Advice On Surviving And Thriving At Dairy Days Farmers

JAYNE SEBRIGHT Lancaster Farming Staff

LANCASTER (Lancaster Co.) - According to Brad Hilty, owner and chief consultant of PLS Agri-Management Associates in Carlisle, operating a successful dairy business can be challenging in today's agribusiness environment.

Hilty presented two sessions during the first Lancaster County Dairy Days, held several weeks ago. In his first presentation, he identified ten management strategies that farmers can employ to "survive and thrive" in today's volatile dairy indus-

Hilty's first recommendation for dairy farmers who want to maintain a profitable business is to develop a strategic business plan.

"I don't know too many farmers who would build a barn without first having blueprints," said

Hilty. "Yet many farmers don't have a written plan for their dairy operation.'

Hilty recommended writing a mission statement. The farmer can evaluate his operation based on the framework established in the mission statement.

The farmer's plan should answer the following questions: Where are you and your business at now? Where do you want to be? What are your goals and objectives? How will you achieve

"Writing a business plan can be time consuming," said Hilty. He recommended enlisting the help of professionals.

Hilty's second recommendation was to control the controllables. "Focusing on the uncontrollables will drain you of your energy," said Hilty.

Milk production, milk pricing components, milk quality, and risk management were all listed

under the controllables, according to Hilty.

'Risk management is a key management practice that you have to brush up on," said Hilty. "It is going to be a key component in a successful dairy operation down the road."

Hilty warned against locking in milk prices without knowing your cost of production. "You don't want to lock in your milk price at \$14 when it cost you \$14.50 to produce the milk," said Hilty. "You have to know how to use the risk management tools."

The third recommendation was to maximize forage quality and feed a balanced ration. "Harvest, store, and feed high quality forages," said Hilty. And make sure you test your forages."

According to Hilty, poor quality forages cost one farmer who milk 100 cows nearly \$100,000

in lost production and higher grain costs when he didn't manage his forages properly.

"You need to feed a consistent, high quality forage basis," said Hilty. "If you need alternative storages, such as an ag bag, use one."

Hilty's fourth recommendation emphasized cow comfort. "You need to evaluate your facilities for cow comfort," said Hilty. "Cow comfort improves production and reduces cull rates. Your longevity increases, which reduces one of the highest costs you have - heifer replacements."

The fifth recommendation was to know your cost of production. "You need a good accounting system and good production records, both on the dairy and the cropping enterprises," said Hilty.

Hilty encouraged farmers to manage their information systems so that they could spot

their strengths and weaknesses.

"If you know your cost of production and production records, you can compare them to benchmarks," said Hilty.

Hilty recommended that farmers compare their production records to benchmarks from the top ten percent of dairies in the country.

"Don't strive to be just average because average isn't going to cut it in ten years," said Hilty.

The sixth recommendation was to implement a management team and use key advisors as a sounding board for farm decisions. This "sounding board" can help develop key strategies for improving profitability.

"There are a lot of people demanding your time," said Hilty. "Why not demand some of their time back?"

Making wise investments was Hilty's seventh recommendation. "You should examine each

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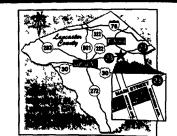
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