. Winnipeg was, in the early days of grain trading, was a hub, and a lot ended up here, and therefore, years ago, Cargill had chosen to headquarter here.

NP: Even though a lot of their business at the time you started may have been in Ontario and Quebec, or no?

LP: Well, again, the seed business was only a small part of everything they did. So the core of what they had been doing had been grain.

NP: When you started, were you given an option as to which division you could start out in?

LP: Now you're asking me to go way back.

NP: [Laughs]

LP: Yeah, I think, you know, I would say, could I choose? Yes, if I had a strong preference, I probably could have said, "I'd like to lean this way." But I didn't come into the business saying this is what it had to be. Part of it is not understanding or fully knowing what each of these opportunities meant. So I was much more satisfied to entrust that decision to my superiors and say, "Where might I fit the best?" Their goal, as our goal has continued to be, is saying, "How do you help people succeed?" And part of it's going to be, is to match that individual's skill with the task given to them. I've found through my whole career with Cargill that those opportunities continued to come along, and for me, I can say it has been a terrific career with lots of different opportunities. Given the breadth of Cargill's businesses, the challenges never ended because I could--. In the seed business, I went from sales to sales manager to general manager of that seed business—all three very different jobs and roles—and then went from the seed business, which is basically a research-driven, sales and marketing-focused business, over to the grain business in western Canada, which looked very different than the seed business in eastern Canada. So with that comes just a whole new set of learnings if you want to succeed in that side as well. So constant challenges were available.

NP: So when you moved up through the seed business, it was still all in southern Ontario?

LP: Yes.

NP: And what challenges did you face as you--.

LP: Southern Ontario, Quebec. Say, eastern Canada.

NP: Mmhmm. As you moved up, what became the challenges?

LP: Probably that you quickly learned as you took on more responsibility the need of being able to lead people. In those days, I would say it was probably you spent a lot of time understanding how to manage people. And managing—I remember taking courses at the beginning—and managing was all about plan, organize, and control, right? And yeah, those are critical steps. That's not really leadership. Leadership is about successfully taking people to a place they wouldn't have gone alone, and to do that, it's not about controlling or just planning. It's much deeper than that. So I guess all of us in our career, as we take on the first

assignment of having people report to you, figuring out how you interact with people and act as a team and gain results as a team. So that would have been the biggest learning and, I would say, probably the biggest challenge.

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I don't ever remember being overly concerned about it, but clearly when I look back, you know, I can see those changing points, if you will. When you have a sales territory, you're really focused on driving that. It's a lot of individual accountability that comes with that. The numbers that you produce, the sales that you produce are all attached to your name, so it's visible, and you learn that piece. But leading people is different than just having the determination and driving your own sales numbers.

NP: With being physically in a different location than the head office, I assume you would come back on regular occasions for team meetings.

LP: Mmhmm.

NP: Who was in charge at that time?

LP: Roger Murray would have been the president at that time for Cargill—very dynamic individual. I don't know if you've had a chance to interview Roger?

NP: Oh, is he still around?

LP: He is. As a matter of fact, I mean, he is a Brit, but he has a cottage on Lake of the Woods. So he does come back for a good length of time in summertime.

NP: Okay.

LP: So Lake of the Woods is not as far to get to as Winnipeg from Thunder Bay.

NP: And we do visit there occasionally, yeah.

LP: I would truly say if you wanted to talk to a person that had a vision particularly, his background was grain merchandising. So through the change through the '70s and '80s, Roger was a key person within Cargill at that point in time from a leadership perspective.

NP: So Cargill, an American company out of Minneapolis?

LP: International company.

NP: Headquartered--?

LP: Headquartered in Minneapolis, yeah.

NP: So what did you learn about that company? Because your familiarity would have been those companies, mostly Canadian at the time, operating in the Prairies.

LP: Yeah. And you were clearly focused on the task in front of you, but there was clearly--. It didn't take long for you to get a sense of the broader scope of Cargill. Even in those days, although the seed business was in Canada, and it had a reporting relationship into the Canadian head office in Winnipeg, the seed business was international, and your day-to-day connectedness would have been through the seed group. The international group was headquartered in Minneapolis as well. So you did have clearly a two-way split, and that exposure with a lot of direction and interaction coming in the seed business which was international, you saw a lot more of what Cargill was doing around the world.

NP: And they seemed to have quite an outreach program to bring people in from outside of North America even, certainly outside of the States.

LP: Yeah.

NP: Into their management training programs and--.

LP: Yeah. And I think that's true. I would still say it's a very small percentage though. If you look and say even today, "What percentage of the people working in Canada would be expats or here for a short period of time from another country?" It's a very, very small percentage. It's largely based on the need at the time, both for developing an up-and-coming person to give them a

broader experience. And similarly it's taking the fellow that followed me when I retired— a Canadian who grew up here in western Manitoba—he ended up in Australia, spent three years in Australia, and then came back to Winnipeg.

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NP: Who is the new--?

LP: Jeff Vassart.

NP: Okay. Yes, and I think--.

LP: So I think that piece was one of--. It's just part of being part of a multinational company that's focused and has a great understanding that the business is all about people. And you can't have an international business without developing international people, and how do you provide your people with that global exposure? And so, you saw people coming into Canada. You saw Canadians going to other parts of the world, which is good. And I think the challenge is there's some people that join a corporation with a desire to see the world, but if they're--. And Cargill also had a very strong promote-from-within culture, continues to have promote-from-within culture, which says, "Before you get that opportunity of going internationally, you have to establish a good base." because the reason for doing the international is for developing the people that have the capacity to do that on a greater scale, right? And so, that's a continued challenge of meeting new employee's expectation.

NP: I have a question that isn't on my list but comes up as a result of some of the reading that I've been doing. I've wondered how or what kind of balance has to exist between an operation like Cargill Canada, and it would be similar for other international companies that have satellite companies elsewhere. How difficult is it to balance the needs of the head office to the operation operating in a different country, especially when it comes to making decisions on downsizing, which--? Have you ever had to deal with that or seen it handled?

LP: Not directly per se. So our experience, my experience, is one that a lot of autonomy and decision rights are given to--. If that autonomy and decision rights are given to the front line managers, and so whether it be the seed business or whether it be the grain business or whether that be animal nutrition or the meat business--all very different, all tied to something much bigger. None of our businesses in Cargill are standalone as a small entity, always tied. And our grain business, we have a grain business in Canada, but we are a global player in the grain business, right? And so, when you look at the 30,000 people that are engaged in the grain businesses globally, there's a connectedness, but the decision of what has to be done locally, that empowerment goes to the

frontline people in that country. And so, yes, there may be some call it corporate initiatives that you have to figure out how you have to bring to life in your own business, in your own geography, but they tend to be at a pretty high level.

An example of that might be accounting systems or software systems. I mean, you work for a larger company that has needs that you have to figure out how to plug into. If you continued to operate as a small little separate company, you might not make those same decisions. And so, you do have to be aware of that presence, if you will, of demands that come at you, but I never found them to be onerous or completely off the wall and you shake your head and say, “This absolutely will not work.” You always found a way of saying, “Okay. If that’s what you’re trying to accomplish, how do we make that happen in Canada?” And understanding the value--. To me, that would be--. The nature of every business organization has its pros and cons, and so, the nature of an international company, a multinational company—not only being represented in many different geographies but having many different types of businesses—so you have a couple of different layers of complexity to deal with. The value of that to a small local business is you have global understanding that you have access to. How do you use that to differentiate yourself in your local marketplace? That’s the opportunity, and that information, that knowledge, is transparent and flows. What do you do with it? That’s the advantage.

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The disadvantage of working for something large is these pieces if the corporation decides to change something or move a little bit, that may come back and say, “Whether its good for your business or not, you have to figure out how to do it.” But yeah, so there might be some points of frustration, but I would say that’s no different than even in a small company. The person furthest removed from the centre probably feels the same thing because decisions are being made there that are impacting others in the organization. So it’s just a scope piece.

NP: Yes. And I guess where that question was coming from on my part was with increasing globalization within many industries, including the grain industry, that decisions are made to move out of—most often out of instead of into—North American locations, although grain might be, because so much is grown here, different. So things get shut down to the detriment of the Canadian operation. Let’s just use that as an example. But as you said, it’s happening at the local level as well as globally.

LP: You know, that’s an interesting piece because, you know, I’d say in my experience, it’s been constantly looking for ways of tapping further into a Canadian geography rather than saying, “How do we pull out of Canadian geography?” So that wouldn’t be my experience at all, but every business, even under the broader umbrella, is held accountable for the returns back to shareholders. Even though they may be family members largely, it’s not different than the responsibility that comes working for a publicly traded company. Shareholders have an expectation. Can you return it? Companies may need to make decisions to change what’s

happening in a geography if it's not providing the financial results that are expected. That could either mean, you know, like we have many examples of saying great results can happen where money flows in for building oilseed crush plants or meat processing plants or grain handling facilities, right? That money also flows in if it's seen as something that is very, very useful to the overall. Likewise, there may have to be decisions to say, "We have to wind this business down because we can't figure out how to have it profitable." So you get both of those, but I never saw it as being a struggle or a conflict.

NP: Mmhmm. Your career path then moved you back to Saskatchewan, am I correct?

LP: That's correct.

NP: So what took you back?

LP: Just a request to consider moving to Saskatchewan, to Saskatoon, and take on becoming a regional manager for a business that's now the very traditional piece that you're looking at, I think, the grain elevator business. The business would have been to find—from an asset perspective—would have been to find us having grain elevators—crop input centres. So that's providing the front end stuff for seed, fertilizer, and crop protection products, et cetera, the support people that are needed to interact with farmers to get that job done. But it was largely the traditional grain business at that time.

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NP: And what was the position title?

LP: Sorry, the--?

NP: The position title.

LP: Regional manager.

NP: Of--?

LP: I can't remember.

NP: Cargill Saskatchewan or--. [Laughing]

LP: Yeah. Of northern Saskatchewan. And so, I got into working with a team of people that were focused on moving grain and moving crop inputs. The dynamics through that period, that would have been in the mid '80s, so there were some pretty good challenges in western Canada, whether it be droughts—more droughts than floods. Now we're getting issues in the last number of years where it's been too wet in certain areas. But in those years, we would have been hit by droughts. Poor pricing, global grain pricing, the impact that that had on farmers, the disappearance of the Crow Rate and the change that that had to farming—to the industry as a whole, but largely impacting farmers. So that was a time of significant change within the industry, and I think at that point, we had a few of the, call them newer, concrete facilities that were titled inland terminals at that time, but leading the whole-- Through that period, there was the movement to putting up larger structures and changing from the smaller wooden structures that were traditionally in the grain business. So lots of change happened in that period from I guess it would have been '86 to '92 that I spent in the field at that point, but very different challenges to farmers than what I saw in eastern Canada, right, in the business that I was focused on in the corn business.

NP: Now, having the advantage of hindsight looking back at that time period, how well did the changes such as—rightsizing is a term that's been used—rightsizing the number of elevators, change in the Crow Rate, closing down branch lines, looking back, what comments would you have to make?

LP: I don't know if-- I tend to be much more focused on the issue at hand and how do you move forward out of it? And I think from that perspective if I go back, the issue at hand was you had struggling farmers. And if you have a value chain that you're part of, and that value chain, as we talked earlier, of saying we have farmers as customers on one end, we're sort of in the middle, and then you have consumptive customers on the other end, those consumptive customers are typically even restaurants or food-- Think of them as the food manufacturers of the world. So as you're in between that, everyone has to be profitable. If you have one hurting element in that value chain, the whole value chain will not do well.

NP: If you have one--?

LP: If you have one element in that chain-- So let me give you an example. So if farmers are struggling, it's very difficult for the rest of that value chain to do well. The reality is you have to be able to understand how to ensure that everyone in the value chain has an opportunity to succeed, because if they don't, then you don't have a sustainable value chain that you can live in for a longer period of time. So when you look at some of these changes-- So why did the consolidation have to happen? Why did the change of-- I think we understand why the Crow changed, but through that change, if you can't help the different pieces of the value chain get through it, the value chain isn't going to survive very well. So it was more from saying, "If that's the way it's going to go, how do we ensure that everyone moves there successfully?"

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Along the way, there were-- I think that sped up the whole concept of some of the small centres, and what happened to those small centres? When you lose an elevator, you lose—you know, the other example—you lose a bank, you lose a grocery store. But it wasn't just that. It was also driven by the size of the farm was changing. The need of the farmer was changing. You can now look at it in hindsight and say, "How is most grain delivered into a rail loading site, into a grain elevator in western Canada?" Most of it comes in in 40- or 45-tonne lots in a semi or a B-train. Well, a small wooden crib elevator could never handle that, couldn't handle a semi, so the industry had to change because elements of that industry were moving forward. Now, which came first? It doesn't really matter. It ended up being something that looks very different. And the key was how do you assist the different players along the way to understand how to succeed with the change was the key. I'd say that was probably the biggest challenge. It wasn't just about how did our company succeed, it was how do we help our customers also move through then? You know, we saw that again. If you say that period of very poor farming returns, right, caused by a lot of stuff—low grain prices globally, and then that was compounded by years of drought or poor yields—all of that starts to come together. The rationalization.

NP: And high money costs.

LP: What's that?

NP: And high money costs.

LP: Yeah. And with that-- But in those years, it wasn't the runaway stuff, but then you did have a period where high energy costs, what did that do to your cost structure? What did that do to fertilizer? What did that do to the cost to run a tractor? Another, it was how do you adapt to the reality of the environment you're working in, right? But then the next big one, for a lot of farmers, you might put into that piece of-- So then the role of the Canadian Wheat Board changed, and again, it was one of saying, "How do people reposition for a new reality in the business?" That's the kind of stuff, I think, that I found both a challenge of the role, but also probably then—represented as a team as you figure out how do you help your customers through that change successfully—that also became some of the most rewarding pieces, that you come out the back end. Sometimes you have to wait longer than others. Like people probably wondered through-- Because we had a period through the '80s, early '90s, where people were choosing not to go into agriculture. The number of students going into agriculture as a field of study dropped dramatically because there was no jobs at the end, and they weren't excited. The farm kids weren't excited to go back because they saw the struggles, financially and otherwise, that their parents and that whole industry was going through. So you had this really dry piece of the pipeline, if you will, through those years.

Now you look at it and you see the last number of years, agriculture can't find enough students that want to come in for the demand that's there. It's completely turned around. Now you hate to see the low and then the high, and where's it going to go from here? Hopefully, as an industry, we can learn that. Say, "Okay, how do we--?" And I think it's all about willingness to change. "How do we adapt?" The world will change. Consumers' needs will change. As consumers' needs will change, so will food manufacturers, and it comes right back down to the whole chain, the frontline, even at the farm level. So what does that require at the farm level?

[0:50:14]

NP: A number of people have sort of commented on the same time period and the same issues that you have. Obviously, they were all present at that time. And the sense that I've gotten from those people is that change was necessary—staying the same was just not an option that was going to work. At the same time, doing what had to be done did have some consequences that weren't necessarily desirable. Can you see anything from your perspective--. Let's now just look at that '80s, early '90s piece because we will move forward from there as we move through your career. Any downsides that you saw, or they were just temporary?

LP: So I don't know how you refer to a downside. It is this reality--.

NP: It's your sense of what a downside might be.

LP: Right. Okay. Were there industry players or individual people that were hurt through a change? Absolutely. Could everyone have looked at it much differently to prevent some of that? Possibly. But again, you look at if the reality is—and we're seeing it—if it's community based and seeing some of those small communities that were decimated by change, it wasn't just the elevator change. It's like the whole role of--. A 400-acre farmer today would find it very difficult to make a living on a small farm, right, unless they chose to do something very different, unless they chose something very, very speciality. Those are all possibilities, but the traditional farming--. And so, all of that change, did we do enough as a society? And I'd say it's not an industry piece. It's a society piece. Were there enough supports for people that needed to make a significant career change at that time? Could more have been done? That's where I would go, and I'd say that says, "But can you predict it at the time?" So if we go through another significant change of whatever that might be that has potential negative impact on people, then would we have the foresight to say, "There's going to be 30,000 less farmers going forward or 30,000 less people working in an industry. How are we going to help those people transition?" I think that's a very difficult piece to be able to predict the impact of some of this because it happens over time. It happens over a long period of time, right? So are there regrets or would you do things differently?

The big picture, those things, you almost have to look and say are we truly better positioned as an industry today than we were then when we couldn't meet the demands of the world because we--. You know, in Canada, and particularly western Canada on the grain trade, 70 percent—roughly 70 percent—of what we produce is exported. That's changing a little bit with more production, more processing happening, particularly in the oilseed processing side. But even a lot of that might be processed locally, but the oil is exported, right? Or the meal might be exported. Our success is very dependent on being able to move into outside markets. And so, when we do that, we're a small player in the global trade. So how do we position ourselves? You have to almost work backwards. How do we position ourselves to ensure that we can compete globally so that our local farmers can succeed? And you do have to continually be prepared to compete with Australia or with South America or with Eastern Europe and the other major production areas of the world.

[0:55:05]

The challenge we have is that we have a significant cost factor because none of our stuff is produced close to tidewater. It has to make a significant journey, whether it goes through Thunder Bay or whether it goes through Vancouver, to get to an exportable position. And so, what we have to do is continually be better at what we do. Is the product that we're putting out there, does it have a distinctive value, because it's very difficult for us to compete on cost because we have these extra steps to take that are going to cost money. But it clearly says if you want to compete in the export market, you have to ensure that you're competitive.

NP: So let's put some specifics on that need to be competitive while overcoming some of the natural input and transportation costs. So how has Canada—up until this point and hopefully in the future—how has Canada managed to position itself so that it can be one of the largest?

LP: I think generally Canada has done well, and you gave some good examples that helped in that front. I think of a group like CIGI [Canadian International Grains Institute] that is working on promoting Canadian products and showing potential global customers how to use Canadian products, and how it fits, and distinctive value that Canadian products can bring to their mix. And generally, the infrastructure has been built to be able to be competitive, with probably the weakest link is our consistency on delivering that grain to a port facility. That's a great big, long story, right? But I think you've probably heard. You're smiling, so you probably have heard this once before. But it does say, so if--.

NP: So when you're talking about the things that have been put in place to help, which of the ones are working? With a general agreement that the transportation one has been the toughest one.

LP: That's the toughest one. Yeah. And not only--.

NP: What are the other things that are--?

LP: Yeah. So not only do we have the only economic way of moving grain to tidewater is by rail, we have to cross a range of mountains that get a lot of snow. So this isn't just about underperformance of railroads. Ultimately, it comes down to looking that way. It's an industry factor. It's an industry issue. It's not just a railroad issue, right? And you know when it gets to be—you've been here in Winnipeg—when the temperature is down to minus 25 or minus 27, machinery doesn't work the same. The risk of things not working to the same level is high. So I think we just have to continually ensure that we are able to live up to our promises to that consumptive customer. Whether that customer be in Europe or whether that customer be in Asia or wherever, they're expecting people—the ones that commit—to be able to deliver on that. So when you're moving product to an export marketplace, you are dealing with this specific customer at the other end that has specific needs. And so, it is a pipeline. So how do you ensure that that pipeline is running as that consumptive customer expects it to be run? So that's the challenge.

NP: We were talking about the pieces that were in place that helped Canada be successful. You mentioned Canadian International Grains Institute. What other things do you think are underpinnings of the industry that helped Canada remain competitive, even though a lot is in their way of remaining competitive?

LP: So I think the standard that we have for grain that leaves the country is well respected. So how did we get to that standard? CIGI helped promote what we have, but the Grain Commission probably played a key role in holding our feet to the fire from an industry perspective to say, "These are the standards that we're going to adhere to." We're often going to deliver to that perspective. So I think those would be examples of organizations that have had a key role in, first of all, establishing a reputation. And then the question is, so what's needed to go forward? What are customers asking for? How do we, even the Grain Commission or CIGI or the rest of the industry, respond to changing demands of that consumptive customers? I don't know what those will be in the future, but that's the challenge.

[1:00:42]

NP: Always being alert to that. You can't rest on the past.

LP: Yeah. Yeah. And never--. The whole chain has to understand this fact that there's only one person that pays for all of us, all of our bills, and that's that consumptive customer. It's actually the person that's eating that stuff, that has it on their plate, that bought processed food. They're the only ones that pay for everything that we do, and so that just deepens that, going forward, that

collaborative-ness that needs to happen, particularly when we're so dependent on exports, of being able to deliver to that consumer because they're the ones that are paying.

NP: When you moved from Ontario to Saskatchewan, you moved from the existing farm situation in Ontario and Quebec to the western farm system, which you were somewhat familiar with because of your upbringing. But what did you learn about the western farm system and its differences to where you spent your first years of your career?

LP: Yeah, that's going back quite a few years, so bear with me. [Laughing]

NP: I know. I'm amazed at how much people can remember! Asked myself about my career, I wouldn't be so able to answer the questions. So I understand.

LP: I mean, the environments were very different. Ontario was not nearly as export driven or dependent. It had--. And today, it's a domestic production. It's domestic. Your end customers are all domestic customers, so the nature of that business was different because of that compared to 70 percent needing to find its way out in western Canada. The marketplace was very different, much smaller, but the geographic areas were smaller, the number of players, but also the total volume. The number of acres that were under production for corn and beans and wheat was much smaller than the—what do we have?—that 70 or 80 million acres of Canada, and most of that being western Canada, so understand a significantly different dynamic. And a much freer environment to operate, if you will, compared to here because you didn't have to worry about working with the railroads and getting an allocation of a scarce resource—being railcars. That was never an issue in eastern Canada because it largely moved by truck. So the regulation on operation was very different. You moved to western Canada--.

So that would probably answer your question. The biggest learning was how do you—in those years—how do you operate in a very regulated environment? Whether it be on access to railcars or working with the Canadian Wheat Board that controlled all of the flow of wheat and barley that were being exported, which in those years would have been the majority of production. Canola was not nearly what it is today. So it was that particular piece. How do you succeed and how do you help your farm customers succeed in an environment that, clearly, you'd call it regulated. But it's like, this is what you're dealt. Figure out how to succeed in it. That was the biggest learning that had to happen.

NP: Mmhmm. Very general question here. How much of the regulation needed to be there in order for things to work because of the size and the issues? Completely unregulated, slightly less regulated than it was?

[1:05:00]

LP: So you can look at where history has taken us, and it's significantly--.

NP: Or may take us in the future too.

LP: Yes. Yeah. I think the reality is can people get—can farmers at the frontline get—a clear signal of what the market is demanding? If regulation-- . So I'll put this in frame of in principle. If regulatory pieces interfere with the farmer seeing and understanding what's happening and what's being demanded at the other end, it's going to harm the-- . The farmer will not make as good a decision as if there's clarity. That's the principle that I would put forward. So one of those clear signals is always price. So a farmer will make a decision on what they seed based on profitability. They'll take their own farm into consideration. "What can my land produce between different crop options?" and make that decision based on pricing signals. So I think, you know, where we've evolved to, farmers clearly have a strong signal on all crops now. Whether they make good decisions or not is-- . There are some who will make very good decisions, others won't, right? But they all have the same opportunity to look at what's happening globally on pricing. That was difficult in a heavily regulated environment. A farmer didn't get that clear signal. So to me, that's a positive. Did it need to change as dramatically as it did to get that clarity? No. But that's the principle that I think is very valuable going forward.

But the environment was also very different then too. So what options did farmers have? Not as many. How many acres of canola-- . One of the big cash crops today is canola, and I would say in many parts where the environment is good for growing canola, farmers will max out that piece. That's changing as corn and soybean varieties are bred to succeed in a western Canadian environment. Those crops are now coming in and pushing the envelope a little bit. And again, it's all based on a farmer's ability to generate the best net return per acre, and depending on what they're comfortable managing as risk, equipment that they have, the production capacity of that land, all of that. In those years back in the '80s, those options weren't the same. So that's why it's very difficult to compare that particular piece. I'd say a lot of farmers were very comfortable with a very regulated system because they knew that they weren't getting paid any less than their neighbour. It might have been all washed out and even. The guys that really struggled were the ones that weren't happy with a mediocre piece. They said, "I'd like to be able to go hit a homerun every once in a while." But there weren't many farmers in that category.

NP: I found it interesting the point you brought up about southern Ontario being—or Ontario and Quebec—being different in that they were so close to their customers, and they didn't have the transportation issues because you could probably truck to where you needed to or lake shipping if it was big enough.

LP: Yeah. You're plugged right into--.

NP: Yeah. So once you get into the Prairie scene and the importance of the export market and the issues with limited, reasonably priced transportation, does that restrict, out of necessity--? Are the regulations necessary in order to make that work, which would not apply coming out of the eastern Canadian market?

[1:09:29]

LP: I'd say there's clearly value in a level of regulation. I'm not a proponent of no regulation. That's why I'm saying understand the dynamics of what it was at the time. And I think in the food business, the regulatory environment goes around the--. The CFIA [Canadian Food Inspection Agency] is responsible for managing the regulatory side on the production of food, right? On the grain side, you do have various bodies. The seed varieties that are put in, there's a body that reviews that. The Grain Commission plays a role in ensuring that the standard is set for what you choose to call the grain that's being exported. The big change today is we've moved to a far less regulated movement of grain from the railroad position because largely, the Canadian Wheat Board managed that particular piece. Their role in that allocation of cars has changed dramatically. They don't control all the wheat movement. Has that significantly harmed or improved? I think the jury is still out. I think the key thing, though, is that grain still moved. Customers still--. The Asian customers, we've moved record volumes of grain. Since I've left the industry, they've clearly moved record volumes of grain to our customers overseas. So the systems can work in it. So it's less about, you know, do you need regulation or not than how much regulation you need. I'd say it becomes an issue of saying, "What do you need to ensure the reputation of Canadian products is upheld? And how deep do you need to go with regulation to ensure that that happens?"

NP: Especially, as you've said, since that's what makes Canada competitive in spite of some of the other--.

LP: Right, right. And there's a cost factor. So if it costs you a lot to regulate, can you survive in a global marketplace that way? That's always--. That's why there is no one answer. It's constantly balancing all of these pieces that are there.

NP: Mhmm. Will people continue to pay for a Porche at any price? [Laughs]

LP: Yeah, yeah. Exactly.

NP: What did you like best about your position, the work you did in Saskatchewan?

LP: It was very close to the frontline, and the frontline being our farm customers. Not much with our consumptive customers. My focus was largely at that frontend of bringing products to play. You know, as my career moved on to and moved into a head office

role, you really had to work hard to ensure that you could--. Where the action was the most exciting place. The frontline is where the most exciting place is. Some of that, as I moved on in my career, was you took on the consumptive customer side and got to meet some of them. There's far fewer of them. There might be 200 there, and there might be 15,000 of them here on the farm side, right? That's the scope sort of thing. And the dynamics are very different. [Laughs] Do you have many questions left?

NP: Oh, I do!

LP: So I think that would be the single most interesting, and it's the most dynamic place to be. And also during that time, it was some of the most challenging parts of the industry was how do you help these farmers succeed, because there was lots of stuff going on.

NP: No way we're going to finish in five minutes. [Laughing]

LP: Five minutes? So let's say noon, okay? [Laughing]

NP: Okay. Okay. We'll move along. So you moved into head office to what position?

LP: I had responsibility for all of our western Canadian operations initially, and then just went from there to having responsibility for all of our Canadian grain and crop imports business and became the president of that business unit. Then the last five to seven years of my career were spent wearing my second hat, which was the president of Cargill Limited, which entailed all of our 18 different businesses that are operating in Canada. But that role was largely based in a not direct reporting of all 18 businesses, but in being the catalyst to pull those all together from a corporate affairs, government affairs perspective.

NP: So as you moved into more senior management positions, which became management positions, what did you like best about—excuse me [coughs]—what did you like best about that type of job?

[1:15:14]

LP: The challenges were different. You were dealing with bigger--. It might not be bigger issues, might not be more--. I would say more complex challenges.

NP: Can you give an example?

LP: Yeah. So it was less about helping figuring out how to work with one farmer at a time at one end or working with the team that's doing that to now having a business or a group of business and formulating an approach or a strategy or executing on that with a team. And so, the issues became much more complex as far as even how do you position yourself in an unregulated environment? How do you position yourself with a change to—and this isn't the grain business, but other businesses—the change to the CFIA or to a BSE [Bovine spongiform encephalopathy] event or--.

NP: BSE?

LP: On the beef side of the business. Or the US putting in the country-of-origin labelling, and the impact that that has on the livestock side of our business or the meat processing side of our business. The complexity of those things where it was much more you had to take in and engage. We tended to have larger groups of people, a broader range of businesses coming together to figure a path forward in some of those situations. In essence though, it was no different than one needs to do in leadership which is so how do you help the group? Like I'm not smart enough to figure this. Never it's me. It's how do we as a team figure these things out? So it's a case of being the catalyst and empowering people to figure out how to respond to these particular pieces. They just were different people. The frontline people were one group. This happened to be another group.

NP: Mmhhh. All the same skills and talents necessary to work with people, back to what you said much earlier on in the interview. Now, thinking of Cargill Canada from just the perspective of the number of employees, what was the balance? Was grain the major element, or was there--?

LP: So not when you--. If you look at Canada going back a few years, it would have been approximately 8,000 employees. Only about 1,200 would have been involved directly in what we would call the grain business. The grain business though, I would say, it's the business directly related to helping the grain producing farmers succeed. There's about 1,200 employees in that group. But yet it was still one of the larger business units in Canada but not based on employees, and the reason being you have meat processing plants. They tend to have thousands of employees because they're running three or four shifts. That's where the density of people is highest, if you will.

NP: Because our main focus is on the grain industry, let's stick with those positions where you were still mostly involved on the grain side of things. What was any connection that you had with terminal elevators? A topic near and dear to our hearts. [Laughing]

LP: Yeah. We had a few of those.

NP: Yeah. [Laughs]

LP: Again, it's driven from, in our case, it was driven from the need of understanding, okay, to succeed in the grain business, whether it be eastern or western Canada, you understood that there's this flow out or there's this flow around, as it was in eastern Canada now. How do you position your business stream to ensure you can deliver to that global customer? Therefore the need for a terminal business. You can't do it without. So whether in our case, you know, we had years and continued to work in conjunction as having agreements in place for throughput, through to having joint ventures, through to wholly owned facilities. And either any one of those ways works, but grain needs to go through those facilities to load vessels.

[1:20:19]

NP: So over the time of your career, where did Cargill own or partially own or cooperate with terminal elevators?

LP: Yeah. We had all of those. So Thunder Bay, I believe that facility came with the acquisition of National Grain. So it has been within the Cargill grain group for many, many years. On the West Coast, did not initially have a facility, and so worked through all of those various scenarios at various times to the point where we now do own one terminal. The company owns a terminal on the north shore.

NP: And out through the East Coast?

LP: On the East Coast, there's an interesting story. The biggest facility would be in Baie-Comeau, Quebec. There's an export terminal, and that really is set up as a transfer terminal. It was put in place as the Seaway developed, and it opened within days, if you will, of the Seaway opening. At the time, it would have been one of the single largest investments the corporation ever made at any facility in the world, so it was a significant step for the global business to make that kind of investment in Baie-Comeau. But part of it was seeing the value of moving both US grain and moving Canadian grain—eastern grain as well as western grain—through that port as a transfer facility. So typically, it's largely built for bringing lakers from inland, unloading, and loading salties as they were going out.

NP: And did it receive grain from both the US and Canada?

LP: Sorry, did--?

NP: Did it receive grain from both US and Canada?

LP: Yeah.

NP: Does that present challenges or--?

LP: No, not tough challenges. It's similar to just ensuring that you're adhering to all the regulatory requirements to record and segregate the grain that's moving. Yeah.

NP: Terminal operations go pretty smoothly, or what kind of challenges--? Labour, construction, maintenance, some of those issues?

LP: You know, I wouldn't say that any of those stood out as being terribly onerous. It's part of the nature of doing business. I would say the challenge today is much more how does that terminal plug into your pipeline? It's less about using the terminal as a point of storage. Really, it makes its money by churning grain through. So now that you have more say in what grain moves into it, particularly in western Canada—it's not an issue so much in eastern Canada—but in western Canada, it's how do you maximize the throughput of the assets that you have? Then you get into as you see opportunity, then you do make modifications to the flow. I think you're seeing the industry generally in that position. There continues to be significant investment, particularly in Vancouver, to upgrade or expand throughput capacity of those terminals.

NP: Question again related to the Canada-US nature of Cargill. Early on in Canadian history, there was an attempt to discourage north-south shipment in order to build a country north of the United States—so a definite construction of Canadian railways. Now, with things changing in many ways, does it become more difficult to, let's say, maintain two operations, let's say, at the head of the lakes, one in Duluth, one in Thunder Bay?

[1:25:04]

LP: No because, I think, you look at that, and I'd say broaden the scope. It's really what are the flows? The southern flow gets down into the gulf. So what's the flow? What customers are you going to service out of a gulf flow? As well as what customers are best serviced out of an eastern flow? What customers are best served out of a western flow? The big trend has been to western movement of grain. So you do get--. And that's been with the growth of Asia generally. That's where the big, big demand is for Canadian product. That's why Thunder Bay has suffered in the volume side over the years is because, number one, it is a little bit more costly to get grain onto saltwater because of the steps you have to take. It's further. You have to take an extra step than going west, but clearly, the demand has been in Asia. The demand in Europe has gone down. In the early years, there's huge demand for Europe, but they become self-sustained, if you will, in where they get their grain from.

So I think it's not just a Duluth question. It's how do you use the Gulf terminals as well? That's not bad. For Canadian farmers, it's probably good in that it gives your pipeline more options to consider how to move your grain. But just because you have it doesn't mean that it opens a floodgate either, because that flow is already existing, and what's the capacity of putting western grain in? What's the cost of putting grain down that particular flow versus going west, versus going east? So there's times when it's a benefit. There's times when you're better off going west. So all of these are just part of the options the value chain has to consider as they meet consumer demands.

NP: We talked about--. Actually, right near the beginning you were talking about the role of research and science. So as you moved into Winnipeg, I would assume that also became more of a part of your role is interacting with the various groups—the canola breeders and so on. Tell us a bit about how important research was to--.

LP: I think the research component is critical from two fronts. Again, recognize the two customers. And so, you look at the food manufacturer, and you say, “What can research do to enhance product that they're looking to get?” I think a good example of that would be the development of canola from rapeseed is a good example. But even now, the most recent one is the speciality canola oil. That's the low erucic varieties that are available that people have switched to. And it also allows for a trans fat free solution for food manufacturers. So how do you get there? It's all in research—breeding the canola crop, the canola plant, to produce a seed that better matches what a consumptive customer wants. And when you do that, the demand increased, right? On the farmer side, it's more of the trade's required to grow bigger crops. So the genetics that have gone into increasing your yield per acre, and that can come from yield potential being up but disease resistance being built in. All of those factors come from genetics that research in genetics go into helping the farmers.

So research and genetics help both ends, and it's required to. It has to be on both ends. I think the proof is in the pudding. If you look at—I don't have these stats—but if you look at what was the average yield for some of these crops, take canola would be the most dramatic, because that's where the most money has been spent on breeding over the years in the last number of years has been—the last 30 years—has been canola. Wheat hasn't necessarily gone down in money spent, but it's been overshadowed by the money that the private industry has put into that and what has happened to the yield of that, of canola, to what it is today.

[1:30:05]

NP: What comments would you make on the effectiveness of the Canadian research system?

LP: You know, I probably am not close enough to have a firm opinion. I think, you know, the decision--. Like canola would be not-. There might be a little bit of focus on canola breeding in the government system, but it's been individual companies. It's been the industry that's picked that up and carried that. I think there's huge value to having that particular piece happen. Wheat, on the other hand, there is some private industry research on wheat, but that's still been on cereal crops. That's still the government system that continues to carry that ball. I think they play a critical role in continuing to do that and probably will forever. The question is on what phase of research? What should the research focus be of these different groups as they move forward?

NP: There's been a lot of changes. You left Cargill in--?

LP: It would have been June of 2013.

NP: Okay. So you saw those big changes. Predictions? Big changes: The Pools disappeared, the Wheat Board is in the process of doing the same. Positives, negatives?

LP: So I would say the biggest impact is on the farm customer, and so has the grain producer, are they better off now than they were before? I would say, do they have more options, more realistic options because of the changes? It's clearly--. And I think our statement, my statement, would be that these changes have--. And not so much the disappearance of the cooperatives. That's a completely different--. Farmers vote with their wallets, and as that stuff started to come together and amalgamate, they couldn't survive. People don't sell because the business is too profitable, right?

NP: [Laughs]

LP: They sell for other reasons, right? Or the business changes for other reasons. And so, I think the key being, do farmers have an environment where they have options, where they can choose? And I think that has been strengthened. They have more options on wheat. For some, that was a big challenge. They weren't comfortable having to make those decisions now that they have the options. But that, in general, the freer the operation, the environment to operate in, the farmers, for us and the other players in the industry, I think the better it is overall if you're trying to connect that end consumer to the farmer.

NP: So when we talked about the Crow Rate and the rationalization of the railways and the elevators, that would be probably the most comparable big change, and there were some losers.

LP: Right.

NP: Do you see potential for losers here, or is it--?

LP: With the next change to Canadian Wheat Board, for instance?

NP: Well, just the fact that there are fewer players. The farmers won't necessarily have the grassroots connection to decision making, accessibility to communication that they may have had.

LP: It would be interesting to ask that question of farmers. I can give you a perception saying that our experience is that—and this may be that the Competition Bureau has done their job well—every farmer still has multiple choices as to who they choose to deal with within a reasonable trading district. And so, you need 20 competitors to ensure that it's good, or you just need two or three or five? I don't know the answer to that, but I would say the majority of the geographies in Canada would have multiple choices. Nobody has only one choice as far as who they have to deal with. So from that, the harm is more in have we helped, has the industry helped everyone transition well? Does that responsibility rely on the grain companies or on government or on farmer associations? That's a much deeper question. But that's the question. Did everybody have the opportunity of succeeding in a different environment?

[1:35:50]

NP: Mmhhh. What are you most proud of as you look back on your—haven't used this term very often—illustrious, I think applies, illustrious career? What has brought you the most pride? And it could just be a small little thing like I helped this little farmer avoid bankruptcy. It doesn't have to be big, major things.

LP: Well, there's many small success stories where people have-- . And it's typically related to people, right? I would say the biggest piece probably comes from working with a team of people that have been able to figure out how to reposition through the changes and have done so effectively. It's not repositioning the company, because farmers clearly vote with their wallets. So as the industry changes, and you decide to change with it, the success is really in what has your business done? Have you been able to bring your customers along with you? Have you been able to grow your customers? So if I look back to the '70s, the mid '70s when Cargill really got to working with the frontline farmer, I would say that the corporation, the team of people have come a long way in how we think about customers. Customers continue to provide us the positive feedback that we're on the right track.

NP: So in listening to you talk about your career, there were challenges along the way, but there never seemed to be-- . It all went well. There was never a crisis situation. It just moved along. Is that a fair assessment? Challenges were manageable?

LP: Yeah. You know, I think, how do you--. Were there points where the business was significantly hurting? You know, I can't recall that. There's challenges that one says, "Here's where we'd like to go. What's holding us back?" Our ability to find enough people to meet the demand that our customers had for those services. That's still a little bit of the case that we have even today. Even as people have come back to say agrifood is a great place to have a career, it's still a struggle to keep enough people coming in to meet the demand that we have. And that demand is driven by the services, the distinctive value that is being delivered to the farmer. [Telephone ring] Hi, how are you doing?

[Audio pauses]

NP: Ah. Thank you for the lead in. We talked earlier before we went on tape about the project that we're working on in Thunder Bay to actually recognize all of the contributors to the success of the Canadian international grain trade, and Cargill obviously is a very important part of that. And also, one of our intention is to—besides recognizing the history—is to focus on the bioscience aspect of the industry in a hope, actually, to interest people outside of the Prairies in how fascinating the industry is and what the opportunities are, especially in the science base, which becomes more and more important.

LP: Yeah, yeah.

NP: So if our centre gets off and moving, what would you like to be featured about the company you spent so much time with?

[1:40:07]

LP: Hm.

NP: What would you like us to remember? What would you like Canadians to remember about how your company contributed?

LP: Yeah, yeah. You know, I think it comes back to that last statement, and that is our team of people, and I was fortunate to be able to work with a team of people that had this vision of saying, "We truly are driven by satisfied customers." Don't start with the bottom line, but start with a couple of other key things. So satisfied customers is one of those because, again, it's saying, "If we don't have customers, we don't have a business." The second piece of that--. These aren't one and two. These are maybe three, I'm going to say, three elements that are critical. The second element was engaged employees. It's again saying, "The only way you can satisfy customers is you have to have a team of people that understand people and are engaged in that particular piece." The depth of what you have to do in each of these is a conversation unto itself, but it all comes together. And then the third piece is one of enriched communities. How do we give back to the communities that we're involved in? That's probably a more developing one.

It's slower to really understand how to make an impact. How do we make an impact in that area? But at least it's on the radar screen. But I would clearly say this piece of, has the group successfully been able to help farmers succeed, because that's where, if you had to say where the passion of the group of people were, that's where it was.

We did have a group that was focused on the end-use customers that had that same piece, right? There's fewer customers over there, as I said, on the demand side, but the principles of saying, "Understand your customers one at a time," and say, "How do you bring value to them that they choose you as their way into the network, if you will?" And yet, they're in all of this, and success is really about the team's ability to gain that kind of trust, to gain that kind of respect from your customers. I think with that, farmers have had to change. So a large part of the group that was focused on that. Coming out the back end of some of these significant changes, you have more customers. Even though the number of farmers is less, you have more customers. What does that say about the success of the team, right? I think that's where the energy really comes from.

I would say—this is now the go forward piece—change hasn't stopped. I think with the nature of the business, you see stuff like increased volatility that farmers are facing, and end-use customers are facing as well. The volatility piece is critical on both these ends. That volatility says you see grain prices that are now moving dramatically when before they were just inching around. Now they can have huge, huge dives and jumps. And not only grain prices, but another big component is fertilizer. And fertilizer prices through the course of the year or from year to year can move dramatically. So how does a farmer or how does an end-use customer build that into their business? And it really is all about decision making. This comes back to this basic principle that says, as our frontline people, whether they're salespeople or technicians that are there, "Can you help our customers make a better decision?"

NP: And add to that, which would be a whole discussion itself, when you say, "And things will continue to change," global warming—or as I prefer to say, climate change—like--.

LP: What impact would that have? Yeah. You know, and that's broader than grain. That, then, you bring in the livestock side on that kind of a question. But you're right. But the foreseeable impact on a customer's business, volatility is one of those. Another one that has come through in spades--. And our team did say to our farm customers, in particularly western Canada as the Wheat Board changed their role, we said, "Not only do you have to plan for when you're going to price your grain, you have to plan for when you want to move your grain." because the movement system changed dramatically, and that came home in spades the last couple of years, right, where farmers, if they hadn't planned on position and taking action to book slots of when grain can move, it didn't move because of the backlog that was there. So you have all of these things that probably, for the next five years— You know farmers and customers have to understand how they're going to live in a new environment, and how does the team keep coming up with solutions? You can't have one solution because every farmer is a little bit different. Their needs are different. And that's the

exciting part is you can come up with the innovative solutions that work, and the biggest reward is being able to say you have more customers that have chosen to vote for you.

[1:46:26]

NP: So your career has not been boring. It doesn't sound to me like you had probably a boring day. And it's not going to be for--.

LP: The foreseeable future.

NP: The person who is taking your place. [Laughing] Well, thank you very much. I appreciate you fitting us in and hearing your story. I'm going to shut off now, and I just have one more question to ask.

End of interview.