

Farm Management



STYLES AND OPTIONS OF DAIRY FARMING, PART 1: LARGE-SCALE DAIRYING—IS IT FOR YOU?

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The more I work with both successful and struggling dairies, the more I realize there are many ways to make a dairy work. It is difficult to really know if a dairy is successful by just looking at surface issues such as production statistics and the size of the dairy. Successful farms, whether they are small or large, do have some things in common.

- Successful dairies:
 - Meet the goals of the management.
 - Have a good working environment for all involved.
 - Are financially sound in respect to the goals of the owner.
 - Look forward in their planning.

If you are at a crossroads or just at a Y in the road, you may want to pull off the road for a little and think about which di-

rection you believe is right for your particular set of circumstances before heading in that direction. One family may enjoy going to the factory for a vacation while another may prefer the mountains. The nice part about vacations, however, is that if you went down the road of an undesired vacation, the only thing lost is just your time and cost of the trip. However, a major business decision may be difficult to turn around.

Some basic financial and management ideas to keep in mind no matter what style of dairying you choose are:

- Keep capital and overhead costs low.
- Focus on the things that you are good at and make you profits.
- Stop doing the things you are weak at and are not making money on.

I recently attended a two-day workshop entitled "Dairy Works." The Dairy Works workshop is designed primarily for large farms that employ several to many employees. If you are considering expanding your herd, this workshop or a similar type is a "must" to give you a preview of what style of man-

agement it takes to run a large dairy. This workshop teaches you how to get extraordinary results from ordinary people.

If you are not a "people person," expanding into a large dairy may be a big mistake. However, if you enjoy working with people and the challenge of making a dairy work, expansion may bring you lots of enjoyment and success.

Building a large dairy gives you more responsibility and at the same time more flexibility and freedom because you now manage the people who do the tasks. If your staff is organized and working in harmony, days off and vacation can be planned for you, your family, and your employees.

There are many additional questions that should be addressed before jumping onto the expansion road. The following are a few things that you should be asking yourself, spouse, and successors:

- Is your plan profitable at low milk prices?
- Have you a complete financial analysis of various expansion proposals?
- How long will it take to pay off the capital costs of expansion?
- Do you have a organizational plan for the business?
- Do you have a labor management plan?
- Do you have an adequate land base to support the herd number?
- Will you have an adequate land base in years to come?
- If you do not have an adequate land base, can you work around the problem through marketing or processing of the manure?

- Can you work with your neighbors to build a more efficient jointly-owned dairy as opposed to you doing it alone?
- Is your current dairy location the right location or should the business be relocated?
- Will a large dairy be accepted into the local community?
- What can you do to help the community buy into your plan?
- Do you have a business transfer plan to the next generation or someone else?
- Is it time to step back from the management of the business and start transferring management decisions to the next generation?
- If you do not expand, what are your options?
- If the plan fails, what are your options?

Building a large scale dairy is

Farmers Investigate On-Site Dairy Processing Operations

MARYLAND — A dozen farmers from Harford, Cecil and Baltimore counties recently toured four dairy processing operations in Pennsylvania. Accompanied by representatives from the Central Maryland Farm Credit, Harford County Agriculture Land Preservation Program, Agriculture Economic Development, the Agriculture Advisory Board and other county government officials, the group visited on-site dairy processing facilities at four farms in New Danville, Quarryville and Red Lion.

None of the approximately 42 Harford County-based dairy farms have on-site processing operations, according to County Agriculture Coordinator C. John Sullivan, III, who organized the tour.

"The farmers are interested in

not an easy task, and takes years of thorough planning. Are you up to the task of making it work?

If you feel you are up to a great challenge, then go for it, but make sure you know what you are getting into before you proceed. Also, make sure you make as many mistakes as possible on paper or computer before they are put into fresh concrete and labor.

If you are not a "people person" and think large-scale expansion is not in your best interest, then keep your eye open for part 2 of this series, "Alternatives to Large-Scale Dairying."

For more insight and guidance, contact your dairy and farm management extension agent. We can help you build a successful dairy.

increasing the value of their products by adding on-site processing operations. Adding the on-site processing will also allow farmers to get closer to the consumer by eliminating the middle man," Sullivan said. "The tour this week was extremely successful. Some of the tour participants are very interested, and we learned a lot.

Farm Credit Executive Loan Officer Terry Knutsen said she was impressed by the tour.

"I thought it was excellent because it gave us a good overview of what's involved with on-site dairy processing. We saw two operations utilizing used equipment and two with new equipment," Knutsen said. "The farmers that hosted us were very willing to share with us. I came away really interested in exploring the possibility of on-site dairy processing for our farmers here."

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