Re-investing in the business and its future is a process

This month’s Manager focuses on the process associated with re-investing in a farm business. Because many Northeast dairy farms are multi-generationual, change often takes place as the next generation returns to the farm and different opportunities arise. For the business to continue to meet the goals and desires of the family members over time, change must continually occur.

Why re-invest? This is a question that should be asked continuously as there is no universal answer. Every year in every business is different and each year there are different investment opportunities to consider. However, with the continually changing business environment, it is important that re-investment continually occur in at least some aspect of the business.

If no re-investment occurs for a length of time, does the business end up in a position that it can’t meet the family member’s goals and desires? And, more importantly, is it in a position that it may not present sufficient opportunities to change to meet the goals and desires of the family? By re-investing into the business, the business remains viable, continues to meet the goals and desires of the family, stays positioned to take advantage of opportunities that arise, and stays positioned to take advantage of future opportunities.

A second area of investment is in the people who will own and lead the farm. These owners and managers will make decisions on what to invest in and will manage all of the resources associated with the business. Development of these people is a process that takes place over many years, starting as children, and continuing well beyond the point of taking control of the business. If this is thought about formally, then there is a better chance that the people and the business will be successful.

Making Decisions? With many different areas of potential focus, how do you make decisions on what to do when? Multiple projects can be worked on simultaneously, but if efforts are prioritized, more consistent progress can be made. Advisory teams are one approach successfully used to consider alternatives and choose the next area of investment.

This issue of The Manager features technical articles and farm profiles authored by leaders from PRO-DAIRY, Cornell University and Penn State University. Their articles cover different areas of the re-investment process and form a collection that is a useful resource to continually refer back to as the business changes. By focusing on the process associated with making reinvestments in the business, along with building the necessary skills in the employees and management of the farm, the business can be more successful in meeting the goals and desires of the family and employees.

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