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**\*\*\* FROM THE EDITOR \*\*\*\***

The major factor hindering the growth and prosperity of our elk farming industry is the lack of an effective marketing mechanism. In the lead article, I examine some of the options that elk producers have when marketing their products to the consumer. I conclude that at this time in the industry's development, a North American elk products new generation co-op is the most practical alternative. The article describes the characteristics and features of the proposed co-op and what needs to be done to create such an organization.

In Industry News, we describe some of the ongoing research studies on velvet antler – dogs with arthritis and performance of athletes – and the implications for developing new markets for EVA products. Our Events Calendar has been expanded to include veterinarian conferences, pet shows and other marketing opportunities.

Russell Sawchuk, Editor

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# 1. North American Elk Products Co-op

By Russell Sawchuk, Deer & Elk Farmers' Information Network.

## Introduction

**D**espite several very difficult years, the long-term prospects for the elk farming industry look better than ever. On the producers' side, no new cases of CWD in farmed elk have been discovered recently. Although severe restrictions have been placed on the cross-border transportation of elk, CWD monitoring programs and the greater use of artificial reproduction technologies will allow for sufficient movement and trading of genetics. Elk producers have also become more efficient and animal numbers continue to grow.

On the markets' side, the Korean borders remain closed to the import of North American velvet antler and other elk products. However, recent research studies (see Industry News) have opened the doors to potentially huge new local markets, e.g., dogs with arthritis and athletes seeking enhanced performance. Either of these new markets could easily consume all the velvet antler we produce in North America.

The critical missing link in our ability to grow this industry is the lack of an effective marketing mechanism. We have no way to take raw velvet antler from the 3,000-plus North American producers, process it into capsules, and market the value-added products to veterinarians, pet and health food stores, and directly to consumers.

Granted, a few elk farmers are producing EVA capsules and selling them at the farm gate or through local stores. However, 90% to 95% of elk farmers just want to raise elk, and are not interested in the processing and marketing aspects of their business.

The other obstacle is that wholesalers and retailers will not deal with 3,000 suppliers. It is not a cost-effective way for them to do

business. Also, they are concerned about consistency of product, quality assurance and adequate supply to meet consumer demands.

So what is the solution? In this article I examine the marketing options available to the elk farming industry and propose an alternative that seems to be best suited to our current needs.

## Assessment of marketing mechanisms

What are the marketing mechanisms available to elk farmers? Here are some ways to get elk products to consumers.

1. **Farm direct.** The elk farmer gets his velvet processed into capsules, puts them into labeled bottles and sells them directly to consumers from his farm, at farmers' markets and to local stores. The benefits to the producer are that he has total control over all aspects of his business. He gets to keep more of the money as there is no middle man.

However, the disadvantages are considerable. Larger distributors are not interested because of the small quantities of available product. The individual producer cannot easily raise the capital necessary for large-scale production and marketing. Few farmers have the expertise and resources necessary to undertake regional or national marketing programs. Individual producers do not have the capability to purchase, process and market large quantities of velvet or meat for other elk farmers. A sustainable industry cannot be built on farm-gate sales.

2. **Associations.** Most states and provinces have an elk producers association. These associations attempt to promote the

industry in general and make consumers aware of elk products. They do a pretty good job making lists of members who have products to sell available to the public. However, associations do not get into the business of actually selling product for their members. They are neither adequately equipped nor resourced to do so, and too many conflicts can result.

3. **Commissions.** A commission is similar to an association in that it is created for the benefit of producers. However, by law, all producers in a particular jurisdiction must belong to the commission. The commission also has access to on-going funding through a check-off system where some percentage of product sales are returned to the commission. The advantage is that the Commission has an ongoing source of revenue to undertake marketing activities on behalf of their producers.

However, if the industry is in a slump, commission revenues go down. Also, commissions do not have the capacity to raise large amounts of capital to undertake value-added processing activities. Since commissions are locally regulated, setting one up to represent producers across different provinces and states could be problematic.

4. **Value chains.** A group of producers get together to set up a processing and marketing operation. I am familiar with one value chain for fruit growers. Several farmers produce the fruit and take it to a shared processing plant to make into jams, jellies and pie fillings. These are then sold through a mid-sized chain of supermarkets. The advantages are that members of the group benefit from sales of value-added products and share resources and risks. However, the value chains are not capable of raising large amounts of capital other than through bank loans. Also, value chains are

probably not well suited to working with a large number of producers; they don't have an appropriate structure for management and governance.

5. **Private corporations.** Where opportunities exist, entrepreneurs usually jump in and start a company. There are several of these in the elk industry that have been set up to process and market elk products. Ideally, these companies will grow and provide a mechanism for producers to sell their products. Unfortunately, these companies have not grown enough to purchase all the velvet antler or elk meat that North American producers would like to sell. The other disadvantage of private companies is that the producers don't share in the revenues from sales of value-added products.
6. **Public companies.** We have already tried this approach and unfortunately it did not work out. Qeva Corp. of Calgary Canada was a publicly-traded company that raised several million dollars to market velvet antler products. The company was well-managed and did everything right. However, in 2003 they divested all their elk-related businesses to concentrate on the oil and gas sector.

Part of their problem was simply bad timing. Qeva was trying to establish distributorships with large pet and health food chains at the peak of the CWD scare. Corporate buyers were not willing to take the chance even though CWD was not an issue with individual consumers. Qeva funded the dogs and arthritis study which took three years to publish. The positive research results will significantly benefit the entire industry for years to come.

In my opinion, Qeva quit too soon. However, as a public company, shareholders want to see quick results and decent profits, something Qeva was not able to deliver in the last three years. Also,

even though Qeva was a public company, it was not easy for it to raise the capital it really needed. Your typical investor is not very interested in putting his money into an unknown company trying to establish a market in an unknown and emerging industry. I suspect that in the short to medium term we are unlikely to see another public company set up to process and/or market elk velvet products.

7. **New Generation Co-ops.** New Gen Co-ops were created to meet the need for services that were not being provided by other organizations or institutions. This appears to be the current situation with the elk industry. As described below, this may be the most practical option to create an effective marketing mechanism for North American elk farmers.

In my assessment, none of the other marketing mechanisms described above can meet the needs of the elk farming industry as it exists now. Nor can we afford to wait for someone else to develop the marketing mechanisms so critical to the success of our industry! The only way something is going to happen is if elk farmers themselves take the initiative and make it happen! They can do this by creating a New Generation Co-op for the North American elk farming industry.

## **New Generation Co-ops**

A New Generation Co-op (NGC) is a business arrangement that encourages agricultural producers and processors to expand the scope of their operations. Sometimes described as hybrids between traditional co-ops and limited companies, NGCs may be one way to help bridge the gap between commodity-oriented primary producers (elk farmers) and consumer-focused markets (dog owners).

A co-operative is a legally incorporated business structure that provides for the control of the business by its membership. A New Generation Co-op is a type of co-operative that uses a system of delivery rights and

obligations to encourage business loyalty and provide a form of vertical integration. NGCs are particularly suitable for ventures involving value-added agricultural processing and marketing.

Based on a model first used in California, NGCs emerged and flourished in the mid-western US in the 1990s. Since that time, most Canadian provinces have introduced new laws or modified existing legislation to allow for NGCs.

There are some key features of NGCs that are consistent with all co-ops:

- NGCs are controlled by their membership using the principle of one member, one vote.
- Earnings are distributed to the members based on patronage.
- The board of directors is elected by the membership.

However, there are several characteristics of NGCs that make them different from traditional co-ops:

- NGCs may issue designated shares which carry delivery rights and obligations.
- Individuals (members and non-members) may hold higher levels of equity through the purchase of investment shares.
- Membership may be restricted to designated share holders.

In general, New Generation Co-ops are typified by restricted, project-oriented enterprises that require significant investment from their members, and a membership that wants greater control and returns for their production efforts.

## Advantages and disadvantages

The advantages of New Generation Co-ops include:

1. Limited membership allows the co-op to coordinate the delivery of raw commodities with processing plant capacity and market demand, thus enabling the co-op to operate at maximum efficiency.
2. The tradability of shares provides the co-op with a permanent source of equity and provides producers with the opportunity to get their investment money back without having to dissolve the co-op.
3. The price of delivery rights shares will increase so long as people have a positive perception of the investment decisions made by the co-op. As a result, NGC equity shares provide an incentive for producers to become involved in the initial formation of the co-op and to ensure the continued success of the business.
4. The generation of a significant up-front equity contribution from members provides the co-op with the capital necessary to undertake value-added processing and marketing. The up-front equity infusion allows the co-op to weather business cycles. It also becomes easier to secure other financing since investors and lenders are given a solid indication of producers' commitment to the project.
5. Delivery right shares guarantee a market for a fixed portion of members' production and can enable better planning at the farm level. These guaranteed markets are also an asset to the farmer in dealing with financial institutions and financing of farm operations.
6. Through its delivery rights contracts, the co-op can implement a rigorous quality assurance program which will be

advantageous from a branding and perceived food safety perspective.

7. In an emerging industry such as elk farming, a co-op should be able to obtain control over a significant portion of the supply. This means that the co-op can erect significant barriers to entry from competitors and negotiate better prices for its producers.
8. Members of the co-op receive a portion of the value-added revenues in addition to just selling their raw commodities to the co-op. This can significantly enhance the profitability of elk farming.

Disadvantages of NGCs include:

1. Some producers, regardless of interest in the project, may have difficulty in finding the money to buy shares. Some NGCs have overcome this obstacle by accepting an equivalent value in commodities or by arranging for special loans at local financial institutions.
2. Large producers who have invested heavily in the enterprise may feel the co-operative feature of one member, one vote is unfair.
3. Given that NGC members have committed relatively large capital outlays to the co-op, members may be reluctant to provide management with enough freedom to manage the processing facility efficiently.
4. The NGC can create significant competition and have major impact on elk producers who are privately marketing similar products. This competition can cause strains and potential conflicts within industry associations representing all producers.
5. Legislation and regulations limit the number of outsiders that can be on the Board of Directors. This limits access to

external management/business expertise and may affect the success of the co-op.

### Risks for NGCs

A financial institution involved with many new co-operative ventures in the northern United States found the following problems most often encountered by NGCs:

- The chosen location for the business is non-competitive
- Market projections are overly optimistic
- Operating cost projections are unrealistically low
- Government-based marketing assumptions are faulty
- Management problems occur
- Construction contract problems such as delays and cost overruns occur
- The business has an excessive debt-to-equity ratio
- Leadership is coming from an outside promoter rather than from with the producer group.

Other problems that may arise for a co-operative are:

1. A failure to get assistance from advisors and consultants who have experience in co-operative development. Most start-up co-operatives need the help of outside experts.
2. A failure to conduct adequate planning, such as preparing a feasibility study and a realistic business plan.
3. A failure to adequately finance the co-op. Many new businesses are underfinanced. It usually costs more to start a business than originally anticipated. This could be due to problems such as delays and plant start-up problems. It could also be due to faulty assumptions in the business plan.

Adequate financing from both members and lenders is necessary, especially in the first few months of operations.

4. A failure to adequately communicate with the co-operative's stakeholders, including potential members, lenders and management. A lack of communication can create suspicion among these groups.

To be fair, most of the above potential problems can apply to all new businesses, not just New Generation Co-ops.

NGC organizers should be aware of these potential problems. Difficulties can be minimized if these problems are anticipated and planned for ahead of time.

### North American Elk Products Co-op

**B**ased on the information and analyses above, I propose that we establish a North American Elk Products Co-op (Norelkco). This will be a producer-owned, new generation co-op primarily focused on selling value-added elk products to North American markets.

#### Products and markets

Once established, Norelkco will undertake the following:

1. Marketing elk velvet capsules to the dog health market. This market will be the priority since half a million (out of the 65 million plus) dogs in America will consume all the velvet antler we can produce in North America. The dog market has fewer regulations compared to the human nutraceutical market. A considerable amount of market research has already been done on how to be successful in this market. (See "How Dogs can Save the Elk Farming Industry" in the 2004 March-April issue of the *Deer & Elk Farmers' Digest*.)

2. Marketing elk velvet antler capsules to the human market. The primary markets, based on recent research studies, should be professional and recreational athletes, and the military.
3. Developing and marketing quality dog food products made from elk meat trimmings. Raw meat products are the fastest growing sector of the pet food market. This market provides a great opportunity to obtain revenues from trim, organs and bones from elk slaughtered for meat.
4. Marketing quality elk meat products to restaurants and retailers. However, this should be a lower, long-term consideration only, as the meat market is not nearly as profitable as the velvet markets. Also, elk will be required to expand velvet antler production to meet the needs created by the Co-op's marketing efforts.

## **Operations**

Specific details still have to be worked out in consultation with producers and associations, but here are some initial thoughts.

There should be only ONE North American Elk Products Co-op! The reasons are that the industry is just too small and does not have large volumes of velvet or meat at this time. Also, having one co-op serving Canadian and American producers would result in economies of scale in operations. One co-op would have greater access to resources and markets. However, for practical, legal and political reasons, Norelkco may have to be incorporated in two jurisdictions. The Co-op should have offices in two locations, one in Canada and one in the USA.

It is recommended that the Canadian location be in or near Saskatoon, Saskatchewan for the following reasons:

- Centrally located in the province

- Close access to an international airport with direct flights to the United States
- Proximity to the veterinary college and university
- Availability to the food centre for processing and development of new products
- Centrally located between Alberta and Manitoba, two other elk farming provinces
- With 410 producers raising some 41,000 elk, it is one of the largest producer groups on the continent
- Has strong government programs to help create, finance and support NGCs.

The American operation should be located in Minnesota for the following reasons:

- Has the largest number of elk producers – 313 raising some 12,500 animals
- Centrally located among the major elk farming states
- Has a strong history and extensive experience with NGCs
- Good transportation links to Saskatoon and the Canadian office.

Iowa and North Dakota, because of their location and experience with NGCs, should also be considered as possible candidates for the US office.

## **Facilities and equipment**

In addition to office space, the Co-op will need to have facilities to store, process and encapsulate elk velvet antler. Initially, these services may be contracted out, but in the longer run Norelkco may want to own and operate these facilities for quality control and cost reasons.

(However, in the first few years of operation, we should NOT spend our limited capital resources building velvet or meat processing plants. Our money should be spent on marketing and getting cash flows to the Co-op and our member producers.)

Norelkco will also need access to freezer trucks to collect raw elk velvet antler from producer farms. Trucking services to haul elk to a centralized slaughter facility may also be required later if the Co-op decides to get into the meat business.

Finally, warehousing and distribution facilities will be needed. One or more of these should be in the United States to facilitate servicing of that market.

### **Procedures**

Every summer, after velveting season is over, Norelkco will send a freezer truck to its members to pick up the raw velvet antler. Each stick will be carefully tagged to ensure trace-back. Producers will receive an initial payment within 30 days, and a final payment at the end of the year.

The Co-op will be responsible for processing the velvet antler and meat into branded value-added products for marketing.

### **Staffing**

Staffing will be kept lean initially until the Co-op has established itself. Each office will have an office manager and support staff.

The most important person to be hired will be a marketing manager who will be responsible for establishing the desired markets. This individual will be responsible for all phases of the marketing process – from branding to attending trade shows to negotiating distribution contracts. This person will be paid a base salary and bonuses based on performance.

An individual who can implement a sound financial tracking system to monitor overall

and product profitability will also be an important part of the team.

### **Research and Development**

The North American Elk Products Co-op will prepare and implement a research and product development plan. Working with universities and private researchers, Norelkco will undertake studies to determine the best collection, storage and processing methods to ensure maximum efficacy of the velvet antler. Other research studies will scientifically confirm other health benefits and potential applications of EVA. Finally, marketing research studies will be carried out to identify new markets, and consumer requirements.

### **Financial**

Only a comprehensive feasibility analysis can determine the financial aspects of this proposed initiative. However, here are some of my initial thoughts:

1. My experience with similar businesses suggests that Norelkco should raise between \$3 to \$5 million to have enough capital to do things properly. Most of this money will be used for working capital for purchasing velvet antler from members, processing and packaging product, and distribution and shipping expenses. The other major costs would be for marketing expenses, e.g., brochures, trade shows, travel, etc. It may take at least a year or two before the Co-op begins to receive significant revenues from sales.
2. Some \$50,000 should be budgeted to cover start-up costs. This includes doing a feasibility study, preparation of a business plan, preparing and issuing a prospectus (if required), incorporation and legal expenses, and communicating with members. Fortunately, government matching programs exist that can cover up to 50% of these start-up expenses. The remaining \$25,000 should be raised from the associations and/or from individual producers. It would only take 500



interested producers to contribute \$50 each to raise this amount.

3. Specific prices for delivery shares have yet to be determined. However, if 1,000 producers were to invest an *average* of \$5,000 into the Co-op, then this would raise \$5 million in capital to launch the Co-op. If we could get 500 members, then the capital raised would be \$2.5 million.

There will be separate shares and different delivery rights for velvet antler and meat animals. Producers can purchase as many of each as they want based on their production capacity and on the availability of shares. The Co-op will match the sales of delivery shares to its capacity to process and market the velvet antler. As sales increase, additional delivery shares will be sold to obtain more raw product. New delivery rights shares will first be made available to existing members, and then to non-member elk producers.

It is quite common for NGCs to arrange with credit unions and other financial institutions to provide low-interest loans to producers in order to purchase delivery rights shares. Another option is to take an equivalent value of velvet antler (and/or elk) as payment for shares. These various arrangements will ensure that every elk producer that wants to become a member will be able to do so regardless of their current financial situation.

4. New Generation Co-ops can also issue investment shares to raise additional capital. Typically, NGCs raise 40% to 60% from delivery rights shares and the remainder from investment shares. These can be sold to members holding delivery rights shares, to community investors and to venture capital funds. External investors have a right to appoint representatives to serve on the Co-op's Board of Directors. However, most legislation limits the number of outside elected board members

to a minority so that control always remains with the producers.

There are several government and labour venture funds that may be appropriate candidates for investment in Norelkco. Unlike private venture funds, these are more interested in economic and rural community development. Therefore, these public venture funds tend to be more patient and flexible than their private counterparts.

### **Producer benefits**

Why should you, an elk farmer, invest in the North American Elk Products Co-op? Let's review the benefits:

1. A guaranteed market for your elk velvet antler every year.
2. Much greater returns and profitability. Raw velvet antler prices are currently about \$25 per pound. However, the *wholesale* value of velvet antler capsules is about \$450 per pound. By becoming a Norelkco member, you will be entitled to a share of these value-added sales.
3. By having a guaranteed market, you can do better long-range production planning, attract interest from investors, and reduce the anxiety of your bank manager.
4. You can get your investment back at any time by selling your delivery and investment shares. If the Co-op does well, these shares will have appreciated in value.
5. You can concentrate on your first love, raising elk, and no longer have to worry about processing and marketing of elk products.
6. The benefits to risk ratio is attractive. By becoming a member of the Co-op, you stand to receive significant financial benefits while spreading the risk. In fact, it

is likely that your investment will be returned in the first few years. If the Co-op fails, you lose your investment, but it is much less than if you tried to set up and run a similar business yourself.

## Getting it done

Given that the concept of a North American Elk Products Co-op is a good idea, how do we go about getting Norelkco created? Here is how I propose we proceed:

1. Put the Norelkco idea and concept down in writing. I have done so in this article. Over the next few months, other documents related to this New Gen Co-op will be prepared.
2. Discuss the concept with elk producers in Canada and the United States. This *Digest* goes to about 2,500 deer and elk farmers, so a substantial number will become aware of this proposal to create a North American Elk Products Co-op. As well, thousands more will learn about Norelkco on the *Elkfarmer.com* website and discussion forums.

In addition, copies of this proposal will be sent to all major elk associations in the two countries. The boards of these associations will be asked for their input and support. The associations will also be asked to either reprint this article, or distribute the information to their members.

I am working with the Saskatchewan Elk Breeders Association (SEBA), North American Elk Breeders Association (NAEBA) and other elk associations to establish this Co-op.

A workshop will be held to discuss Norelkco at the NAEBA Conference that will be held on July 29 to August 1, 2004 at the Jackpot Junction Casino Hotel, Morton, Minnesota, USA.

3. Create an organizing committee. Representatives from provinces and states will be selected to serve on the Norelkco organizing committee. Each of these representatives can establish a sub-committee of producers to assist him/her to communicate with the elk farmers in their jurisdictions.
4. Assess the degree of interest and support. This can be best done through a survey of all elk producers in Canada and the USA. The survey would assess how many delivery and investment shares elk producers are willing to purchase, and how much product (velvet and elk) they are willing to commit to Norelkco. If there is sufficient interest, then the project goes ahead; if not, then we have to re-evaluate or terminate the project. The organizing committee will manage the survey.
5. Appoint an interim board of directors. If there is sufficient interest by elk farmers, then an interim board is appointed to oversee the activities necessary to establish the Co-op.
6. Obtain seed funding. Next, the board has to raise the \$50,000 necessary to cover the various start-up and incorporation expenses. This would be done through contacting the associations and individual producers for contributions. As well, applications would be prepared and submitted to various funding sources for matching funds, e.g., \$25,000.
7. Prepare a feasibility report. The main purpose of a feasibility study is to assess the economic viability of the proposed Co-op. The feasibility study will examine three main areas:
  - a) market issues, b) technical and organizational requirements, and c) financial overview.

The outcome of the feasibility study will indicate whether or not to proceed with the

proposed Co-op. If the results are positive, then the Co-operative can go ahead and develop a business plan.

8. Prepare a business plan. The business plan builds on the information that was obtained through the feasibility study, but provides a more detailed and specific blueprint that maps out Norelkco's strategy. It sets out the goals and describes how Norelkco intends to reach those goals. The business plan will cover the first five years of operations and will include a timetable for activities.
9. Equity drive. We will raise capital by selling delivery rights and special investment shares. The strength of the business plan and the credibility of the Norelkco board of directors will play a huge role in the success of the equity drive. The organizers should meet with agricultural lenders prior to the equity drive to inform them of the Co-op's plans. These meetings will allow members to borrow funds more easily to purchase membership shares.

Experienced advisors are required when preparing an equity drive. The Co-op must ensure it is complying with all applicable laws and security regulations in all jurisdictions where it is selling its shares. As well, information meetings may be required as part of the equity drive. The best time is over winter when most farmers are not too busy with their operations.

If Norelkco fails to meet its minimum requirements in the equity drive, then the money raised is returned to the producers. If the equity drive fails, the organizers may decide to revise their business plan and attempt another drive later on, or vote to dissolve the co-operative. If the equity drive succeeds, then Norelkco is ready to move forward with its plans and begin operations.

10. Draft legal papers and incorporate the North American Elk Products Co-op. This will be done in the jurisdictions as laid out by the business plan.
11. Implement the business plan and begin operations. This includes all the usual activities associated with setting up a new business, e.g., hiring staff, finding and equipping offices, putting financial systems in place, etc.

## Conclusions

In this article, I have proposed a solution to a critical problem facing the North American elk farming industry – lack of an effective marketing mechanism to get elk products to consumers. After analyzing the various alternatives, I have concluded that a New Generation Co-operative – created, financed and managed by the elk farmers – is the most practical approach and offers the most benefits. I have tried to explain why a New Gen Co-op appears to be the best solution while at the same time pointing out some of the associated disadvantages and risks.

This proposal for a North American Elk Products Co-op is intended to be a starting point for extensive consultations and discussions. I look forward to hearing from elk associations, individual producers and external experts regarding this concept.

## More information

If you are interested in learning more about the proposed North American Elk Products Co-op and New Generation Co-ops in general, here are some resources.

1. 2004 NAEBA Conference that will be held on July 29 to August 1, 2004 at the Jackpot Junction Casino Hotel, Morton, Minnesota, USA. At least one session will be held to present and discuss the work done to date on the proposed co-op.

2. A new website – *norelkco.com* or *elk-coop.com* – has been created to provide easy and timely information on the project. Information and news will be regularly posted on the site.
3. The Internet has a wealth of articles and information on New Generation Co-ops. Go to *Google.com* and do a search on “new generation co-operatives.”

## 2. Antlers – To Cut or Not to Cut?

By Len Jubinville, Deer Farming Consultant, Minnesota. E-mail: *deerstore@fallsnet.com*

**W**hen raising whitetails, the decision to cut the antlers off your bucks every year should be strictly one of management and economics. The reason for such a statement is because if it were one of aesthetics, I'm sure no one would cut the antlers off these majestic animals, which are the pride of all our ranches, not to mention our bread and butter.

A decision to cut or not to cut will not necessarily be the same for every farmer, or even for every pen. Many criteria and circumstances will affect your decision. To better explain this controversial issue, I would like to tell you my experiences with raising whitetails.

When I first started raising whitetails some 15 years ago, I read a New Zealand article that said if you wanted to minimize your losses, you had better cut the antlers off your bucks. Unable to find more information on this topic, we made the decision to remove the antlers. Well, let me tell you, this was easier said than done!

We did not have the equipment, the expertise nor the facilities that are available today. Our first year of cutting resulted in probably more losses than if we had chosen to leave the antlers on. Nevertheless, we continued cutting and every year things slowly improved.

These improvements can be directly attributed to changes we constantly kept making to our techniques, timing, equipment, farm layout and handling facilities. Our losses were

becoming very manageable and close to non-existent. It's too bad they did not remain there.

By this time, producers in Alberta (Canada) had formed an elk and deer association. I started attending meetings. With the exchange of ideas that comes at those meetings, it became obvious that our farm was the only one cutting antlers off whitetails. Shortly after that, our farm joined the majority and halted these annual cuttings.

The first year, we had no losses. I remember trying to convince myself that maybe with whitetail bucks it is different and cutting is not necessary. My resolve did not last very long.

The following year I lost four bucks out of 32 to puncture wounds. All of the bucks in that particular 10 acre pen were two years and older. They had been together all summer. One of the casualties was my biggest and most promising three-year old.

You guessed it! The next year we were cutting antlers. Since then we have cut hundreds and hundreds of bucks over the years. The task on our farm has always been performed without darting and during daytime hours. Today, I am more convinced than ever that if someone wants to raise bucks and grow them out to maturity, they will have to cut antlers to minimize their losses.

### Why cut antlers?

We need to understand the type of animal we are raising. I believe too often these animals

are imprinted in our minds as Bambi's parents. This image is justified for the does only. The bucks, in reality, turn into unpredictable roaming, fighting, killing machines, prior, during and for a period, after the rut. If one was to learn the number of bucks that die in the wild due to fighting, one would be shocked. I'm convinced the numbers are staggering. Look at the size of their pen! Pen size has really nothing to do with it. So what is it?

These animals carry weapons on their heads that are triggered by testosterone. We all know how explosive and unpredictable that can be. Mother Nature has made it that way to preserve the strength in the genetic pool. There is no way man will ever, or should ever attempt to, breed this instinct out of these animals. Fighting is all about dominancy within the pecking order. It is impossible for anyone to know which bucks to keep apart! Disarming these critters of their deadly weapons is the only safe way. Cutting is proving to be a smart management decision as most deer farmers in Alberta have realized.

Another good reason for cutting is that this procedure allows you to be able to match the antlers to the buck without having to go and search them in the pastures and then use DNA. This is very important when keeping antler growth records for management and marketing purposes.

### **Who should cut antlers?**

Anyone growing whitetail bucks in groups for supplying hunting preserves and breeding stock markets should be cutting off the antlers. But, they should NOT be doing it if they do not have a proper farm layout with good handling facilities and the expertise to do the job. The task should not be attempted with any of the above components missing. It is important to keep the level of stress in these animals as low as possible. This can only be accomplished if the task is performed safely, efficiently and within the least amount of time.

### **When should antlers be cut?**

The best time to start cutting antlers is when approximately 60% to 70% of the bucks in the group have scraped their antlers clean. The dates will vary slightly from year to year and even from pen to pen. Over the years we have found that between August 20<sup>th</sup> and September 10<sup>th</sup> is the optimum time.

If the temperatures tend to be too hot, we start very early in the morning and only work until mid-morning. This is a time in summer when bucks are still mostly in their bachelor camaraderie mood. It is also a good time of year when daylight hours haven't shortened enough to kick-start their testosterone factory. This makes them less aggressive towards each other.

We like to use cutting cables to saw off hard dry antler only. The two main reasons for this is hard dry clean antler has more value and the cutting cables will not clog up with blood. If a buck still has its antler covered with velvet, take time to grab a hold of the main beam with your bare hands just above the burr. If you can feel heat, it means blood is still flowing – this buck is not ready to cut. Bucks that are not ready get sent to a different pen and brought back for cutting in a week or two.

### **Which bucks to cut?**

All bucks from yearlings and older ones being kept in groups, which do not require their antlers for marketing reasons, should be cut. The exceptions could be breeder bucks in single-sire breeding situations that you know are not aggressive towards does, and bucks in individual pens that are not adjacent to each other.

### **Where to cut antlers?**

The best place to cut is as close above the burr as possible. It is also possible on many animals to cut below the burr if one is careful and the burr is not too close to the skull. Below the burr is often desired when antlers are to be entered in competitions, mounted for

trophies or simply for increasing their market value.

### How to solve buck fighting?

There are only four ways I know to solve buck fights:

1. Keeping all of your bucks in individual, solid-wall pens.
2. Removing your bucks' testosterone-producing equipment by castration.

3. Sending them to a hunting preserve and having them shot.

4. Raising only does.

Whitetails are probably the most aggressive fighters of all the deer species. That is why serious deer farmers who want to reduce their losses to improve their bottom line should be cutting off the antlers.

## 3. Bottle Feeding Reindeer Babies

By Carol Borton. Reprinted from the R.O.B.A. Review, March/April 2004, [www.reindeer.ws](http://www.reindeer.ws).

If you are planning on bottle feeding your reindeer babies, you need to plan ahead and get your formula from a supplier BEFORE the calves start arriving. This is important, because you may find that the formula is not as easy to find as you had thought.

Many times feed stores stop carrying a product because they don't sell very much of it. I had this problem last year; my supplier lost his contract with Land O'Lakes and did not have their formula any longer. It took much searching to find someone that carried this product. I was thankful that I started looking as early as I had. I have found that each reindeer calf on average requires about 50 pounds of powdered formula.

I use Prichards Teats for nipples. I like the ability to be able to set the size of the hole. These nipples are designed to let air into the bottle so the nipple does not collapse and they do not aspirate as easily. They are made to go onto pop bottles. The bottles are not very easy to clean well. I rinse them with soapy water, and recycle the old bottles by replacing them with new ones about once a week.

It is very important to remember that the calves act like they are always hungry. It is critical to not feed them too much formula, as

it will make them have diarrhea. They should get about 10% of their body weight per day. Sometimes a calf needs to suck more, just like a baby needs its thumb or pacifier. Mine seem to like to suck on a finger. Usually they do not suck for a long period of time, but sometimes they want to do it between meals.

I pull my calves when they are two days old. I also try and separate them out in the evening when it is cooler. I bring them into the house where they have a blanket on the floor. This will be their bedroom for the next two weeks.

I believe that the separation of mom and calf is much easier this way. Mom cannot hear the calf and the calf cannot hear mom. When you first bring the calf in, he will run around and make a lot of noise. I just let them investigate and check things out.

After about 2 hours of being in the house, the calf is pretty calm and lying down beside me on the floor. By the end of the night, they are looking to me for food.

I sleep in the living room with them for most of the time that they are in the house. I don't plan feedings during the night. But they let me know when they are hungry. As long as it has been their minimum time in between feedings,

I will get them a bottle. This usually lasts only for a week or so. They then wean themselves from nighttime feedings.

Shortly after this, I send them outside to a pen that was set up for calves. I have a tame adult reindeer in this pen also. This is to help the calf associate with the reindeer world as well as the human world.

The calves stay on the bottle for about four months. I feel it is important when they are little to allow others to feed them. This allows

you to be able to have someone else feed them. This is useful if you have to be away. It also helps the babies adapt to other people as well. I want my reindeer to be able to be led well by anyone.

I feel there are many good reasons to bottle raise my reindeer calves. But it takes a lot of effort and time to be able to do this well. If you do not have the time, you can purchase a bottle-raised reindeer calf. If you do have the time, the effort, energy and enjoyment is well worth it.

## 4. Dealing with Jerks on Your Boards and Committees

By Russell Sawchuk, Steppingstones Partnership, Inc. Web: [www.steppingstones.ca](http://www.steppingstones.ca)

If you serve on your association's board of directors, or participate in any organizational committees, sooner or later you will run into a jerk. You know the kind of person I mean – always negative and sarcastic, always complaining and whining, never contributes anything useful, constantly criticizes without offering alternatives, often insults and abuses the chairperson and other members, and generally takes all the fun out of working together.

Jerks are an annoyance in any type of organization or company. However, they are particularly destructive in non-profit organizations and voluntary associations. This is because these types of organizations rely heavily on volunteers to get things done.

Having a jerk on a volunteer board or committee turns everyone else off, and thus seriously interferes with getting tasks and projects done. Tensions and stress levels increase in the group. Open, honest communication and trust disappear. Members physically or mentally drop out. It becomes nearly impossible to recruit new volunteers. Eventually the board or committee becomes totally dysfunctional and must be disbanded.

This is not to say that there should not be any heated debates or constructive criticism in board or committee discussions. There should be! The quality of decisions depends on being aware and carefully examining all aspects of an issue, both positive and negative. Disagreement and different views are healthy and an essential part of an effective organization. On effective boards and committees, after the debate and discussions, everyone moves on and continues to work together in the best interests of the association. Unfortunately, the jerk does not understand or participate in these normal processes and usually continues to be an obstructionist.

So how do you deal with the jerk on your board or in your committee? The most effective strategy is prevention. Do not let them in! Here are some suggestions on how to keep the jerks out.

1. Know the people you are accepting into your committees. If someone is volunteering to serve on a committee, and you know they do not work well in a group, then decline to accept them. If the volunteer is unknown, talk to a few people that know this individual before accepting them into your group.

2. When selecting individuals to serve on your board of directors, consider the following:
  - a. Have a nominating process and committee that carefully recruits and screens potential board members.
  - b. Make your boards attractive enough so that it attracts competent individuals:
    - Have term limits so people are not volunteering for life
    - Pay expenses related to board meetings and work
    - Provide free lunches and meals
    - Have an orientation so new board members know their roles
    - Provide support staff so that board members don't have to do ALL the work
    - Recognize and show appreciation for the work of each board member
    - Waive membership fees and provide other low-cost perks.

What do you do as a chairperson if a jerk gets past your preventative measures and is nominated to the board or appointed to a committee? Your best approach is to follow a two-pronged strategy: public behaviour designed to make you look confident and in control of the situation, and subtle pressures to clip the jerk's wings and reassert your supremacy. Some specific suggestions on what to do include:

1. *Stay cool and unruffled.* Never wear your emotions on your sleeve. Don't badmouth the jerk. It'll make you look like a petty tyrant trying to hold down a new member. Instead credit him/her with doing a good job, though a subtle touch of condescension in speech and manner doesn't hurt. You will look supportive, self-assured and beyond the reach of subversive threats.

2. *Assert your authority.* Come across as someone in charge confidently assessing any ideas provided by the jerk. Give him/her some credit, but leave the authority and decision making in your and/or the group's hands.
3. *Adopt a participative style.* Ask for suggestions and creative solutions to problems from all members of the group. If the jerk does not contribute any, he/she will lose their credibility and influence.
4. *Do team building.* If the jerk's activities slow down the group's work, consider holding a few "team building" sessions. If you do not have the expertise, consider bringing in an outside facilitator to help the group improve its processes and team effectiveness.
5. *Counsel the individual.* As chairperson, meet with the jerk individually and express your concerns about his/her behaviour and the negative impact it is having on the board or committee. Ask the jerk to co-operate and be supportive of the group's efforts.
6. *Isolate the jerk.* Keep him/her away from key meetings. Limit the amount of information they get. Don't socialize with them and signal to others that you do not. Partial isolation may be effective enough that the person will improve his/her behaviour, or better still, decide to quit.
7. *Terminate.* If the disruption gets serious, the board or committee may have no alternative but to remove the individual. For a committee, the individual is thanked for his/her participation and told that they are no longer required. For an elected board member, the board may have to vote to suspend the offending member. Be sure that your bylaws have provisions for removing board members for good reasons.



Don't wait too long to terminate jerks who are negatively affecting the workings of your board or committee. As a volunteer association, you often don't have the resources or luxury of trying to rehabilitate them. That is not your responsibility. So don't stall or feel guilty. Just do it!

Ideally your deer or elk association only has competent and motivated volunteers working for it. However, if you do get stuck with some jerks, hopefully the above suggestions will help you in dealing with them.

## 5. Industry News

Several recent scientific research studies on velvet antler have confirmed its health and performance benefits. This research will greatly assist the elk farming industry to develop new markets for this product. Here is a brief summary of the research and the implications for our industry.

### Velvet antler helps dogs with arthritis

Dr. Maxim Moreau and his colleagues at the Faculty of Veterinary Medicine, University of Montreal recently published the results of their study on the effectiveness of velvet antler and dogs. A powder of elk velvet antler was tested on client-owned dogs with osteoarthritis (OA) in a clinical, double-blind, and placebo-controlled study. Thirteen dogs received a placebo for 30 days and then velvet antler for 60 days. Twenty-five other dogs received velvet antler for 60 days. Measures included gait analysis measured by a force plate, clinical signs assessed by an orthopedic surgeon, performances in daily life activities and vitality assessed by the owners, and complete blood analysis.

On placebo, the 13 dogs did not show significant improvement; however, their gait, their performance in daily life activities, and their vitality were significantly improved after treatment with velvet antler. The 25 dogs on velvet antler showed similar improvements. No clinical changes were revealed on blood analysis.

The researchers concluded that administration of velvet antler was effective in alleviating the condition in arthritic dogs.

This research opens the door to the huge American dog health market. For example, if 500,000 dogs or 0.8% of the 65 million US dogs were on 500 mg of EVA per day, this would require 124 tons of green velvet antler annually. This is approximately the volume of velvet antler currently produced each year in Canada and the USA. Having half a million dogs on EVA would generate \$7.4 million annually for producers (based on \$30/lb) and \$91.2 million in yearly retail revenues (based on \$0.50 per dog per day).

For more information, see "How Dogs can Save the Elk Farming Industry" in the March-April 2004 issue of the *Deer & Elk Farmers' Digest* at <http://www.elk-digest.com>.

(*Canadian Veterinary Journal*, Volume 45, February 2004, page 133. All correspondence and reprint requests should be made to Dr. Maxim Moreau at [m.moreau@umontreal.ca](mailto:m.moreau@umontreal.ca)).

### Effects of Velvet Antler on Athletic Performance

This study investigated the physiological and potential performance-enhancing effects of velvet antler supplementation in men. Thirty-two males between the ages of 18 and 35, with at least four years of weight lifting experience, were randomly assigned using a double-blind

procedure into either a placebo or velvet antler treatment group. The placebo group received sugar pills while the treatment group received 1500 mg of velvet antler once in the morning and immediately prior to bed time.

Prior to, and immediately following the 10-week supplementation use, each subject participated in a series of measurements. These included maximal aerobic capacity, maximal power output on a cycle ergometer, a determination of maximal strength for bench press and squat, a comprehensive blood chemistry profile, body composition analyses and a 3-day dietary recall. At the start of the study, there were no significant differences between the groups in their respective body composition profile variables.

The study found that those on velvet antler had significant declines in percent of body fat and trunk-to-limb fat weight ratio. The treatment group also showed significant improvements in absolute bench press and squat performance. One of the most interesting findings was that there was a significant improvement in the aerobic capacity of the group using velvet antler. There were no differences in the placebo group. The researchers concluded that velvet

antler may have positive effects on body composition and strength/power in resistance training men.

The results of this research open up potential opportunities in the professional and recreational sports markets. Not only can professional athletes benefit from velvet antler, but the product can also be used for enhanced performance among animals such as sled dogs and race horses. The other intriguing market may be for troops in the battlefield. Soldiers taking velvet antler may not only benefit from improved stamina and strength, but also from the protective and healing powers of the product.

*(The Effects of Deer Velvet Antler Supplementation on Body Composition, Strength, and Aerobic and Anaerobic Performance* by C.E. Broeder (Benedictine University), R. Percival & T. Willis (East Tennessee State University), J. Quindry (University of Florida), L. Pantou (Florida State University), D.D. Browder (University of Idaho), C. Earnest (The Cooper Institute), A. Almada (Imagine Nutrition and MetaResponse Sciences), S. R. Haines & J.M. Suttie (NZ AgResearch)).

## 6. Events Calendar

Here is a list of upcoming events of interest to deer, elk, and reindeer farmers. We have expanded these listings to include events that offer marketing opportunities for the industry.

**Georgia Veterinary Medical Association** will hold their annual convention at the Sandestin Golf and Beach Resort on **June 2 to 6, 2004**. For more information, please see the GVMA web site at <http://www.gvma.net/AnnualConvention2004.asp>

**North Carolina Veterinary Medical Association Summer Conference** will be held at the Renaissance Asheville Hotel, Asheville, NC on **June 24 to 27, 2004**. Phone 800-446-2862 or email [Anne@ncvma.org](mailto:Anne@ncvma.org)

**California Veterinary Medical Association Annual Conference** will be held in San Francisco at the Renaissance Parc 55 Hotel on **June 25 to 27, 2004**. See <http://www.cvma.net> for details.

**Canadian Veterinary Medical Association Annual Convention** will be held at the Quebec City Convention Centre on **July 7 to**

**10, 2004.** For more information, contact CVMA at 613-236-1162 or e-mail to [lhuskins@cvma-acmv.org](mailto:lhuskins@cvma-acmv.org)

**American Veterinary Medical Association Convention** will be held in Philadelphia, PA on **July 24 to 28, 2004**. See <http://www.avma.org> for more information.

**NAEBA Annual Convention and International Antler Competition** will be held on **July 29 to August 1, 2004** at the Jackpot Junction Casino Hotel, Morton, Minnesota, USA. For more information see <http://www.naeba.org> or contact Brian Wagner at 612-366-5078.

**Northeast Veterinary Conference** will be held at the Rhode Island Convention Center in Providence, Rhode Island, USA on **August 8 to 10, 2004**. Call 508-887-4723 or e-mail [susan.brogan@tufts.edu](mailto:susan.brogan@tufts.edu)

**Florida Veterinary Medical Association** will hold its 75<sup>th</sup> annual convention at the Wyndham Palace Resort in Orlando, FL on **September 10 to 12, 2004**. For more information call FVMA at 1-800-992-3862 or visit [http://www.fvma.com/vet\\_conference/](http://www.fvma.com/vet_conference/)

**American Holistic Veterinary Medical Association** will hold its annual convention in Kansas City, MO (Kansas City Marriott Downtown) on **September 10 to 14, 2004**. For more information, visit [http://ahvama.org/annual\\_conference/main.html](http://ahvama.org/annual_conference/main.html)

**Southwest Veterinary Symposium** will be held on **September 23 to 26, 2004** at the Gaylord Texan Resort and Convention Center in Grapevine, TX. For more information see <http://www.swvs.org> or phone 972-664-9800.

**CanWest Veterinary Conference** – jointly hosted by the Alberta and British Columbia Veterinary Medical Associations – will be held at the Banff Centre in Banff, Alberta on **October 2 to 5, 2004**. For more information,

please visit <http://www.avma.ab.ca> or phone 780-489-5007.

**Wild West Veterinary Conference** will be held in Reno, Nevada on **October 6 to 10, 2004**. For more information, visit <http://www.wildwestvc.com/main11.asp> or phone 916-723-9920.

**Wisconsin Veterinary Medical Association Convention** will be held on **October 7 to 10, 2004** at the Monona Terrace in Madison, WI. For more information, visit <http://www.wvma.org> or phone 608-257-3665.

**Pennsylvania Veterinary Medical Association** will hold its 122<sup>nd</sup> Annual Scientific Meeting on **October 21 to 24, 2004** at the Sheraton Station Square Hotel at Pittsburg, PA. For more, please see <http://www.pavma.org>

**Minnesota Elk Breeders Association Annual Conference** will be held **January 15, 2005** at the Marriott, Rochester, Minnesota USA. For more information, please e-mail [info@mneba.org](mailto:info@mneba.org)

**Missouri Veterinary Medical Association Annual Convention** will be held on **January 21 to 23, 2005**. For more information phone 573-636-8612 or e-mail [mvma@mvma.us](mailto:mvma@mvma.us)

**Iowa Elk Breeders Association Annual Convention** will be held on **January 29, 2005** at the Jester Park Lodge, Granger, Iowa. For more information call 641-782-2903 or visit <http://www.iowaelkbreeders.org>

**Michigan Veterinary Conference** will be held at the Lansing Center and Radisson Hotel on **January 27 to 30, 2005**. Phone 517-347-4710 or visit <http://www.michvma.org>

**Ohio Veterinary Medical Association** will hold its annual conference on **February 24 to 27, 2005**. For more information, see <http://www.mvcinfo.org>

**Global Pet Expo**, one of the world's largest pet products trade shows, will be held at the Orange County Convention Center in

Orlando, FL on **March 13 to 15, 2005**. For more information see <http://www.globalpetexpo.org>

## 7. Subscription Services

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## 8. Contact Information

**W**e are always looking for articles and news about deer, elk, and reindeer farming to publish in this newsletter. E-mail, fax, or mail your ideas and articles to the Editor (see information below).

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