



Business Is Business — Both On and Off the Farm

By John Frey, Executive Director,
Center for Dairy Excellence

Editor's Note: This is a special feature from the Center for Dairy Excellence exclusively for the Farmshine newspaper.

Many dairy farmers will tell you they chose their occupation because they enjoy the way of life it offers. The opportunity to be your own boss, make your own business decisions, work with animals, work with your family and work outside the office boundaries are all aspects of the profession that appeal to most of us in the dairy business.

Our goal at the Center for Dairy Excellence, however, has always been to encourage dairy farm families to think of their dairy as much as a business as a way of their life. Jolene Brown, professional speaker and founder of the Business-First Family Institute, puts it best when she says,

farming as a way of life doesn't make a very good business model, but farming as a business can provide a very good way of life."

The past five years have redefined what it takes to succeed in the dairy business or in any business. Today's business owners must be willing to adapt to ongoing volatility and change. They must have a clear business plan and a sound understanding of both their business model and their financials.

Dairy farm owners are no exception. Understanding your level of risks and vulnerability is critical to managing through the highs and lows of the dairy and commodity markets.

The Center for Dairy Excellence offers several programs to help dairy farm owners become better business managers, including the "On-Farm Dairy Resource Team" program, which helps put together a team of advisors for a dairy; the "Dairy Decisions Consultant" program, providing the opportunity to

work with a consultant to make better decisions affecting the farm's future viability; and our "My Dairy Business Plan" template, which explains the steps of creating a comprehensive business plan. We also offer risk management advisory services and a variety of educational resources, including the "Mastering the Dairy Business" conference call series.

For this week's center page in the *Farmshine*, we interviewed three agri-business owners in the dairy industry on how their businesses had to evolve over the past five years and what they believe it takes to succeed in today's dairy industry, both on and off the farm.

For more information about center resources, please call 717-346-0849 or visit our website at www.centerfordairyexcellence.org.



DON HOOVER

Binkley & Hurst, Lititz, Lancaster County

Binkley & Hurst is an equipment dealership in Lancaster County serving the Mid-Atlantic region. The majority of customers at Binkley & Hurst are dairy farmers.

How has your business evolved with a changing industry? "One thing we have really had to do is ratchet up market scrutiny to hold better perspective on where prices are trending and to order product accordingly.

"We have to balance what our market requires with the ability to maximize programs and benefits vendors are offering. When markets are down and inventories are high, you really have to watch your bottom line."

How has that changed how you operate? "We are increasingly more sensitive to the needs of our customers. We do occasional surveys and we listen to the people who appear to have their thumb on the pulse of the industry. With less room for margin of error than there was five years ago, it is imperative to watch your balance sheet and sweat the small stuff."

What do you believe distinguishes success on the dairy farm? "Each business has to determine and define what success really looks like for them. With any business facing significant challenges on multiple fronts, some days you just have to take a deep breath and reconsider what is ultimately important in life.

"Embracing your employees, having a team spirit and defining what continual growth looks like for your dairy are all traits of successful managers. It is not always about the dollars and cents."



CARL DERN

Pennfield Corp., Lancaster, Lancaster Co.

Pennfield Corp. is a feed company serving 3,000 dairy farms, in addition to 150 equine feed dealers from Maine to Florida and 75 - 80 large poultry customers across the region..

How has your business evolved with a changing industry? "We have had to become more equipped to manage risk and volatility than in years past. When ingredients like corn go from \$2.50 a bushel to \$8 to \$4, that introduces a lot of risks for your customers and for your business.

"In a lot of ways, we are in the same environment that our dairy farms are, and we have to respond very quickly to stay with them, stay a dedicated supplier, and adapt to their needs."

How has that changed how you operate? "We looked at all of our costs and determined which ones we could lower or eliminate without affecting the quality of our feed or service. We communicated regularly with our banker, as well, because when we carry high inventories of higher priced feed or when the dairyman is stretched out, it can require a lot more cash."

What do you believe distinguishes success on the dairy farm? "There are two things — good record keeping and a good plan. First of all, it is impossible to improve if you don't know where you are. Whether it's buying inputs, selling milk or making other decisions, you can't make good business decisions without good records.

"Secondly, good planning is a must. If you don't know where you are or where you are going, it is impossible to move forward and take advantage of the opportunities that will arise."



TAYLOR DOEBLER

T.A. Seeds, Jersey Shore, Lycoming Co.

T.A. Seeds serves the Eastern region, from upstate New York to lower Virginia, with 60% of its business in dairy. T.A. Seeds produces its own seed on 700 acres in the Susquehanna River Valley.

How has your business evolved with a changing industry? "We have had to change our farming practices from mull board to minimum till to no till for the first time this year. We wanted to be in front of changing regulations and requirements from Chesapeake Bay legislation.

"Our selection of seed we are selling has also changed. Instead of just focusing on more yield, we are balancing yield with improved quality, looking for those seeds with improved forage traits for dairy farmers."

How has that changed how you operate? "My grandfather spent a lot of time on the dairy farm. My father moved away from that philosophy, and used to say 'If we produce the seed, we can sell it.' Now I'm back on the farm, listening to our dairymen to understand what they need. If we still had the philosophy that anything we produce we can sell, we would have a warehouse full of seed that we can't sell right now."

What do you believe distinguishes success on the dairy farm? "Just being able to change with market conditions and being able to evolve with anything that is in front of you is essential.

"Good managers have to be able to identify the problems, find solutions and implement the changes needed to solve those problems. They also have to have good credit to withstand bad times and good money management."