

Dairies Can Form 'Multiple Unit' Partnerships To Stay Competitive

(Continued from Page A1)

combining resources to create larger, smarter dairy enterprises.

It's a trend worth noting, according to the dairy specialist.

According to USDA, for 2000, about 54 percent of the milk comes from cows with more than 200 cows (up from 35 percent in 1993). Production has increased per cow on these operations — of herds with greater than 200 cows, they have only 48 percent of the total cow population, but they supply 54 percent of the nation's milk.

In 2000, 5,915 herds went out of the business. That's six percent of the entire herd number in the country in one year.

The larger dairies are attempting to reach tanker-load pickup size, and the kinds of premiums paid for that size load are "real drivers" for the industry, noted Smith.

The producers are trying to dilute the fixed assets of the larger size operations over as many cows as possible, said Smith. The cost of producing milk per cow thus drops. But with larger herds come the challenges of managing employees.

Smith noted the university gets calls from large scale, 1,000-

milk supply.

To increase production, you have to either milk more cows or milk more per cow. Milking more per cow involves paying close attention to dry matter (DM) content of forages and overall feed quality for the cow.

"Increased production per cow can be one of the biggest opportunities here," said Smith.

Smith has heard from producers before about how "they're strapped" and milking cows for all they can. In the 1980s, cow production increased 2,400 pounds per cow, then up another 3,000 pounds in the 1990s, and just last year alone, increased 432 pounds on average per cow.

"We have not hit the ceiling per cow on economic production," Smith said.

To do so, producers must examine cow nutrition, watch cow comfort, manage the cow prior to and after calving, reduce heat and cold stress, watch biosecurity and udder health, improve reproduction management, and forage test regularly.

Smith mentioned how the McDonald's Restaurant company now dictates how much space must be provided to individual layers for egg sandwiches. Those types of processor mandates

"will get farther," Smith said.

Dairy Team Management

At the conference, Tom Craig of Murmac Farms, Bellefonte, with an expanding facility in Zion, spoke about his 500-cow production management teams on two separate sites. They farm 2,000 acres over a 10-mile stretch.

The farm installed a freestall barn in 1992. To be viable, said Craig, it was important to expand cow numbers.

He spoke of the importance of planning, writing a vision statement, and cultivating teams. Make the teams work together as a cohesive group "heading in one direction for growth, profitability, and longevity," Craig said.

The main facilities includes 400 cows in a flat parlor, open front. The other includes 250 cows milking in a double-6 parlor.

Murmac includes 15 full-time and five part-time workers. Murmac employs six Hispanic workers.

An organization chart carefully outlines responsibilities at Murmac. Craig said the farm's long-range goals are to transition the barn building to a parlor

Milk Production (Everyone)	
Average Daily Milk/Cow	>80#/cow
RHA	25,000#/cow
Milk Quality (Herdsman and Milkers)	
SCC	<200,000
PI Count	<20,000
Standard Plate Count	<10,000
Herd Health (Herdsman)	
Milk Fevers	<5%
Retained Placentas	<10%
High Fever Cows	<20%
Displaced Abomasum	<10%
New Quarter Infection Rate (CMT 3+ @ Freshening)	<5%
Dystocia	<5%
Live Birth Rate	>95%
Culling Rate	<30%
Reproduction (Herdsman)	
Average DIM to 1st Service	<64
Average DIM to Conception	<110
% Pregnant by 120 DIM	>70%
Calving Interval	<13 Months
Pregnancy Rate	>85%
Calf Health and Performance (Calf Manager)	
Mortality	<1%
Scours	<5%
Pneumonia	<5%
Youngstock Health & Performance (Heifer Manager)	
Mortality	<1%
Average Growth Rate	>1.5#/Day
Height at 1st Breeding	>52 inches
Weight at 1st Breeding	>750#
Weight at 1st Calving	>1250#
Age at 1st Calving	<23 months
Dystocia	<20%

Murmac Farms' goals for 2000 were posted and reviewed. This appeared in the conference proceedings.



Speakers at the Mid-Atlantic Dairy Management Conference included, from left, Tom Craig, Brad Hilty, Sean Jones, James Peck, Bernard Erven, Gregorio Billikopf, Bill Heald, and John Smith. Photo by Andy Andrews

2,000-cow managers, for employees to be herdspeople. But the university can only help "background" potential employees — it can't be in the position to supply a labor pool.

Producers are demanding better labor, but there is simply "not enough people in the market who have large dairy experience," he said. "(They are) pretty tough to find."

Also, the nature of milk demand has changed drastically in 30 years. In 1970, 40 percent of the supply went to fluid milk processing, and 20 percent to cheese. Today, 29 percent goes to fluid milk markets and 49 percent to cheese.

Smith did note, however, that Kansas milk pricing is less than the Northeast. "I would like to have the nice fluid market you have here," he said.

In 1990, only 33 percent of the milk produced came from the West. Now it's about 42 percent.

Northeast producers make up about 18 percent of the nation's

could someday be considered for large-scale dairy producers.

But if dairy managers want to expand the facilities and add more cows, Smith cautions: watch udder health. It's the "biggest problem by far with expanding facilities," he told those at the conference.

"We often manage by disaster rather than by prevention," he said.

Heat stress can be reduced by proper east-west orientation of facilities. Cool the cow in summer with spray on their backs, blow air over them, and evaporate the moisture. Use curtains in the winter to retain heat. Keep cows as comfortable as possible and, many dairy experts agree, cows will produce more milk.

"The number one pitfall is a lack of planning," he said. "You need to take the time to establish a business plan."

The keys: worry more about managing people, inputs, information, and capital, and you

and freestall and build the business to 1,000 cows.

Craig noted the importance of listing the goals for the organization and to meet with the teams weekly.

Successful Business Managers

James Peck, who operates a consulting business, ConsulAgr Inc., employs two and has more than 100 clients.

Clients manage a total of about 5,000 dairy cattle.

Peck, who has worked with Murmac, spoke about the characteristics that make farm businesses stand out for success.

Peck said they "grow productivity, grow people and management, develop long- and short-term plans, focus on really important things, seek and use good information, respect the basic principles of business, provide strong leadership, consider growth as an ordinary part of business, and make the best of land and equipment. They make the cows pay the bills."

Adapting To Change
Brad Hilty, senior extension

associate with the Penn State Dairy Alliance, repeated a quote he learned from a Mason Dixon Farm video: "change is inevitable," Hilty said. "Success is optional."

To be profitable and competitive, producers need to take a serious look down the road, according to Hilty. "Dairy producers need to be looking at how to get 30,000-35,000 pounds per cow in the next five to seven years and 40,000 pounds within 10-12 years."

The 1960s were a time that dairy production really started to escalate throughout the country.

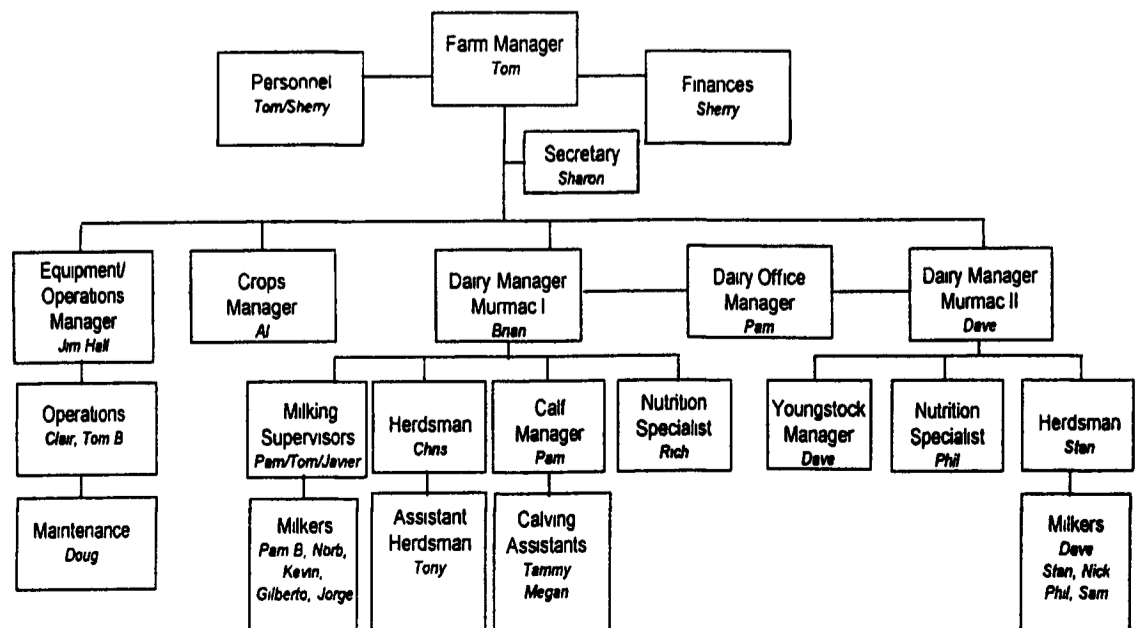
Nationally, average herd size remains at 100 cows. Pennsylvania is at an average of 64 cows per herd.

Production nationally stands at 17,764 pounds on rolling herd average. Pennsylvania is at 17,745 pounds. In 2000, some national herds reached, on average, more than 18,000 pounds. To herds: 26,000-28,000 pounds was common and they were doing it "profitably," Hilty said.

"The more cows you have, the

(Turn to Page A44)

Murmac Farms Organizational Chart



Tom Craig pointed out this Murmac Farms organizational chart at the conference. This appeared in the conference proceedings.