Issues and Challenges of Merging Long Standing Organisations

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Member of the management board
Agenda

1. History of cattle breeding in Switzerland
2. Merging project
3. Chances and risks
4. Decision, next steps
5. Conclusions
1890  Found. Swiss Red & White Cattle Breed. Ass. (SFZV)
1899  Found. Holstein Association of Switzerland (SHZV)
1965  First import of (Red) Holstein semen, crossbreeding and hence competition situation
2004  Project for merging of all Swiss breeding ass. failed
2005 - Merging project SFZV- SHZV
2009
## Key Figures

<table>
<thead>
<tr>
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<th>SFZV</th>
<th>SHZV</th>
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</thead>
<tbody>
<tr>
<td><strong>Herd-book:</strong></td>
<td></td>
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<tr>
<td>HO (incl. RF) / RH</td>
<td>242‘000</td>
<td>70‘500</td>
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<tr>
<td></td>
<td>140‘500</td>
<td>70‘500</td>
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<tr>
<td><strong>Breeders</strong></td>
<td>11’500</td>
<td>2’340</td>
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<td><strong>Breeding cooperatives</strong></td>
<td>796</td>
<td>94</td>
</tr>
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<td><strong>Delegates</strong></td>
<td>1’647</td>
<td>242</td>
</tr>
<tr>
<td><strong>Employees</strong></td>
<td>52</td>
<td>16.5</td>
</tr>
<tr>
<td><strong>Net equity</strong></td>
<td>CHF 12 Mio.</td>
<td>CHF 14 Mio.</td>
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**Services (SFZV / SHZV):**
- Herd-book (registrations, certificates), performance and conformation recording, laboratory analyses, breeding programmes, estimation of breeding values, marketing
Objectives of merging (1):

- To optimise processes, exploit synergies, join activities, increase service quality, reduce costs (up to CHF 4.1 mio. p/a);
- To prevent the foreseeable decrease of the number of breeders and dairy cows and to merge two rival service organisations;
- To unite the Red Holstein and Holstein populations in one common herd-book;
- To harmonise methods, i.e. classification
Objectives of merging (2):

- To preserve the identities of all concerned breeds;
- To be future-oriented and able to comply with the demand of other breeds;
- Common appearance towards our partners in Switzerland and abroad;
- To be competitive in a liberalised market for herd-book services and recording activities in Europe.
Merging Project

Combination of both ass. => new association

Swiss Herd-book association

HO / RH  Simmental  Fleckvieh  MO  ............

One breeding association

Several products
Merging Project

- Principle of Corporate Identity:
  - Neutral umbrella name + logo for the new association
  - Each product/breed has its own identity/branding
Chances and risks

Chances:
- To exploit synergies and save costs;
- Holstein and Red Holstein in one herd-book;
- Harmonisation of methods, in particular classification;
- Common breeding value estimation;
- Improvement of competitiveness;
- Political signal.
Risks:

- Two cultures must coalesce;
- EDP (costs, data migration);
- Size vs. flexibility, proximity to breeders;
- Objections of regions / interest groups:
  - Insisting on acquired possession and rights, i.e
    - Limitation of the number of delegates
    - Composition of the managing board
    - breed commission RH/HO
Voting on 2nd April:

- SFZV: 1348 delegates, 899 yes = merge accepted
- SHZV: 239 delegates, 105 yes = merge rejected

The majority of 2/3 of the delegates of both associations is not reached – merge failed

Next steps:
- Discussion about common EBV (genomic selection)
Conclusions

- Emotions are often far more important than reason
  - office seat
  - the big swallows the small
  - memories of the past

- Finance: Planned long term savings are often not perceived important

- Politics: inappropriate signal – 2/3 of our costs are covered by public funding
Merging Project SFZV / SHZV

Thank you for your attention!