

# Lancaster Extension Announces Educational Meetings

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College of Agricultural Sciences • Cooperative Extension

## Dairy Notes

Lancaster County

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December 1997

Dear Friends

I hope that you and your family had a joyous holiday season, and that the spirit of this holiday season will accompany you and your family in the new year

As we face a new year, it is good to reflect on the past year and take stock of all the things that were good and all the things that you and your family have accomplished. This serves as a good base from which to launch into the uncertainties of the year ahead. This is also a good time to think about what you and your family want to accomplish in life and how your farming business fits into your family plans.

As you plan for the future, it is helpful to know how serious you, your family, and your business partners are about the business of farming. Their desires and commitment will affect the decisions you make about the farm and how it will be managed in the future.

Are you serious about farming over the long haul, and about being a serious competitor in the industry? If so, you may need to think about expansion and about how you can sharpen your management skills so you can skillfully and vigorously pursue the future. However, size is not everything. A medium-sized, well-managed, productive dairy farm with good cost control and good profit margins per cow and per cwt. of milk can still compete. Read the enclosed paper on "Positioning Your Dairy Business for Success."

If you have limited land, or are located in an area where expansion is not feasible, you may want to consider relocating to another area rather than investing a lot of capital and other resources in a business that has only a limited possibility for success in the future.

Or, if you are unsure about your and your family's commitment to farming, you may simply want to "hang in there" for a few years and make the best use of what you already have until situations change and until you have a clearer sense of direction. Another option is to diversify into other agricultural enterprises or to pursue various off-farm ventures.

If you are thinking about phasing out of farming, for whatever reason, start planning your exit early and in an orderly fashion so you have a better chance of hanging on to more of the assets you have been working a lifetime to accumulate. For more information on an orderly exit, enroll in the upcoming 2-day seminar on "Exiting From the Dairy Business in Orderly Fashion", which will be held on March 11 and 18. Details of this seminar will be available later. In the mean time, you may want to reserve these dates on your calendar.

### Some Helpful Hints for Your Consideration

If you need to buy a lot of feed, take advantage of price breaks, bulk discounts (team up with your neighbors), early payment discounts and lower-priced alternative feeds, even if it means taking out a line of credit so you can take advantage of "good deals". The savings you realize should be much greater than the interest you pay - that is, IF you discipline yourself to use the money only on things you need to generate income. AND IF you pay down the loan quickly with the extra income earned as a result of the purchase.

If you need cash be careful about selling off income-producing assets at a loss, such as bred heifers and cows. That's a quick way to go out of business! Continue to invest money in building up your income-producing base, even if it means deferring payment on overdue bills. Money spent paying down bills is gone forever; it will never earn any more income for you! Using that same money to build up and preserve your income base quickly will generate more money which will be available to pay down bills month after month after month. IF that can be accomplished both you and your creditors are winners.

As you attempt to cut costs, be careful that you do not cut short-term and long-term profits in the process. Some examples of this are:

- Failure to maintain vaccination programs. Diseases could sneak in and hurt you later.
- Neglecting heifers and dry cows. You'll pay for it dearly later in the form of ketosis, DA's, low milk production, poor conception rates, increased culling, etc.
- Giving cows less feed or using poor quality feeds. It will trigger problems discussed above. The most profitable milk a cow gives - the milk that pays the bills - is the milk she produces above the break-even level of about 50 to 60 lb. per day (it varies a lot from farm to farm). When you under-feed a cow, the lost milk comes right off the top, that's the most profitable milk, and the milk you lose may be her only profit!
- Using a herd bull to save AI costs. If the bull is infertile or has poor genetics, and if he spreads infections from cow to cow you will pay for it later - not to mention safety.

Analyze your feed inventories and feed needs. Sell unprofitable cattle and let someone else raise your heifers to help reduce feed purchases. Save the best feed for the best cows. If necessary buy some good feed for the good cows, but feed it sparingly. Keep challenging your nutritionist and feed company reps to help you fine-tune your rations and your feeding practices, and to reduce your feed costs without hurting herd health, production and profits.

Sincerely,

*Glenn A. Shirk*  
Glenn A. Shirk  
Extension Agent - Dairy

## Scholarship Students Honored

UNIVERSITY PARK (Centre Co.) - The cost of college went down this year for nearly 500 students in the Penn State's College of Agricultural Sciences. They were the recipients of almost \$900,000 in awards through the College's scholarship and awards program, supported by annual and endowed gifts from friends and alumni.

Scholarship recipients and donors are honored each year at the scholarship and awards ban-

quet. "The banquet recognizes both those students who excel academically in the classroom and those who also lead and take part in our college's many extracurricular activities," said Dr. Robert Steele, dean of the college.

Scholarship recipients are chosen on the basis of their academic standing, financial need and recommendations from professors. The college administers more than 189 separate scholar-

ship funds for new and continuing students. Nineteen new scholarships and awards were made for the first time during the 1997-1998 academic year.

Information on scholarships for 1998 will be mailed in January to all applicants with offers of admission and to stu-

dents enrolled at other Penn State Locations. Students at University Park can pick up their copy in 101 Agricultural Administration Building. For the first time this year, all students are encouraged to apply via the Internet through the col-

lege Web Site at <http://www.cas.psu.edu>. Current and potential students can click on the College Overview button to see the Scholarship and Awards Application.

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### BASIC DAIRY FARM MANAGEMENT WORKSHOP

You are invited to attend one of these 2-day workshops.

Purpose - Help families manage their farm as a business so it can meet the needs of the family

Topics - Profit margins needed per farm, per cow, and per cwt. of milk.  
- Developing management strategies to help the farm attain the desired profits.  
- Monitoring the dairy business to see if progress is being made.  
- Start-up considerations.  
- Making wise capital investments.  
- Controlling debt  
- Exploring advantages and disadvantages of various styles of farming  
- Analyzing and controlling costs  
- Focusing on herd management priorities, such as: feeding, comfort, health, reproduction, replacements, culling, etc.  
- Note: The financial meeting on Feb. 12 ties in nicely with this workshop. See other side.

Who - Husbands and wives, fathers and children, brothers and sisters are encouraged to attend as partners. Participants will receive a comprehensive manual.

When - There are 2 workshops remaining (more will be scheduled if needed). They are:  
January 15 and 22 Stephen S. Stoltzfus Farm, 901 Peters Road, New Holland  
March 12 and 19 Lancaster Farm and Home Center Basement, Lancaster

Time - Registration and refreshments 9:30 - 10:00 a.m. Program begins at 10:00 a.m.

Cost - Cost is \$10.00 per family (for 1 manual). Lunch is on your own.

Register- Registration required. Attendance is limited.

Penn State encourages persons with disabilities to participate in its programs and activities. If you anticipate needing any type of accommodation or have questions about the physical access provided, please contact Glenn Shirk at 717-394-6851 in advance of your participation or visit.

### BASIC DAIRY FARM MANAGEMENT WORKSHOP

1st Person \_\_\_\_\_ 2nd Person \_\_\_\_\_

Address \_\_\_\_\_

Phone (\_\_\_\_) \_\_\_\_\_

Which workshop do you want to attend? (\_\_\_\_ Jan. 15 and 22) (\_\_\_\_ Mar. 12 and 19)

Mail registration to Glenn A. Shirk, 1383 Arcadia Road, Room 1, Lancaster, PA 17601-3184 with check for \$10.00, payable to *Agricultural Extension*. Or, call 717-394-6851

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### WHERE DID ALL THE MONEY GO?

A Farm Financial Management Workshop  
You are invited to attend.

Most dairy producers purchase their farm inputs at retail prices, but sell the products they produce at wholesale prices. Most other business buy at wholesale and sell at retail. Because of this, Dennis Ginder, Extension Farm Management Agent for Lancaster and Chester counties, says that you must manage production costs and be very efficient if you expect your dairy business to be profitable.

At this time of the year we will soon be summarizing our income and expenses for the year for tax filing purposes. Don't let "Uncle Sam" be the only benefactor of all your hard work. Go one step further and use those same figures as the basis for calculating your own costs of production.

This workshop ties in nicely with the "Basic Dairy Farm Management Workshops" (see other side)

Purpose - Help families determine their costs of production so they can manage them effectively

Topics - Calculating what it costs you to produce your farm products  
Enterprise analysis. Is it cheaper to buy crops and replacements than to raise them?  
Measures of efficiency and how to calculate them  
Record for keeping and summarizing key financial and production data

Who - Husbands and wives and business partners are encouraged to attend as a team. Participants will receive a comprehensive manual.

When - Thursday, February 12. Registration at 9:30 a.m. Program begins at 10:00 a.m.

Cost - Free. Lunch is on your own.

Register- Registration required. Attendance is limited.

Penn State encourages persons with disabilities to participate in its programs and activities. If you anticipate needing any type of accommodation or have questions about the physical access provided, please contact Glenn Shirk at 717-394-6851 in advance of your participation or visit.

### FARM FINANCIAL MANAGEMENT WORKSHOP

Names \_\_\_\_\_

Address \_\_\_\_\_

Phone (\_\_\_\_) \_\_\_\_\_

Mail registration to Glenn A. Shirk, 1383 Arcadia Road, Room 1, Lancaster, PA 17601-3184, or call 717-394-6851.

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