



The Center Spotlight

www.centerfordairyexcellence.org ♦ Phone: 717-346-0849

Do You Have Unity in Your Family Ownership Plan?

Editor's Note: This is part of a monthly series of timely articles and information from the Center for Dairy Excellence, a non-profit organization focused on strengthening Pennsylvania's dairy industry.

HARRISBURG, Pa. - More than 99 percent of all dairy farms in Pennsylvania are family-owned businesses. Thirty-four percent of the companies listed on the Standard & Poor's 500 Index are also family businesses.

Whether it's a Fortune 500 company, a 2,000-acre farm, or a 50-cow dairy, running a family business can be difficult. In fact, statistics show that only 40 percent of family businesses survive to the second generation. Only three percent survive to the fourth.

"Getting unity and commitment within the family ownership group is what will determine long-term success," said Mike McGrann, executive director of the S. Dale High Center for Family Business, an organization dedicated to bringing the best available resources to families in business across south central Pennsylvania and beyond.

"Commodity prices and market fluctuations are huge and they shouldn't be discounted. But your future really depends on having that unity."

Family unity must be created, not assumed

McGrann says three things can significantly influence a family business' ability to create unity. They include having clarity of expectations; a sense of vision; and disciplined communications processes.

"As we talk about families working together, we need to be very clear about the expectations for each individual family member and what the boundaries are that we establish," McGrann explained.

"Also, having honest observations on what the older generation wants and what the younger generation expects is essential," he added. "Many family businesses fail because they do not have that vision."

Having discipline around how family members communicate with each other is also essential, according to McGrann. "How do you talk to each other? In family situations, we might shout or use more aggressive communications methods than we would with non-family members," he said. "But that doesn't make it right."

McGrann will speak at the 2010 Pennsylvania Dairy Profitability Forum, held in two locations later

this month, to share his insight on "Critical Principles for Long-Term Success in a Family Business."

Designed to provide low-cost solutions for improving dairy profitability, the profit forum will be held at the Farm Show Complex and Expo Center in Harrisburg on Nov. 16. On Nov. 17, the forum will be held at the Clarks Mill United Methodist Church near Sandy Lake, Mercer County.

Having strong dairy farm families is essential to having successful dairy farm businesses. That's why this year's forum will focus on "Healthy Farms, Healthy Businesses and Healthy Families."

One of two keynote speakers for the forum, McGrann will use an actual dairy farm case study to share protocols to follow and pitfalls to avoid when working within a family business.

Dr. Wayne Weiland, Midwest regional manager of Standard Dairy Consulting, will join McGrann to lead a keynote address on identifying the key essentials for success on the dairy production side of the business.

Environment part of breakout discussion

Profit forum participants can choose from a selection of four breakout sessions, held twice during the day. Each breakout will provide practical, low-cost ideas for addressing the topic at hand.

Recently added to the program, a breakout on

the environment will walk participants through the changes that could be coming in environmental regulations, how those regulations could affect a dairy farm's ability to operate in Pennsylvania, and what farms should be doing to address the changes.

More information about the dairy profit forum can be found online at



Mike McGrann, executive director of the S. Dale High Center for Family Business at Elizabethtown College.

www.centerfordairyexcellence.org. Participation in the event is free, but pre-registration is required. Call the center at 717-346-0849 for more details or e-mail info@centerfordairyexcellence.org.

Attend the 2010 PA Dairy Profitability Forum

Program Highlights:

"Key Essentials for Future Success,"
Dr. Wayne Weiland, Standard Dairy Cons.
"A Dairy BMP Panel Discussion," with
AgBiz Masters Participants
"Critical Principles for A Family Business,"
Mike McGrann, Center for Family Business

Breakouts Include:

"Cost of Production & Business Budgeting,"
Tim Beck, Penn State Cooperative Ext.
"Effective Calf & Heifer Raising,"
Sam Leadley, Attica Veterinary Assoc.
"Dairy and the Environment,"
Doug Goodlander, Conservation Comm.
"Improving Milk Quality,"
Dr. Doug Wolfgang, Penn State

Dates & Locations:

— Provided at No Cost to Participants —
November 16, 2010
PA Preferred Banquet Hall
PA Farm Show Complex
2300 N. Cameron Street
Harrisburg, PA 17110
November 17, 2010
Clarks Mill United Methodist Ch.
located along Pa. Rte. 358;
2 miles west of Interstate 79 —
Exit 130 (Greenville/Sandy Lake)

Complete Form Below to Pre-Register:

Name: _____ Farm Name: _____
Address: _____ Phone No.: _____
City/State: _____ Zip Code: _____
Fax No.: _____ E-mail: _____

Check which you plan to attend:

Harrisburg Forum Clarks Mill Forum

Return Form to: Center for Dairy Excellence, 2301 North Cameron Street, Harrisburg, PA 17110 or Fax: 717-705-2342. Call 717-346-0849 or e-mail info@centerfordairyexcellence.org with information.

Pennsylvania milk production up 2.5 percent in September

Pennsylvania Dairy Industry Performance Scorecard Summary	Sept. 2009 Report	Sept. 2010 Report	Change from last year	Target range
Milk Cows	542,000 cows	542,000 cows	—	
Rolling 12-Mo. State Milk Production	10.532 bill. lbs.	10.660 bill. lbs.	+1.22%	10.8 bill. lbs.
Wholesale Milk Price	\$14.20/cwt.	\$18.90/cwt.	+33.1%	
PA Daily Feed Costs (cost of corn, soybean & hay at 65 lbs. milk)	\$6.14/cwt.	\$6.47/cwt.	+5.37%	
Milk Margin (IOFC @ 100# of Milk)	\$8.06/cwt.	\$12.43/cwt.	+54.22%	
Milk Production/Cow/Day	60 lbs.	61 lbs.	+2.48%	80 lbs.
% of Herds with 80+ lbs./cow/day	8%	8%	—	
Rolling 12-mo. Herd Production Average	20,985 lbs.	20,951 lbs.	-0.16%	25,000 lbs.
Average Somatic Cell Count	305,190	287,940	-5.64%	200,000
% of Herds below 200,000 SCC	29%	32%	+10.9%	
Average Days In Milk	189 Days	189 Days	—	185 Days
Average Age to First Calving	25.5 months	25.5 months	—	21—24 mo.
Average Days to First Service	89 Days	89 Days	—	< 80 Days
Average Cull Rate (% left herd)	33.7%	34.8%	+3.12%	20—35%
Average Pregnancy Rate	18.04%	15.87%	-12.0%	> 20%
To view complete scorecard, visit:	www.centerfordairyexcellence.org			

Pennsylvania's milk production grew 2.5 percent year-over-year in September, according to the most recent *PA Dairy Industry Performance Scorecard*, found online at the center's website.

Cow numbers held steady while daily milk production per cow increased one pound from a year ago. Milk production in the state was down one pound per day from August.

Higher feed costs, up more than 30 cents from a year ago and 50 cents above August, created tighter margins in September. The milk margin, or income over feed costs at 100 pounds of milk, was down 2.7 percent from August, but up more than 54 percent from last year. The All-Milk price was at \$18.90/cwt., its highest level since November 2008.

Pennsylvania's dairy farm families improved milk quality significantly this month, with somatic cell counts down 19 percent from August, and 10 percent from a year ago, to 287,970.

Farms interested in improving milk quality or enhancing reproduction could benefit from establishing a target profit team. The center offers funding and other resources to help farms establish a target team to troubleshoot bottleneck areas hindering success of the dairy business. Visit www.centerfordairyexcellence.org for more details.