

Positioning Your Dairy Business For Success

(Continued from Page A33)

We are also within easy reach of the Canadian market - if it ever becomes available
 We are the furthestmost distance away from the lowest-cost milk producing regions
 We have a lot of highly competitive, efficient farms.
 We have a good infrastructure to support a viable dairy industry
 We have a good mix of large and small farms, which complement each other
 Our producers are more willing to share ideas, practices and data for the benefit of all

However, we do have some challenges ahead of us, and to maintain a competitive edge in the industry, we may have to change some of the ways we conduct our farm business. We will need to keep a clear focus on the things that really count. Dr. Galton discussed the following parameters and characteristics of successful dairy farm businesses:

Main Factors Affecting Farm Profitability.

- Productivity -- per cow, per acre and per worker
- Herd size -- spread overhead cost and increase efficiency
- Cost control -- both overhead and operating costs
- Debt service -- total debt, debt servicing cost and investment strategies
- Milk price -- quality premiums, shop around and negotiate for prices

Business Parameters (these figures are debatable and vary with size and kind of farm)

- Cows per worker -- about 30 to 50 or more
- Milk shipped per cow -- about 19,000 lb.; add another 1,500 to 2,000 lb. for 3X milking
- Milk sold per worker -- about 600,000 to 1,000,000 lb. or more
- Cost per cwt. milk -- \$10.00 to 11 00 or less
- Profit margin per cwt. milk and per cow -- over \$600 per cow
- Capital investment per cow -- \$4,000 to 6,000 Keep to a minimum
- Debt per cow -- less than \$2,000; \$3,000 temporarily during expansion
- Affects return on assets (see below)
- Debt service cost per cow -- less than about \$300-500
- Rate of return on assets -- about 5 to 10% over prime interest rate

Management Characteristics of Profitable Dairy Farms:

- They have excellent control of fixed and variable costs
- They form bargaining groups and negotiate favorable prices, bulk discounts etc
- They work with low debt or no debt at all.
- They keep capital investments to a minimum
- Cows generate income.
- Buildings, machinery and equipment do not generate income
- They keep cows healthy and productive, and improve labor efficiency
- But, they are an expense item! Keep them to a minimum!
- They have high levels of production.
- Lower productivity can be profitable IF --
- Costs are reduced appreciably
- Market prices are increased appreciably.
- Focus on long-term profit margins, not just short-term gains
- They have a diversity of farm enterprises (extra crops for sale or for emergency feed)
- Some have non-farm income
- They start early to plan for their retirement and for the transfer of the business

Four States Livestock

Hagerstown, Md
 December 31, 1997

Report supplied by Auction

SLAUGHTER COWS: UTILITY 34.50-39.00; HIGH DRESSING 39.75-41.00; CANNERS 29.00-34.00; SHELLY 29.00 DOWN.
 BULLS: YG#1 1300-1500 LBS. 44.00-45.75.
 FED STEERS: CHOICE 1200-1450 LBS. 65.00-67.75; LOW CHOICE 63.00-64.75; SELECT 54.00-59.00.
 FED HEIFERS: FEW OFFERED.
 VEAL CALVES: CULLS 85-110 LBS.

27.00-34.00; 60-80 LBS. 20.00-30.00.
 FARM CALVES: HOLSTEIN BULLS #1 90-120 LBS. 90.00-115.00; #2 85-95 LBS. 38.00-75.00; HOLSTEIN HEIFERS: 85.00-110.00 LB. 60.00-95.00; FEW BEEF X BULLS AT 90.00.
 BUTCHER HOGS: FEW OFFERED.
 SOWS: 400-500 LBS. 30.00-31.00.
 THIN 23.00-28.00.
 STOCK CATTLE: STEERS 2500-450 LBS. FEW TO 65.00-76.00.
 HEIFERS: 350-500 LBS. 58.00-65.00; 500-700 LBS. UP TO 58.00.
 BULLS: 400-700 LBS. 54.00-68.50 900 LBS. 46.50.

!!!REMINDER!!!

Clinton On-Site Farm Auction Mon., Jan. 5, 1998 @ 10:00 A.M.

(inspect from 8:30 A.M.; Blizzard Date: Tues., Jan. 6, @ 10:00 A.M.) for

Mr. Homer Schulz located at
 6993 PHILLIPS MILLS RD., NEW HOPE, SOLEBURY TWP., PA.
 SHORT AUCTION, BE PROMPT

Farmall Super C & John Deere Model A TRACTORS; New Holland, New Idea & Woods EQUIPMENT; Other Farm Equip, lawn tractors & riding mowers, Vermont Lawn Cart, Antique Thrashing Mach. sqd. W. Wetherill, Builder-Doylestown, PA.; TOOLS by Homelite, Sears, McCulloch & Stihl, Rockwell, Lincoln incl trimmer, chain saws, welder, hand tools, molding plans. AUTO: 1965 Alfa Romeo Giulia Sprint GT 2 dr coupe-off the road-sold in AS IS COND, MORE

Terms: Cash or Checks Accepted w/Prior Approval.

Directions: From New Hope, PA @ Rt 202 New Hope-Lambertville Toll Bridge North on Rt 32 (River Rd) 1/2 mi to Phillips Mill Rd, turn left, property 7/10ths mi on right, From Rt 202 @ Lahaska, PA North on Rt 263 (York Rd), 3 mi to Solebury, PA, turn right on Sagan Rd & make an immediate left on Phillips Mill Rd, property 1 & 8/10ths mi on left



Robert H. Clinton & Company, Inc.

Auctioneers & Appraisers

P.O. Box 29 * Ottsville, PA 18942

610-847-5432 * AY-000093-L

Public Auction Register

MON JAN 5 - 4PM Leesport Farmer's Market Banquet Hall, just off Rt. 61 at the North end of Leesport, Berks Co., PA Indian artifacts & bottles, beer items, glass & china, Hot Wheels, milk & early bottles, old ice cream parlor set & tools By Jeff Miller Kenneth P Leiby, Auct

TUES JAN 6 - 10AM 1825 E Boston Ave, Phila, PA Building materials, carpet flooring, rest equip, \$75,000 furn inventory & more Wm F Comly, Aucts

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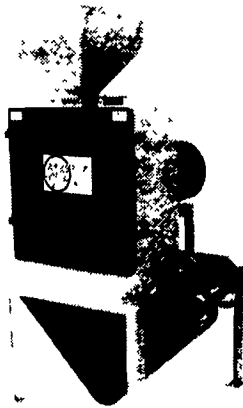
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Phone: 717-274-5333

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 Mills.

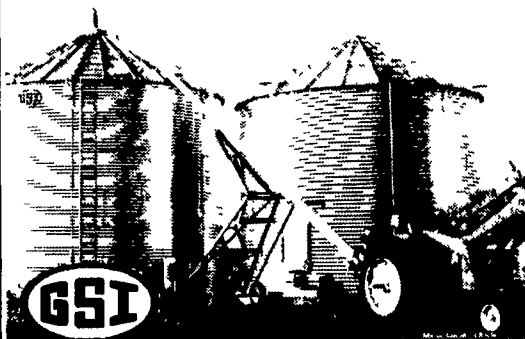


GSI FEED BINS



Expert Installation

ON FARM STORAGE FOR MAXIMUM PROFITS

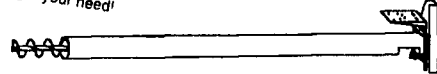


- FARM BINS
- GALVANIZED FANS AND HEATERS
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- GRAIN DRYERS
- HOPPER BOTTOM TANKS
- COMMERCIAL FLAT BOTTOM
- FLEX-FLO FEED SYSTEMS
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AUGER INSTALLATIONS

- ✓ In feedlots
- ✓ In drying systems
- ✓ Commercial applications
- ✓ At feedmills or elevators
- ✓ Around poultry & dairy barns
- ✓ At your grain bins or bulk tanks
- ✓ Replacement Augers for feed mixers and farm equipment

Standard Auger Specifications

	4"	6"	8"	10"
Tube Gauge	16	14	14	12
Flight Thickness	3/16"	3/16"	3/16"	1/4"
Bu/Hr	250	850	2000	3000
RPM	431	431	431	431

Call Us For Custom Specifications

Paul B. Zimmerman INC.

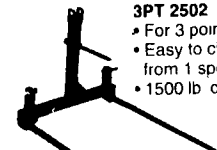
Heavy Duty Bale Movers

Finished with Baked on TGIC Polyester Powder Coating

With Kverneland Forged Steel Spears • Electrically Heat Treated
 These spears are stronger & allow easier bale penetration



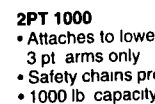
- COM 2502
- Fits any 3 pt hitch or loader boom with 1 or 2 cylinders
- Easy to change from 1 to 2 spears
- 2500 lb capacity



- 3PT 2502
- For 3 point hitch
- Easy to change from 1 spear to 2
- 1500 lb capacity

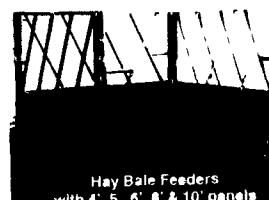


- 3PT 1252
- Easy to change from 1 spear to 2
- 1250 lb capacity
- 1 7/8 CRS-C1144 steel spear



- 2PT 1000
- Attaches to lower 3 pt arms only
- Safety chains prevent flip around
- 1000 lb capacity

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Hay Bale Feeders with 4', 5', 6', 8' & 10' panels



- SSL 2500
- Great for front loaders
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- 1500 lb capacity



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- Front end loader fork
- Includes chain & binders
- 1500 lb capacity

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