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Highlights from the 2008 PA Dairy Industry Producer Survey



Goals of this survey:

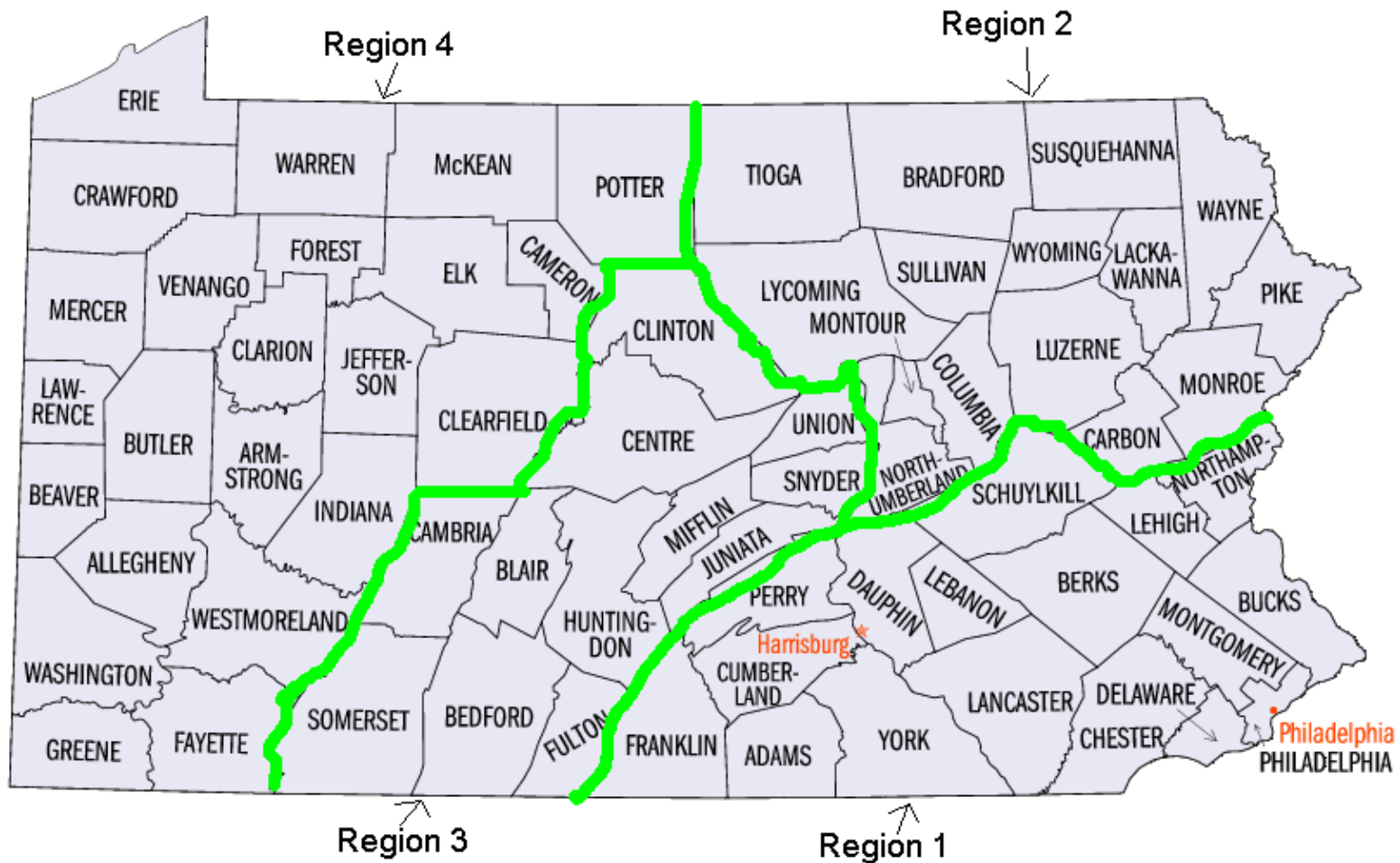
- Demographics of the Pennsylvania dairy industry
- Current milking and housing facilities and operational practices used
- Retirement plans
- Plans for modernization and investment in facilities
- Use of professional resources
- Limitations to growth, profitability and business transition



This survey represents...

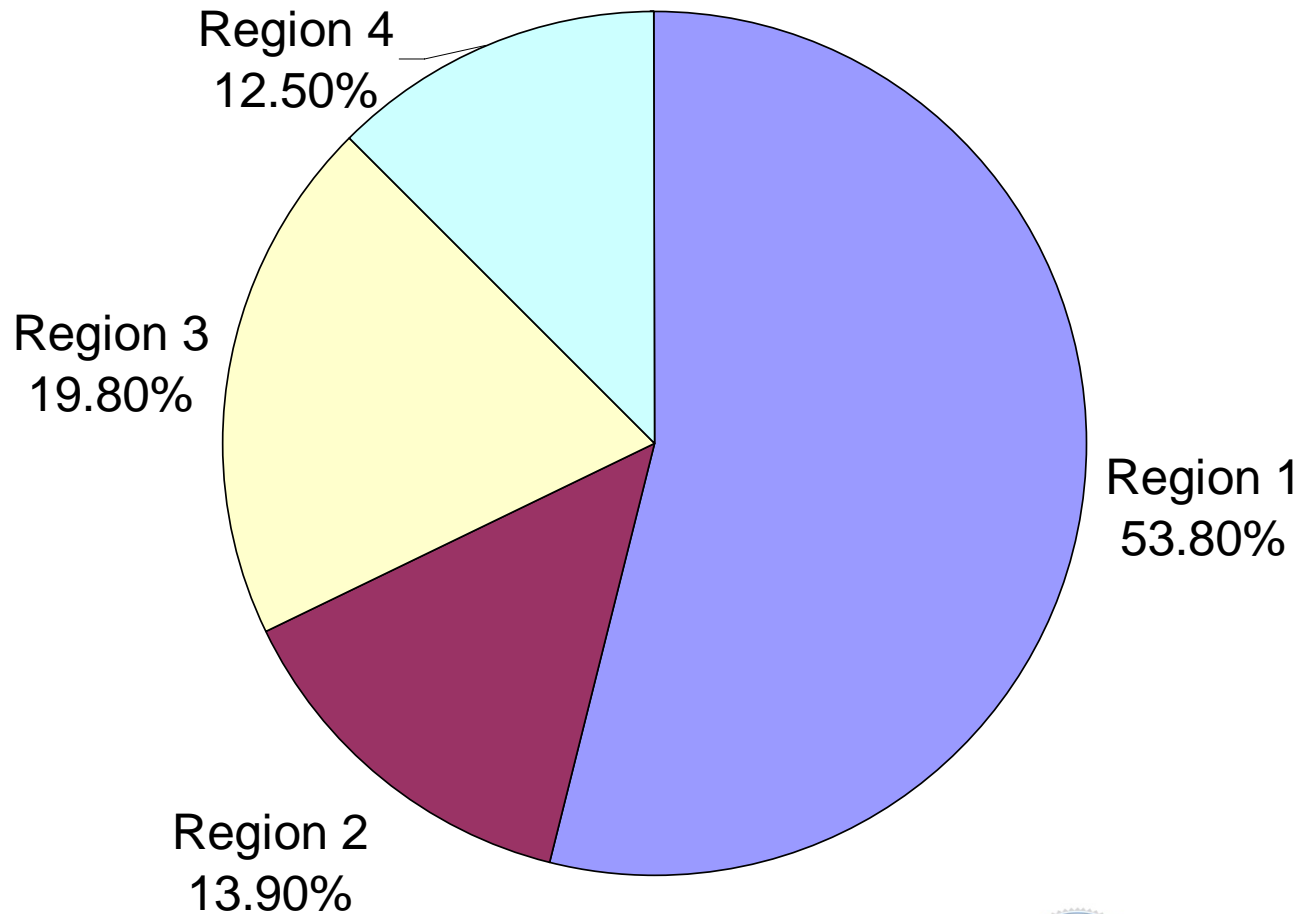
- 22% of the farms in Pennsylvania
- 26.7% of the cows
- 24.3% of annual milk production



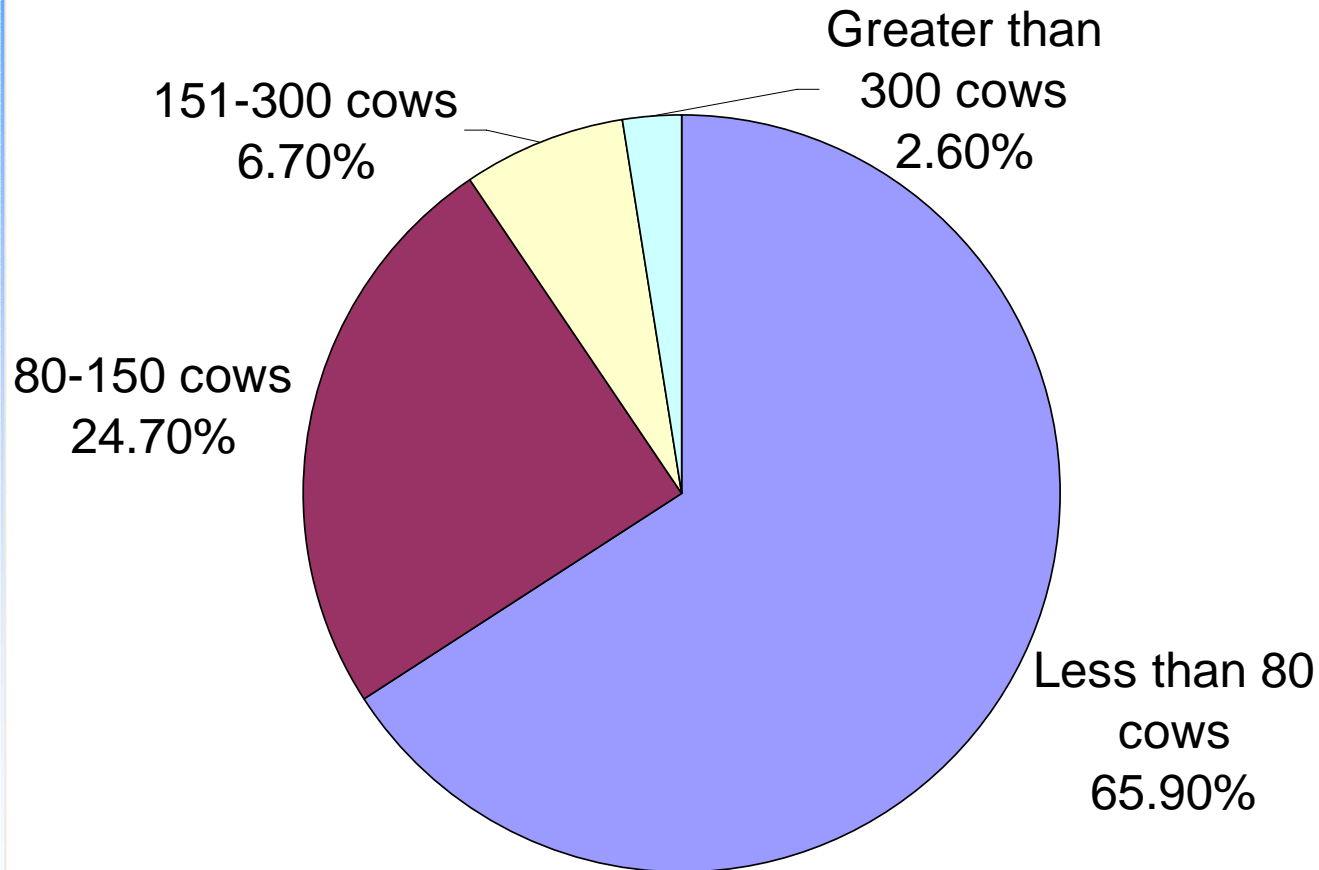


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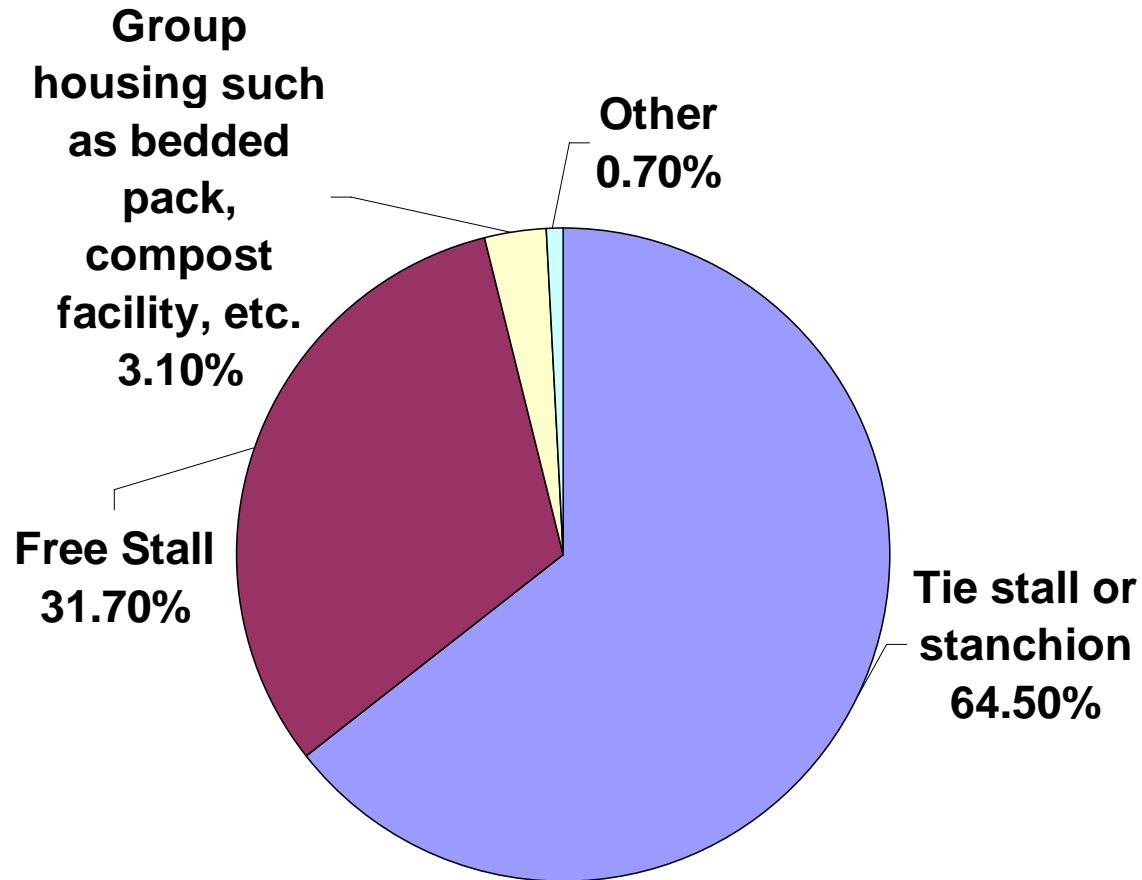
Who responded?



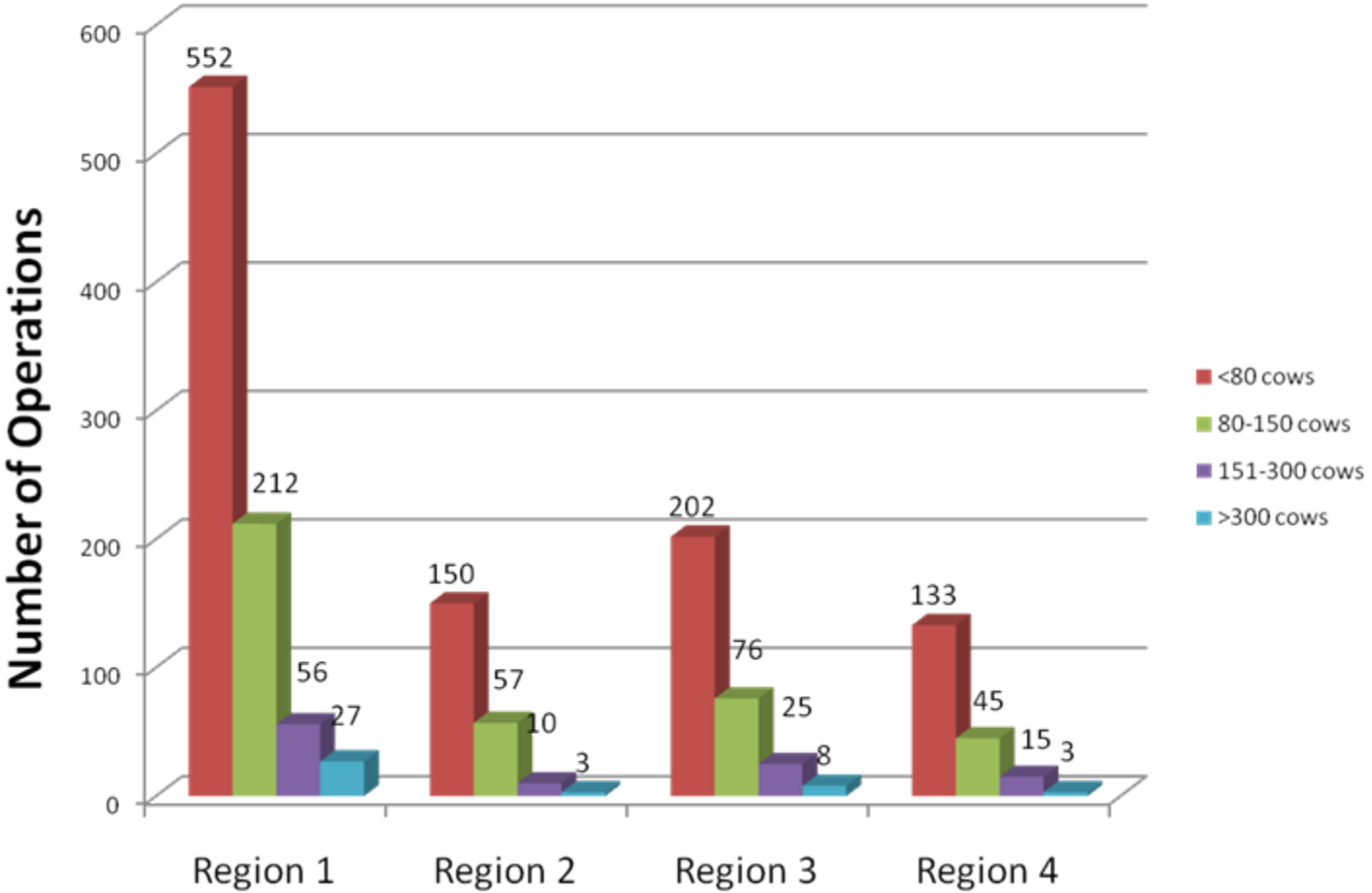
Farms were also broken down by herd size:



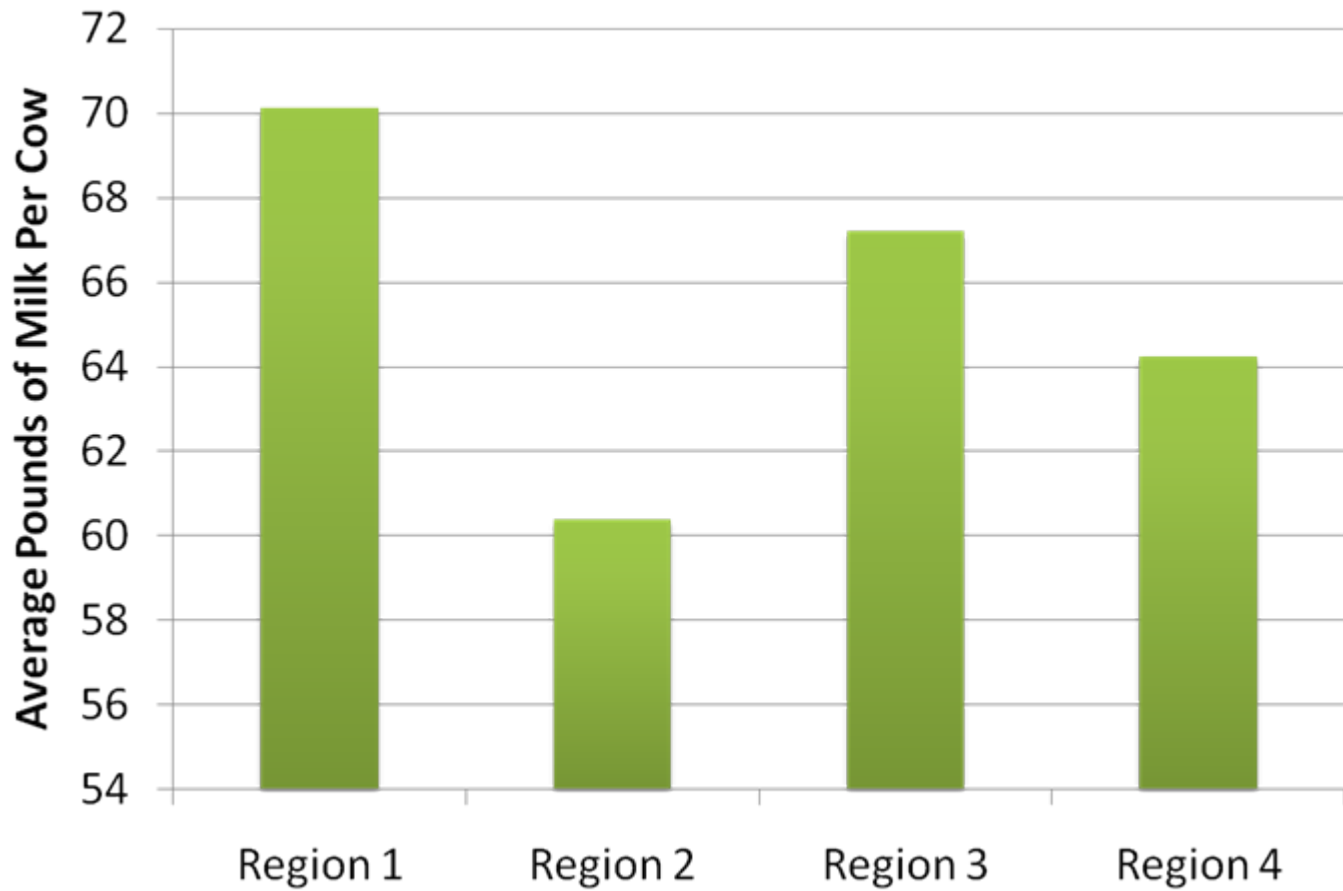
In which type of FACILITY do you currently house most of your cows that are being milked?



Milk Cows by Region



Pounds of Milk Per Cow Yesterday by Region

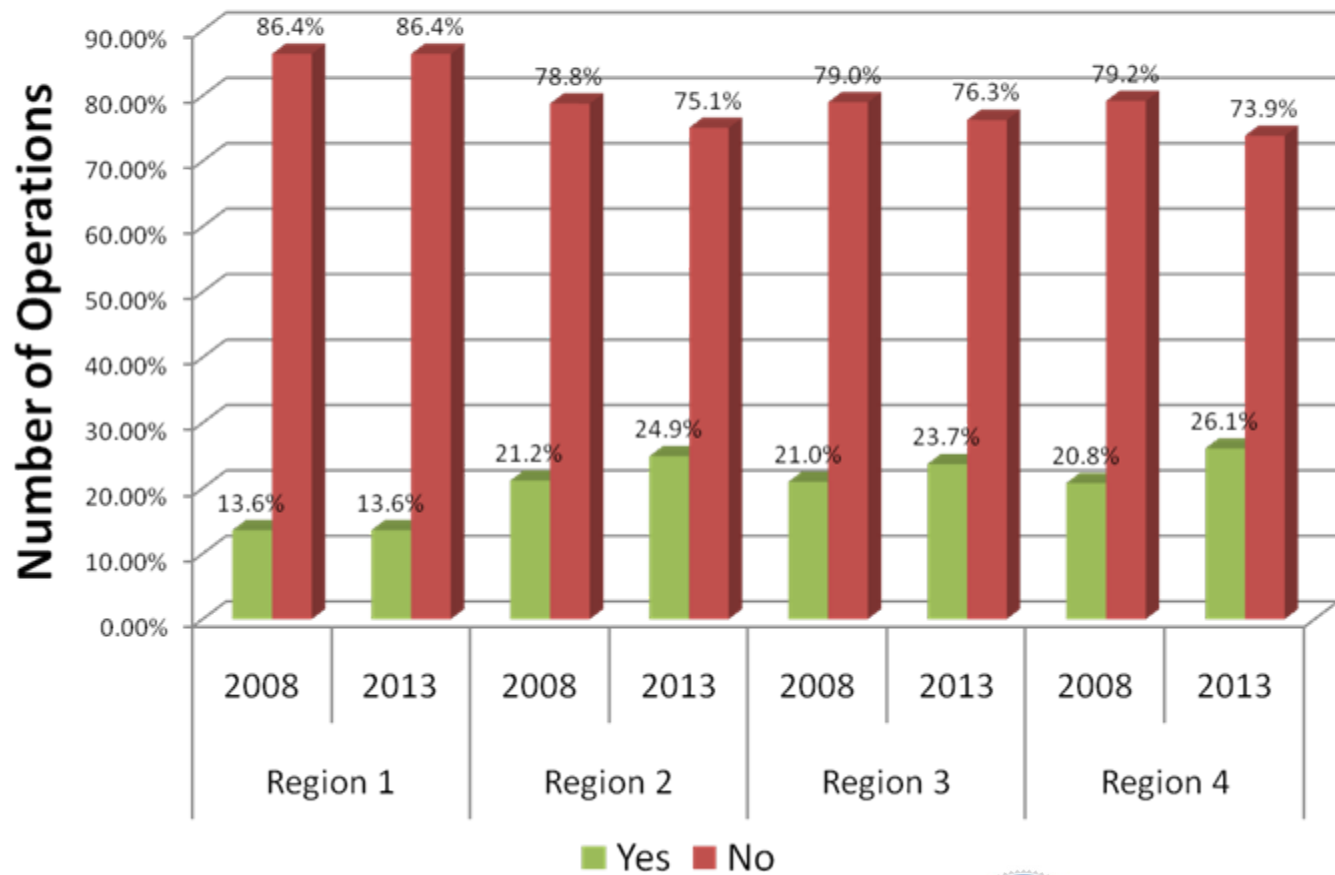


*Preliminary Data



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Percent of Operations Using Intensively-Managed Rotational Grazing 2008 to 2013 by Region



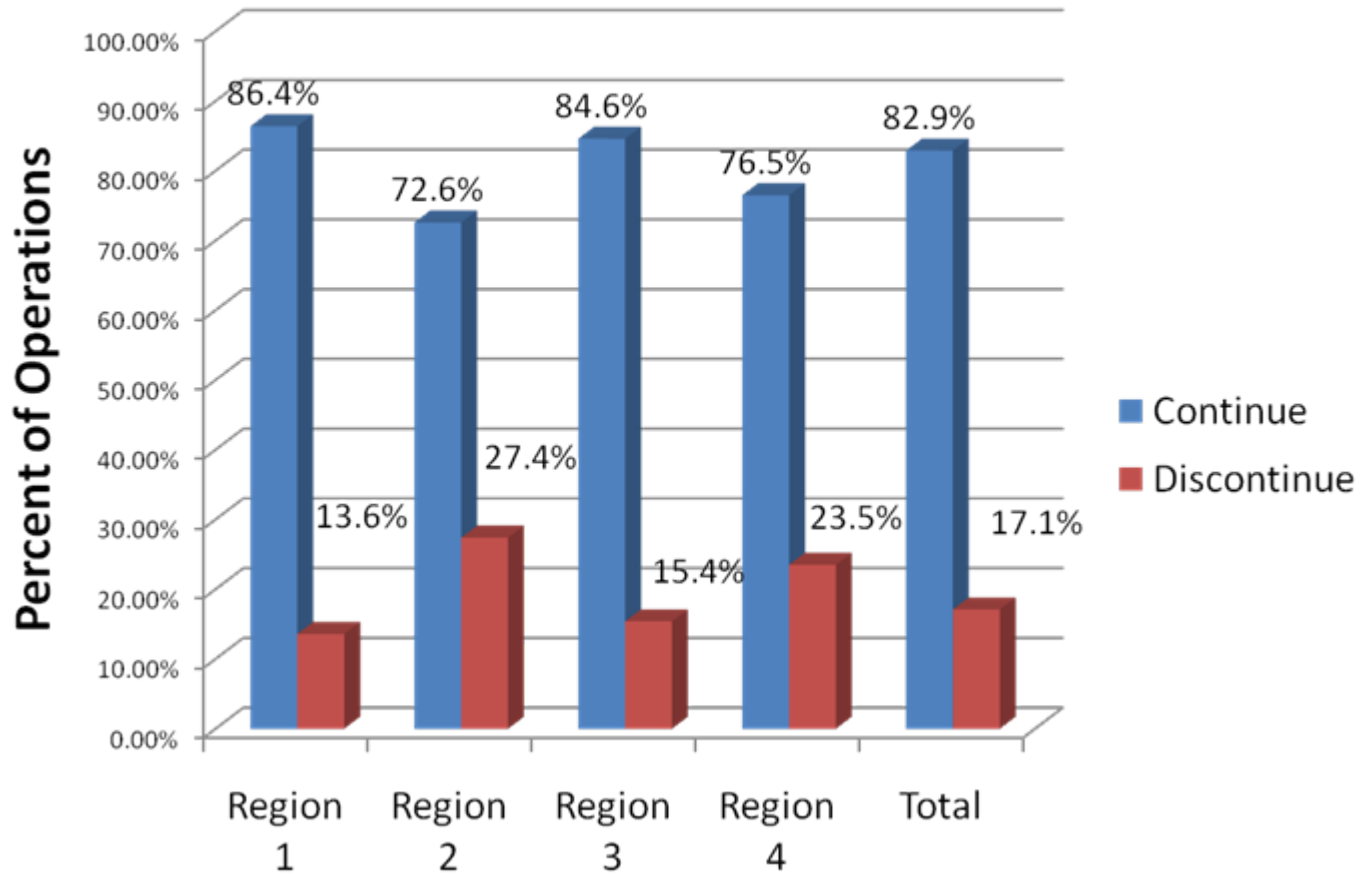
Where do you see this dairy operation in the next FIVE YEARS?

- Continue milking cows
 - OR
- Discontinue milking cows
 - If you sell your herd in the next five years, what will be the most likely reason?

Retirement, no one to take over	30.00%
Better opportunities for off-farm employment	3.40%
Developer will buy land	2.70%
Shift to beef, cash crops, or other agriculture	17.50%
Health issues	11.80%
Want more time for family and other interests	4.60%
Economics, can't make it financially	23.60%
Other	6.10%

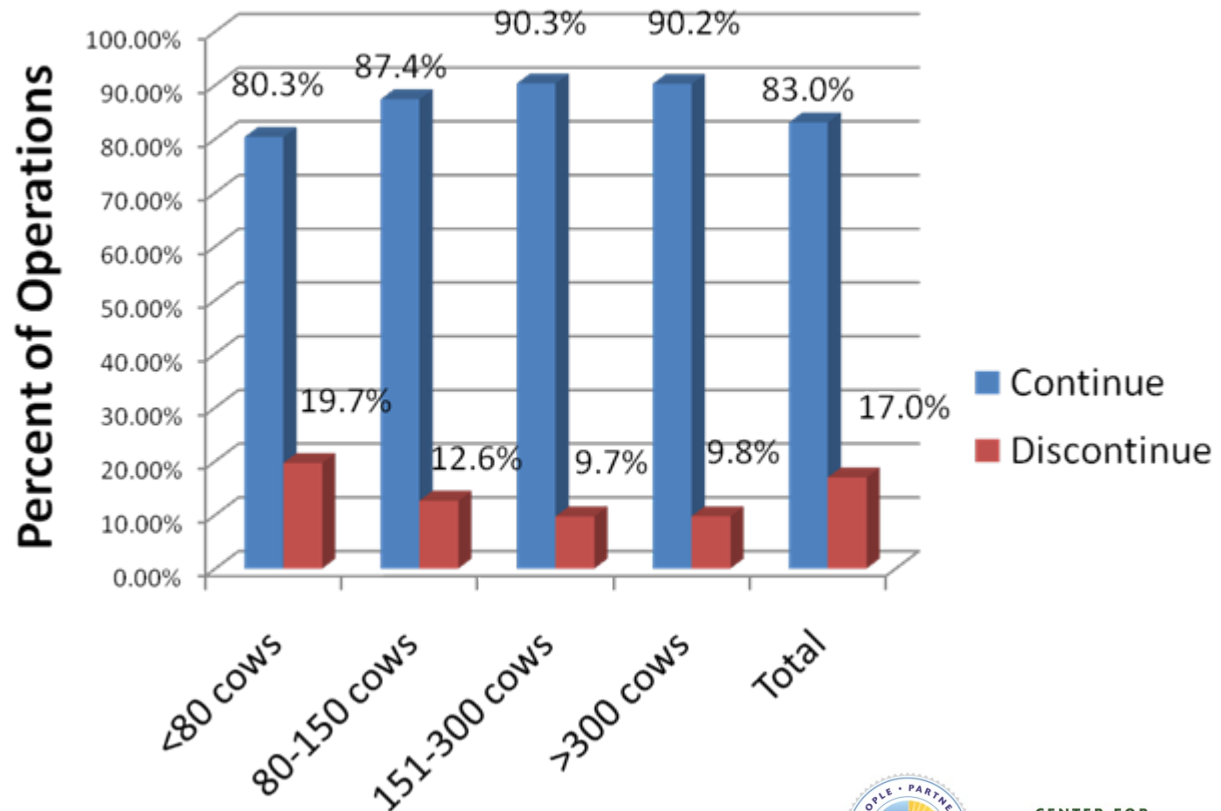


Operation Plans to Continue Milking in Next Five Years by Region



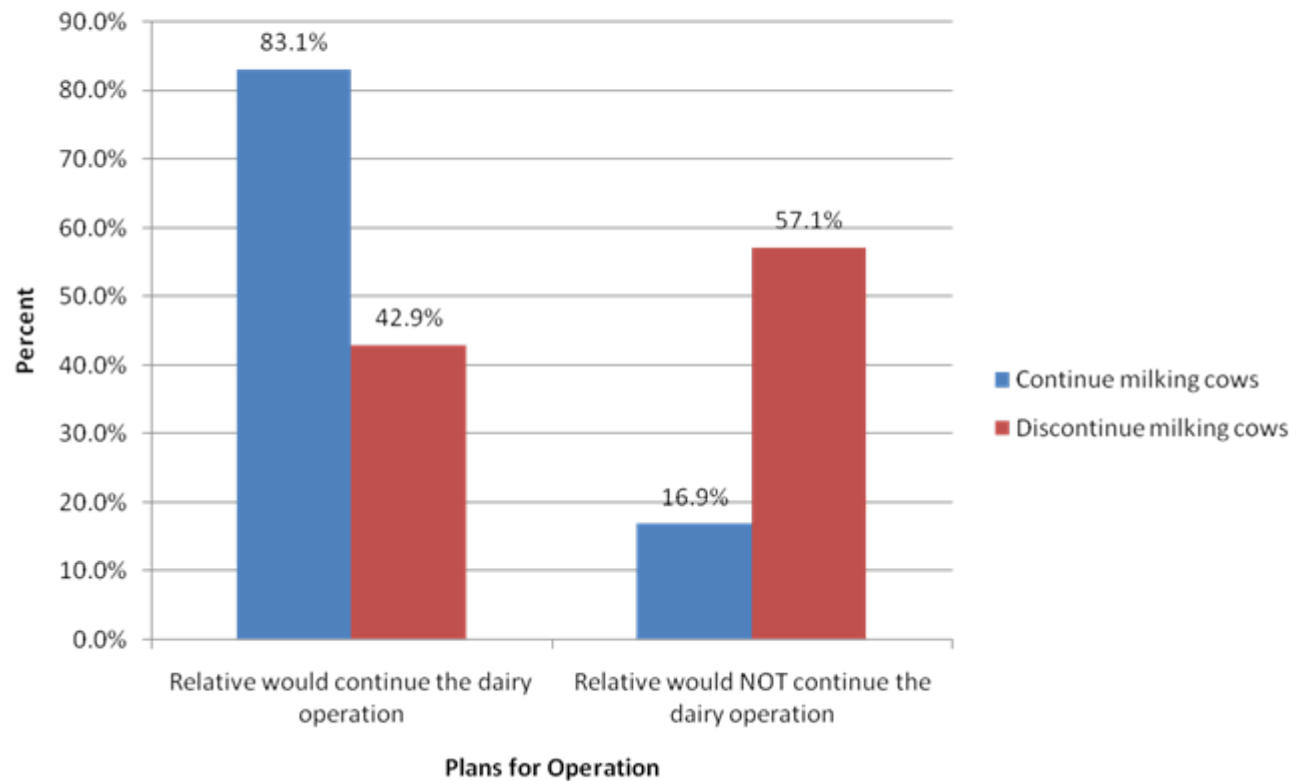
Discontinue – by Herd Size

Operations Plans to Continue Milking in Next Five Years by Herd Size



Family member to succeed?

Plans for Operation in the Next Five Years by Relative Continuing the Operation



Plans to Continue or Discontinue Milking

- Of those producers who indicated they would continue milking cows in the next five years (1228):
 - 134 (10.9%) have developed a formalized succession or transition plan
- Of those producers who indicated they would discontinue milking cows in the next five years for any reason (248):
 - 16 (6.5%) have developed a formalized succession or transition plan



Plans to Continue or Discontinue Milking

- Of those producers who indicated they would discontinue milking cows in the next five years due to “economics, can’t make it financially” (61):
 - 30 (49.2%) indicated they have used financial consultants or accounting services in the past five years
 - 4 (6.6%) indicated that they developed a written business plan in the past five years



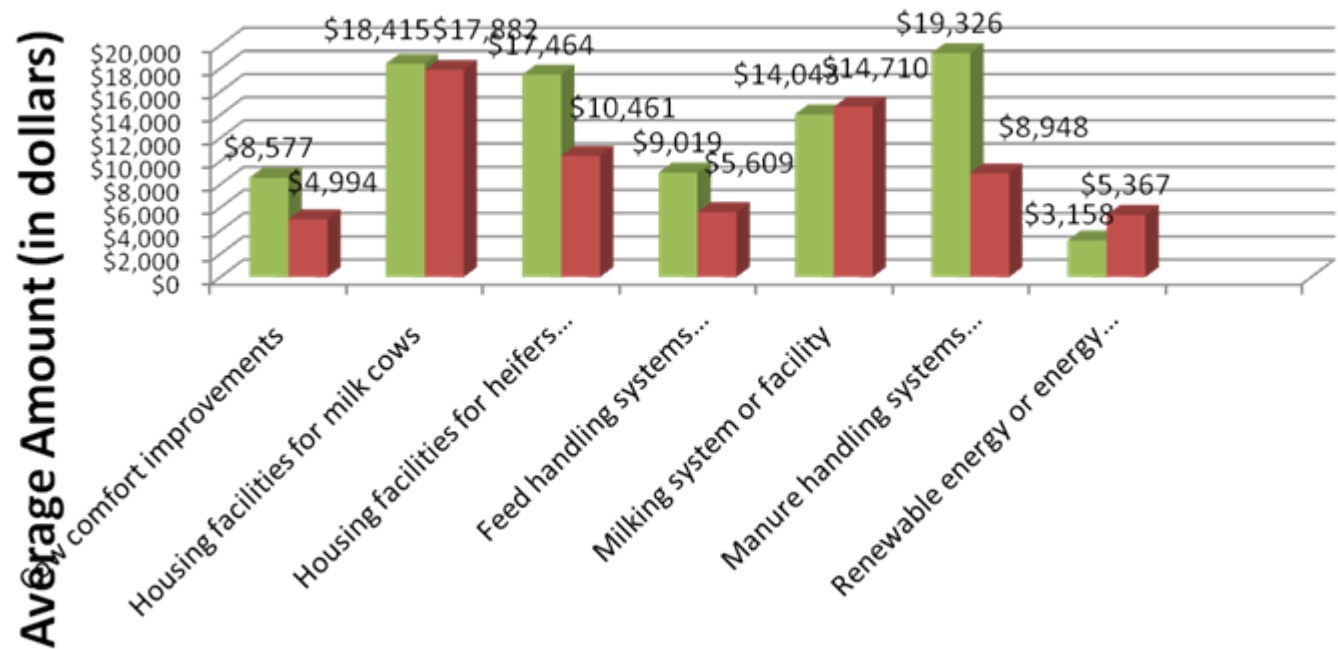
Dairy Operation Size Limitations

- Producers indicated that the most limiting factors to increasing size of their dairy operations were (in order of occurrence):
 - Land availability
 - Family or other personal considerations
 - Excess debt
 - Inadequate or unavailable labor
- 57.6% (875/1517) of operations indicated that they have no desire to expand their dairy operations



Investment history and future plans

Average Operation Investment: 2004-2008 and Anticipated 2009-2013



Facility Improvements and Additions

■ Average Spent from 2004-2008 ■ Average Anticipating to Spend, 2009-2013



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Improving Business Performance

- Producers indicated that the most important ideas for improving business performance are:
 - Maximizing milk price per cwt (Mean=1.33)
 - Decreasing cost of production per cwt (Mean=1.39)
 - Stabilizing milk price volatility (Mean=1.42)
- ‘Increasing herd size’ ranked considerably lower than all other choices (Mean=2.47)
- 1=Very important, 2=Somewhat important, 3=Not important



Want more?

- 90 minute webinar for dairy industry organizations
- DART meetings
- Posted on www.centerfordairyexcellence.org
- Other ideas?



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