

# Large, Profitable Dairies Rely On Array Of Management Techniques

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— For dairy farms that plan to expand, the foundation to success lies in providing the greatest number of replacement heifers.

"Farm businesses that are really, really highly successful — boy, can they do a job at raising heifers," said Gary Snider, farm business consultant. Snider spoke at the Large Dairy Herd Management Seminar here Wednesday.

The two-day seminar, sponsored by the Farm Credit Associations of Pennsylvania, drew about 200 dairy farmers and agribusiness representatives from around the state.

On the first day of the seminar, Snider outlined the results of information on the most productive large-scale dairy farms in Pennsylvania. The results of the survey were distributed as "key evaluation factors" at the seminar.

### Looked at top percent

The factors looked at the top 25 percent of the Pennsylvania large-scale (more than 100-cow) dairy operations.

According to Snider, family-size farms in the 60-150 cow range need to look at the future, a future which will involve a lot more quick, sharp fluctuations in the dairy price.

"The dairy industry is going to start riding a roller coaster similar to the other commodities," said Snider. "And that has to change our management style. We've got to start managing businesses



**Knowing at what part of the up or down cycles to expand or cut back is of vital importance, according to Don Rogers, vice president, Farm Credit Banks of Springfield, Mass. at the seminar.**

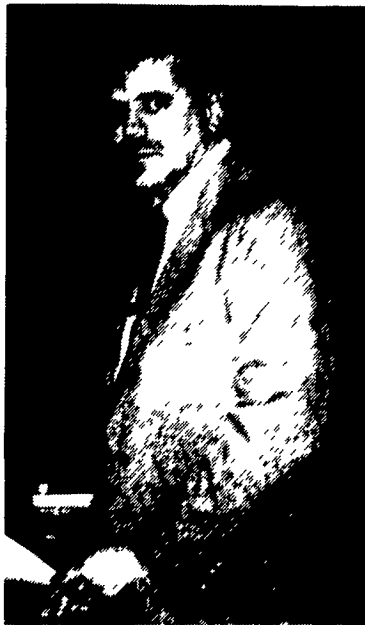
differently."

Snider said businesses "in the middle" — those who are larger than the family-size, 30-60 cow herds and those who are not quite large-scale — are the ones "that we're really kind of concerned about."

### Reshape practices

Because of the ups and downs in the milk price and the changing demands of the industry, farmers must rethink and reshape their management practices.

Snider outlined several key management factors that are common among all the successful large-scale dairies.



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"One of the things that we've seen in these large dairy businesses is that the manager... has become very good at delegating," he said.

According to the consultant, managers:

- Don't get bogged down in the daily tasks. "They don't worry about getting to a meeting because they haven't got the barn cleaned, because someone else has got the barn cleaned," he said.

- Are very careful with invest-

ments. "They choose the three things they need versus the one they want," he said. They are able to budget correctly.

- Make use of monitoring techniques. Snider said that, on one successful farm in western New York, a chart examining the milking capability of each cow over two years is posted. Every day, the herdsmen review the chart, which includes milk production per day per cow. Also, a chart is available to monitor dry matter intake. Since the advent of TMR, the whole industry has changed and the farms with the more cows also have the higher producing cows in the top-25 survey.

- Compare actual cash-flow to budgetary cash flow. "They have their pulse on the business," he said. One farm uses a 3 X 5 card system — managers and herdsmen list "to do" activities and the information is shared.

- Are highly organized. "Spring doesn't catch them by surprise," said Snider. "I have a farm business that's milking 1,300 cows, and last year they had all their first crop hay in nine days," he said.

- Insist that employees or managers are also organized. A management team meets for 10-15 minutes every day. An advisory team is in place — veterinarians, nutritionists, loan officers, accountants, etc. "The highly successful dairy farm businesses use those advisors and they use them all the time, and I think they get an awful lot out of them people," said Snider.

- Have charisma. "They are the

type of leaders that people want to work for," he said.

- Work with a cropland base that is high yielding, weather-resistant with fast harvesting type of land. Also, an environmental buffer zone is in place. One of the largest and most successful of businesses Snider works with is a 1,350-cow operation (which plans to expand to 1,600 by fall) that moved off the home farm because "it wasn't a good farm," said Snider. Also, a source of "really good water in a farm business is going to become important," he said. Environmental issues are also paramount, and each farm operation should begin to think in terms of 1.5 acres of land per cow. "The environmental issues are sneaking up on us and they're going to bite us pretty soon," said Snider.

Whatever the business management techniques, heifer management will continue to be "our ace in the hole when we start looking at efficiencies in our business," said Snider.

### Industry cycles

Dairies would do well to know and understand there will be cycles in the industry. And knowing at what part of the up or down cycles to expand or cut back is of vital importance, according to Don Rogers, vice president, Farm Credit Banks of Springfield, Mass. at the seminar.

"Farming the Dairy Cycles" examined why there will be more and more of the up and down years in the dairy business and what

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