

BUSINESS REINVESTMENT

By Lisa Holden

Using a dairy advisory team to find the best re-investment option

The owners of “Do-More Dairy” are struggling with housing for a growing heifer population. One agriservice provider suggested remodeling an existing barn to fit their needs, another argued strongly for a new, more labor efficient facility, and a third for the option of contract raising. So, what’s a dairy owner to do? Which advice is best? What will be the most profitable choice? For more than 20 years dairy farm owners in the upper Midwest and Northeast US have used dairy advisory teams as a tool to garner expert advice from a variety of sources to make the best business decisions and to use resources more wisely. For productive teams, the cost of the team in time and dollars can be very small compared to the enormous benefits from improved decisions and higher return on investment. If a remodel, renovation, or other change is part of your future, consider using a dairy advisory team to help guide your project to success.

Why teams? The dairy industry has many talented professionals with a wide variety of expertise. Dairy farm owners tap into that expertise each time they interact with advisors, but the information they receive may be conflicting or biased based on the questions asked. Consider a dairy farm owner who asks about how best to remodel an old barn for his overcrowded herd. Best in terms of lowest cost? Best for ease of overcrowding with future herd growth? Or, best for the class of animals that will use the barn?

Advice comes with an understanding of the situation, and the advisors’ expertise on a one-on-one basis, which often leads to conflicting data and opinions. A dairy advisory team brings together multiple advisors with common goals. The team approach leads to better solutions because information is shared, questions are asked and answered, and options are prioritized, with a clear-cut action plan for success. In short, dairy advisory teams make the best use of time and money by combining advisors with unique expertise in tandem, like horses pulling a wagon, rather than in opposition.

How do teams work? A team may be assembled for a short period of time with a specific goal, like modernizing a facility. Or, a team may be used as an ongoing strategy for better business management. Either way, team members are chosen by the farm owners and may or may not include key employees, as well as advisors who they regularly work with. Some teams choose to include another dairy producer or a non-dairy business professional with different expertise. Typical teams range from four to seven people for small dairies to eight to twelve people for large dairies. Team members should fit with the overall purpose. One key role for a team member is the team facilitator or coordinator. This role is especially

Advisory teams help make better decisions and can save time and money.

important with larger teams. The facilitator helps to keep the team organized and on track and should be a trusted advisor rather than a farm owner. The owner’s time is better spent in discussion. Once the team is assembled, it is important to have some structure to the meetings so that time and effort is used to best advantage. For short-term teams, the team will end after the project is completed or the goal is achieved. For long-term teams, sometimes team members may change, and

the goals will need to be reviewed and realigned on a regular basis to keep the team moving forward. For dairies that are considering significant cost investment or re-investment, advisory teams can be a great tool to gather information, try out possible solutions and help the farm owners reach the best decisions to meet their goals.

Dairy advisory team success. Use of teams is not a new concept, but how teams are used successfully does continue to change. Dairy farm owners are often looking at major changes – management transition, expansion, remodeling – where the greatest impacts are made.

Consider the example of Dairy A: The goal is to reduce milking labor and improve milk quality. The parlor on the dairy is not sized for herd expansion over time and equipment is wearing out. Space and cost are both issues given the overall farm’s resources. The team researched and discussed three options: 1) building a new milking center; 2) renovating the old parlor; and 3) a combination of renovation with limited new construction.

Option 3 was identified as the best fit for this dairy, due to land and financial limitations. The results – a reduction in milking labor hours and bulk tank somatic cell counts within three months of the project’s completion.

The team met monthly for 10 months in the discussion and planning phase. The cost of the team meetings to the farm owner were about \$250 per meeting, including paid time for advisors, for a total of \$2,500. The return on that investment was huge considering the potential costs of poor decisions for construction and renovation and the resulting labor savings and quality improvements.

Online resources for teams:

- <http://extension.psu.edu/animals/dairy/hr/tools-for-teams>
- <http://extension.psu.edu/animals/dairy/hr/tools-for-teams/starting-an-advisory-team/roles>
- <http://www.hoards.com/bookstore/DADT> □

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