

# CHALLENGES AND OPPORTUNITIES FACING THE DAIRY INDUSTRY: BUSINESS & FINANCIAL

J. Karszes  
Department of Animal Science, PRO-DAIRY Program  
Cornell University

Activity Analysis – Breaking the business down further to activities taking place.

- What is the performance?
- What is the cost?
- Can the same performance be achieved at lower cost?
- Can better performance be achieved with the same cost?
- How much better performance is needed to justify additional cost?

Employee Management – Managing the Managers

- Middle and senior management
- How do we attract the people we want?
- How do we keep the people we want?
- What impact does this have on costs, decision making, and business structure?

Capital Investment: Improvement vs Replacement

- How is increased capital investment offset by earnings?
- Where is the next improvement in milk production efficiency?
- Where is the next improvement in labor efficiency/effectiveness?
- Where is the next improvement in earnings?
- Can the business afford to just replace without improvement?

Multi-Site Management

- What is the next step for the business?
- What needs to be in place to be successful
- How will this changes roles and responsibilities
- Doing vs managing vs leading

Transition of Management, Leadership & Equity

- Who will lead the successful farms in the future?
- What will happen to the successful farms today?
- How will management and leadership be transition to the next generation?
- Who will be the next generation?
- Push vs Pull

Managing Variability: A New Area of Focus

- Can we self insure?
- Should we self insure?
- How do we self insure?
- Are we making profits over time?
- When do risk management tools make sense?
- What new tools need to be developed?