

THE MANAGER

GENERATION NEXT

By Kim Skellie

These two young men, working with family, have assumed responsibility for tracking their dairy businesses' financial performance... and more

They found their management niche

Though the dairy businesses of Eric Sheffer and Stuart Ziehm differ in size and type, the two young men have similar responsibilities for the business side of their dairy operations. They benefit personally and professionally from participating in dairy business discussion groups, and their businesses profit from financial performance programs.

Bringing the younger generation into the business management of dairy farms sooner rather than later speeds up their understanding of what really drives performance.

Using tools like the Dairy Farm Business Summary and Dairy Profit Monitor helps measure and monitor performance and progress.

Grazer makes his way

Eric Sheffer may be the sixth generation on his Hoosick, N.Y., farm. But he's the first generation to operate a rotational grazing dairy. To get started, Sheffer built a double-12 swing parlor and holding area, using logged wood and sawmill at Sheffer's Grassland Dairy, during the winter of 2007-08.

He grazes his 180 cows on approximately 185 acres of the 320 owned and rented. Sheffer's goal is to reach 300 cows eventually.

His father, Wally, who custom raised heifers, was instrumental in piquing his son's interest in rotational grazing. Knowing their land was best suit to grazing, the father and son attended grazer meetings together in the 1990s to see how others made grazing systems work.

As a high school senior Sheffer participated in the Junior DAIRY LEADER

program and discovered what opportunities Cornell offered, prompting him to attend the university. The semester exchange program with the University of Lincoln in New Zealand, he realized, would increase his knowledge of grazing dairies.

"There were two parts of the New Zealand experience that had the greatest influence," Sheffer says. One was a grazing course at the college that presented comprehensive, detailed information on all aspects of grazing.

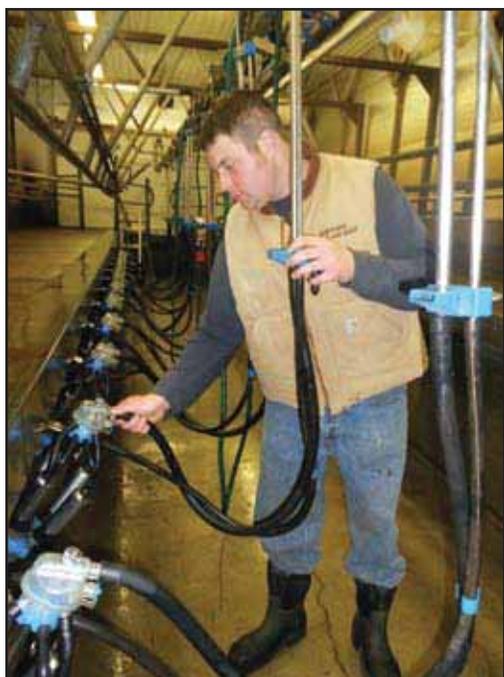
The other was visiting many types of farms. "I would talk to the farmers about management," he says. "It gave me the mindset to run a low-input dairy and be really efficient. Even seeing the life-style made me want to grass farm."

Also while in college Sheffer spent two summers learning herd health and maternity management at neighboring dairies.

When he graduated from Cornell with an animal science degree in December 2007, Sheffer was ready to implement his plan for a grazing dairy. His father, who manages the crops and equipment, co-signed on loans and serves as a sounding board. Otherwise, the dairy is the younger generation's to manage from money to milking.

PRO-DAIRY: What do you do to improve your business management skills?

Sheffer: Networking is important. I rely extensively on my involvement in a Young Farmers' Group through Cornell Cooperative Extension.



Eric Sheffer built a double-12 swing parlor to begin his grazing dairy in Hoosick, N.Y.

FYI

■ Kim Skellie, a PRO-DAIRY specialist, manages the Dairy Profit Monitor program. Reach him at 607.592.6222. Email: kss54@cornell.edu

■ To learn more about the Dairy Farm Business Summary and Dairy Profit Monitor, access the PRO-DAIRY website: www.ansci.cornell.edu/prodairy. Click on Program Areas.

■ See the PRO-DAIRY website for information on Dairy Profit Discussion Groups, found in the Dairy Farm Business Management Program area. Or contact Kathy Barrett at 607.229-4357. Email: kfb3@cornell.edu

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I also participate in the Pro-Grasstators business discussion group. It has 10 grazing dairy owners from five states, including Indiana, and meets three times a year. We share business performance information based on Cornell's Dairy Farm Business Summary and Dairy Profit Monitor.

PD: What systems or programs are helpful in tracking your business performance?

Sheffer: Dairy Profit Monitor helps me to track monthly operations performance. Working with Jason Karszes (PRO-DAIRY farm management specialist), I complete the Dairy Farm Business Summary annually to analyze the farm's financial performance and to put together budgets for my Farm Credit lender. I use Quicken for farm accounting, which my mother is mostly responsible for keeping up.

I primarily monitor operating expenses to see where I might be straying off course. Income over feed costs is another important number to track.

I'm pretty comfortable with my business skills and my ability to create budgets, though I don't spend enough time at it. I set a goal to spend more time budgeting and so far, I'm doing better.

PD: What do you do to improve your skills and knowledge?

Sheffer: I volunteer on our county's Cooperative Extension board. And I participated in the yearlong Generation Next program through Farm Credit. These opportunities combined with other industry meetings and pasture walks at different grazing farms help me keep up on the latest information.

Family at the core

Stuart Ziehm joined his brothers, Eric and Brian, and his parents, Frank and Terry, on their Buskirk, N.Y., dairy after graduating from Cornell in 2002 with a bachelor's in animal science. He always planned to return to the family farm, which has grown over the years to 560 cows and 1,500 acres cropped. The milking herd is at the home farm while dry cows, heifers and the cropping setup are seven miles away in Easton.

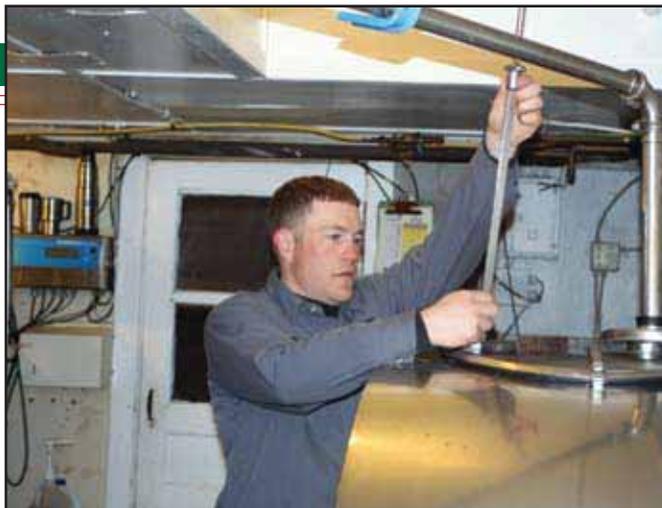
As is the case with most family businesses, roles are not cast in stone but change as skills and personalities develop. This was the case for the Ziehms. Initially, Stuart Ziehm managed the cropping crew when he lived near the Easton facility.

In 2006 he moved closer to the home farm. That move and changes in his brothers' interests and focus led Ziehm to take on the role of parlor manager. Then he gradually began gathering and tracking more business information.

Now Ziehm works with his mother to pay the bills, put together budgets and develop banking packages. He interacts with the dairy's banker and accountant. And he coordinates agendas and information for employee, partner and Dairy Advisory Team meetings.

"I work to gather information and track our performance so we can collaborate as brothers on how to move the business forward," Ziehm says about his role in the business.

Currently, Brian oversees the field and shop crew, crops and equipment; Eric manages the herd and building design; and Stuart is



Stuart Ziehm is the information tracker, gatherer and provider on his family's dairy in Buskirk, N.Y.

the business and dairy personnel manager.

"I'm more of an information tracker, gatherer and provider," Ziehm says. "I'm the person, with input from my mother and brothers, to carry out the financial responsibilities of the business."

PRO-DAIRY: What do you do to improve your business management skills?

Ziehm: I participate in a business discussion group with owners of similar size farms from around New York. We meet two times a year and use the Dairy Farm Business Summary and Dairy Profit Monitor to spur discussion.

We are always striving to make improvements on the dairy, such as milk quality and overall efficiencies. But we also work hard to have systems in place that allow the dairy to run smoothly. By doing so, I believe we have a greater chance of taking advantage of opportunities or addressing curve balls thrown our way.

I get a lot of satisfaction out of seeing employees who are content. This is why I continually work to improve and develop my interpersonal skills. To aid in this, I routinely ask employees two questions: "What is going well?" and "What could be going better?"

But most importantly, it's essential to keep lines of communication open within the family. We meet formally the third Tuesday of every month to make sure we're focused on the same things and the right things.

PD: What systems or programs are most helpful in tracking your business performance?

Ziehm: I rely on the Dairy Profit Monitor for monthly operations performance and the Dairy Farm Business Summary for annual financial performance. In particular, I like to check out labor efficiency and income over feed costs. These two categories are the heavy hitters in our dairy's profitability.

PD: What do you do to improve your skills and knowledge?

Ziehm: I've hired a coach for personal development. We work on leadership, communication and organizational skills. Most of our work is done over the phone or email. The coach's guidance has helped me run more effective meetings and has reminded me how important feedback is for employees.

We also work on time management. My brothers and I all have young children so family time is a priority. I'm trying to move from being a doer to more of a delegator, while still maintaining the respect of the team and partners. □