



PLANNING TO FARM INTO THE FUTURE

by Kathryn E. Childs

A FARM is as much a home as it is an operation. Family and business are often inseparable. How, then, does one navigate conversations about succession planning and generational wealth while dealing with complex relational dynamics?

On an episode of the Dairy Business Association’s “Dairy Stream” podcast, Jud Snyder of BMO Wealth Management and Brad Guse, an agricultural banking officer for BMO Commercial Bank, discussed ways in which farm families may navigate these difficult conversations and offered financial advice for those beginning the process of succession planning.

Thinking ahead

Currently, the average age of the U.S. farmer is about 60 years old. This means there is mounting pressure on the next generation to carry the torch for the dairy industry. In the past, succession plans were almost exclusively generational transfers; now, there are many alternatives to family inheritance, making economic intrafamilial decisions increasingly complicated.

“Businesses have gotten large and complex to the point that thinking ahead about the future of succession planning is critically important,” Snyder said.

Guse added there is a place for everyone in the marketplace, but things may look different from farm to farm.

“In general, it takes 70 cents to produce \$1 dollar of gross revenue. Of those 30 remaining cents, 20 cents go toward providing capital, and the remaining 10 cents go toward profit or operating costs,” Guse said. “At the end of the day,

it’s about how many dimes you get to keep out of each dollar.”

Considering worth

When it comes to preparing for the future, farm owners should start by thinking small-scale, dime-to-dime. This will help generate more revenue that gets to stay within the family.

Generational wealth goes beyond saving dimes, though. It is a term that refers to wealth that is passed from one generation to the next — rather than a fixed sum — and may comprise of a family’s work over multiple lifetimes, including such considerations as reinvestments, availability of liquid assets, working capital, and unexpected changes such as marriage, divorce, or death.

How might a farmer approach generational wealth in a way that will best benefit his business and its future generations? Snyder and Guse said that being prepared for the unexpected, having open conversations, and planning ahead are the surest ways of doing so.

If a farmer is planning to sell rather than pass the farm down, Snyder defined a “trifecta” of confluences they ought to look for, including macroeconomic trends such as land valuation, interest rates, and global commodity prices; the right strategic environment; and the right time

for both seller and buyer. Hold off selling when appropriate, but have an exit strategy ready for when these considerations align. Consider, too, the structure of the deal and how proceeds will be disbursed.

“It’s a deeply personal decision,” Snyder said. “If you don’t have a successor or someone courting you as a strategic buyer, it can be even tougher.”

Find support from professionals or family members, and start the process early to avoid exacerbated stressors.

Practicing prudence

When it comes to discussing the farm’s future with those involved — usually one’s own family members — Guse and Snyder admitted it can be difficult to find a balance between personal and professional. What are the next generation’s aspirations, and do they align with the current generation’s?

Both bankers emphasized that having these conversations early and often is key. There is no such thing as “the right time,” Snyder said, so if you wait for it, you’ll be waiting for a long time. Make an effort years in advance of a transition to sit down and discuss options.

“Once a plan has been decided on,” Guse added, “revisit it multiple times to ensure it still adheres to the parties’ best wishes.” Businesses — especially family ones — change over time, so make adjustments to the succession plan accordingly.

They noted, too, that inviting a third party to sit in on these conversations can be a big help. Emotions and opinions tend to be amplified when money meets relation, and being able to discuss options with a specialist can make all the difference.

Plus, giving the future generation a seat at the table doesn’t mean the current generation has to eat on the floor. It’s all about clear and transparent communication. Rights, risks, and responsibilities can be shared as well as they can be passed on.

Moving forward

The biggest takeaway from everything they discussed, Snyder and Guse agreed, is to be proactive about succession planning.

“There’s a great intersection in our industry between business and personal. It’s what sets agriculture apart from other industries,” said Snyder. “Finding time to sit down and learn what kind of an impact a sale or a business transition will have on the farm and on the family is the biggest advice I have. By being prepared for it, you can have a much better outcome for you, your family, and for generations to come.” **1000+**

■ The author is a freelance writer based in Rockford, Ill.



Scan the code to find more articles written specifically for producers with more than 1,000 cows.

FOR OUR 1,000+ PRODUCERS

IN THIS ISSUE:

- M1** Planning to farm into the future
- M3** The art of delegation
- M4** How compliant are you?
- M5** Develop leaders as you expand the herd
- M6** Sage advice for multi-site dairies



OPEN AIR / ULTRA FLEX-PENS

- Ultra lightweight for easy setup and cleaning
- Available with metal front and back panels
- 5', 6', and 7' Lengths available
- Center panels can be removed for group penning option
- 10 Year Warranty



SL RANCHER HUTCHES

- All-in-1 Rear Door, Roof Vent and Rear Rotary Vents all come STANDARD
- Available in Deluxe or Rancher Options
- 100% opaque for temperature control
- Easy to clean and sanitize
- 10 Year Warranty



FLEX-HUTCHES AND DRYZONE SLATED FLOORING

- Simplifies chores such as bedding, feeding, watering and cleaning
- Provides shelter against weather
- Adjustable, hinged Flex-Roof Cover™
- Floor enhances animal welfare
- Floor reduces bedding consumption



SUPREME BUDDY HUTCH

- Multi-Position Awning with optional Weather Cover for extreme weather
- Bi-Swing Feeding Doors
- Swing-Up Rear Bedding Door
- One-piece construction
- Truly opaque
- Ridge and Rear Rotary Ventilation
- 10 Year Warranty



AGRI-PLASTICS: OFFICIAL NORTH AMERICAN MILK BAR DISTRIBUTOR

The Milk Bar® philosophy is simple: Control the flow of milk and regulate the drinking speed to improve calf health. Shop our variety of Teats, Calf Feeders and Mobile Feeders at CalfHutchShop.com today!



[1,000+ PRODUCER]



THE ART OF DELEGATION

Successful delegation starts with surrendering control, which isn't always easy to do.

by Kathryn E. Childs

GIVING others the authority to act on your behalf as an employer can be unnerving, especially if you're accustomed to bearing responsibilities on your own. Say a shipment of supplies is to arrive at your dairy a day after you leave for vacation. Who will see to the shipment's reception, and how can you be sure things will go smoothly? Delegation is the act of entrusting another person with a task or responsibility, and it isn't without challenges.

Most of us are familiar with tackling extensive to-do lists without help. "It's easier to do it myself" is less a statement of pride or flippancy than of sincere belief. It truly seems simpler to complete tasks alone — we know what needs to be done and the best way to do it. But how many things can we do well in a day's time?

Delegation may seem like more effort than it's worth, but it can equate to fewer troubles in the long run. The key, said Lisa Holden of Penn State Extension in a Dairy Workforce webinar, is knowing how to conduct a successful transfer of the baton.

The six steps of delegation

In her lecture, Holden outlined a set of guidelines to follow when looking to share responsibilities on your farm.

1. Prepare in advance. Be proactive about delegating. If something needs to be done, don't wait until the last minute to communicate needs to a team member.

2. Discuss the task. Communicate the need intentionally and with detail. Allow time for discourse, should the employee have questions or concerns.

3. Set a completion deadline. Be spe-

cific about when the task has to be finished, and follow up accordingly.

4. Explain the level of authority. Make clear whether you will make any final decisions. This will avoid any hard feelings should you decide to go in a direction other than what is recommended by the work the employee completed.

5. Build in checkpoints. Conduct periodic check-ins for big projects and final reminders for small projects. This will ensure both you and the employee are less likely to get off track.

6. Hold a final meeting. Thank the employee for their help and exchange positive and constructive feedback.

To surrender control of a task is to release authority over the task's results, too. But if there are clear expectations for both you and your employee, this won't feel like giving up something so much as sharing the load. It's about building a bridge between your expectations and your employee's abilities.

Tips for success

"We only have so many hours in a week," Holden said. "By delegating within our team, we can get a tremendous amount

more done — if we do it well."

There are road blocks to look out for even in the best of delegated arrangements. For instance, Holden warned against committing a "delegation dump" (assigning a plethora of tasks and expectations at once, thus overwhelming an employee) or assigning tasks to employees who may be ill-equipped to complete them. If someone is incapable or unwilling to perform a request, the transfer will go poorly. If possible, provide additional training they may need, or simply select an employee who already has the experience necessary.

Further, avoid being a "helicopter manager." If you're going to assign a task, assign it. Then step away. Constant hovering suggests a lack of trust, and employees may be less willing to step up in the future.

Holden also advised incorporating open-ended questions into your request rather than "yes" or "no" ones. This will give you a realistic sense of a person's comfort level with the request.

Practice makes perfect

Delegation is a skill, and like any skill, it takes practice. The more you do it, the easier it will feel. The next time a to-do list extends beyond what's reasonable, consider handing off some responsibilities to capable employees. It will not only make your life easier, but it will nurture employee morale, too. The more they are trusted with accountability, the more employees will learn and grow, making your operation all the more prosperous. **1000+**

■ The author is a freelance writer based in Rockford, Ill.

[1,000+ PRODUCER]

HOW COMPLIANT ARE YOU?

by Katelyn Allen

WHAT does compliance look like on your dairy? Maybe it involves following a protocol closely to complete a job. Perhaps it is getting a job done in whatever way is the most efficient. Or, it might be a hodgepodge of following rules and improvising on the go.

We know that how an animal expresses its innate genetic ability is directly affected by the environment it is in, and that includes how we follow the standards we have set to care for them.

During a Reproduction Roadshow event, University of Wisconsin-Madison dairy extension educator Alison Pfau encouraged attendees to not think of compliance as one box that either gets checked or doesn't. Being compliant to a fertility program, for example, means giving the correct treatment at the correct dosage to the correct cow at the correct time. If any of those steps are altered, compliance has suffered. And if you are just 95% compliant on each of the three treatments of an ovsynch program, she continued, that multiplies out to only being 86% compliant to the entire system. That can make a big difference in how the protocol you have carefully designed actually works, Pfau said.

A similar example could be made for the steps of the milking procedure, or newborn calf care, or feed delivery. No matter

what job someone is doing on the farm, following the steps that have been determined to work for the business is crucial to achieving the farm's goals and being able to accurately evaluate if something needs to be adjusted.

Getting it done

That's all easy to say, of course. Achieving good compliance requires clear determination and communication of the protocols followed by effective training and regular follow-up.

Pfau advised that training should be the first thing employees go through when they join your farm team, regardless of their past experiences. They may have handled breeding at a job prior, for example, but your farm and team has its own needs and systems. Ensure that you lay out these standards when a new employee arrives or someone takes on a new role, she said.

She also recommended providing refresher trainings at least annually. This creates a natural time to review pro-



CLEARLY COMMUNICATING PROTOCOLS is the first step to helping employees be compliant.

ocols and make adjustments if necessary while also limiting procedural drift and keeping everyone on the same page. Make sure all protocol materials are available to the people performing those jobs and translated if necessary.

In the short term, effective training develops a farm team's knowledge and skills, helping build ownership and a more rewarding work environment by giving people what they need to do their job. In the longer term, attention to the proper protocols also makes a difference to animal welfare and productivity. Together, those results help a dairy thrive. **1000+**

■ The author is an associate editor for Hoard's Dairyman.

DM 3X+

PREMIUM PARLOR PERFORMANCE

The DM3X+ is developed to meet the needs of large herds prioritising milking parlor performance and includes advances for equipment reliability, speed of operation and cow flow.

<h4 style="margin: 0;">RELIABILITY & SERVICEABILITY</h4> <ul style="list-style-type: none"> ROBUST STAINLESS CONSTRUCTION DESIGNED FOR SPEED OF MAINTENANCE AND REDUNDANCY PROTECTED ELECTRICAL COMPONENTS IN SERVICE ZONE ENERGY EFFICIENT DRIVE SYSTEM DAIRYMASTER ROTAGLIDE TECHNOLOGY 	<h4 style="margin: 0;">COW COMFORT</h4> <ul style="list-style-type: none"> ERGONOMIC ALL ROUNDED CONSTRUCTION FOR COW COMFORT LOW PROFILE BAILING FOR INCREASED COW FLOW INCREASED VISIBILITY FOR THE COW 3x 3 OR MORE TIMES A DAY MILKING 	<h4 style="margin: 0;">INCREASED DIAGNOSTIC & REMOTE SUPPORT</h4> <ul style="list-style-type: none"> ENHANCED BACK END MILKING AND PLATFORM CONTROLS INTEGRATION WITH DM NOW WATER AND ENERGY CONSERVATION FEATURES LIVE DRIVE MOTOR, MILK & VACUUM PUMP. FEEDBACK ALLOWS FOR REMOTE SUPPORT
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------



T: 1-717-979-6035 | E: usainfo@dairymanager.com | W: www.dairymanager.com





ABEL DAIRY FARMS, located near Eden, Wis., grew from 1,800 to 4,200 cows and found success by developing middle managers from their current employees.

DEVELOP LEADERS AS YOU EXPAND THE HERD

by Kathryn E. Childs

THE joke — according to Steve Abel of Abel Dairy Farms — is that dairy owners are full-time firemen and part-time dairymen. Putting out “fires” of operational crises occupied much of Abel’s time until he began the process of expanding his herd and his team, providing the opportunity for him to delegate tasks he used to juggle single-handedly.

The Abel family grew their 1,800-cow herd to 4,200 cows in under a year. Abel credits this expansion to many factors but primarily to the development of middle managers within his team. Such a significant adjustment can seem daunting, but Abel argues it’s worth it.

“It allows the CEO to be the CEO and let others take the lead on daily challenges,” he said.

But how does this change happen?

GPS Dairy Consulting’s “DairyCast” podcast hosted a conversation with Abel and GPS consultant Robb Bender about what successful expansion looks like.

“As a dairy producer, it’s easy to think about growth in terms of investments, expenses, and infrastructure,” Bender said. “What’s harder to think about is leadership development — what the team will look like pre- and post-expansion.”

It goes like this

As a client of Bender’s, Abel worked with him on a long-term plan to grow and modernize the dairy. This included updating to a rotary parlor and, most notably, developing middle managers from within the company — rather than hiring out — thereby adjusting the way Abel led his team in response to the

growth of his dairy.

“More systems means more people, and more people means more management,” Abel said.

This shift is gradual, Bender added. It progresses from doing the work yourself, to managing those who are doing the work, to training those who will do the managing of those doing the work. It requires giving up quite a bit of control, but for the reward of growing a team of passionate leaders.

“It’s wonderful to see your employees empowered to bring things forward,” Bender said.

Find a good fit

Still, finding out where each employee will fit in an expansion can be difficult. It’s about matching the right job to the right person.

In his search for middle-management, Abel looked at the members of his team who he felt had unrealized potential and worked on developing their leadership skills. From there, he experimented with putting employees in roles he thought might be a good fit, and if it didn’t work out, he made changes.

Additionally, Abel conducts weekly meetings to which middle managers are invited to bring their ideas and con-

cerns. Then, after gathering collective feedback, the team as a whole comes up with a plan of action.

“They’re the ones managing the individual workers, so they know what’s going on day-to-day,” Bender said. “It’s also important to personally be out there side-by-side with your workers to understand what they’re facing.”

His greatest win throughout all of this, Abel said, is that not one employee left the dairy within the first six months of the expansion. Despite all the change and unknowns before, during, and after the expansion, not one worker called it quits. Bender, too, said that’s huge.

Now, Abel said he’s looking for ways to return to their elite level: “We can keep getting better and moving forward.”

Embracing change

Thinking about expanding your own dairy? Bender emphasized the importance of remembering that expansion will look different for each individual farm.

“All dairies have different people, different stakeholders, different systems in place, and different things they’re managing,” he said. “Customization is really important to make a difference for each dairy.”

Change is inevitable and ongoing when it comes to daily life, let alone a massive dairy expansion; the best thing you can do is embrace it.

“Don’t be afraid to make mistakes,” Bender said. “Jump in, take risks, and lean on those around you.”

“When systems change, people need to change a little bit, too,” Abel added.

Further, keep in mind that the process of expansion begins long before the cows actually arrive. It’s about preparing yourself and your team by developing middle managers, considering where you are and where you want to be, and knowing you may not get it right the first time around.

It’s hard, Abel admitted. In the beginning, he underestimated the extent to which things would need to change. For the first several weeks, the dairy barely kept its head above water. What kept him going was the edification of contributing to the empowerment of his employees and the understanding that each new realization was an exciting step forward.

Abel credited Bender’s expertise with making a difference, too. GPS Dairy Consulting helps develop leaders, inspire change, and provide networking between farms.

“It’s a small industry,” Bender said. “Getting people together to learn from each other can be a big help.”

As for the fires? They still happen, of course. But with capable, high-performing middlemen, Abel can hang up his hose and focus on what’s ahead. **1000+**

■ The author is a freelance writer based in Rockford, Ill.

[1,000+ PRODUCER]

SAGE ADVICE FOR MULTI-SITE DAIRIES

by Jenna Byrne

DAIRY farmers hold many titles; they are accountants, managers, nutritionists, agronomists, and mechanics all in one, not to mention many more titles that we could add to the list. For many, keeping tabs on one farm may seem stressful enough, but how do people that manage multiple dairy operations keep things in order?

A breakout session at the recent Professional Dairy Producers (PDP) conference featured a panel of multi-site dairy directors. The panel included John Mueller of Willow Bend Farm LLC, in Clifton Springs, N.Y., and John Vosters of Milksource LLC in Kaukauna, Wis. These dairymen shared what they have learned as they navigate overseeing a multi-site dairy, along with rookie mistakes to avoid.

Willow Bend Farm LLC includes three locations: Willow Bend Farm, Spring Hope Dairy, and Bonna Terra Farm. In total, they have 5,600 milking cows and 90 team members.

Milksource consists of seven locations: Tidy View Dairy, Omro Dairy, Calf Source, Rosendale Dairy, New Chester Dairy, Heifer Source, and La Belle Dairy. Although these farms are located states apart, many common themes were heard across the board between the two dairymen.

Organized work means every job that needs to be done has someone to do it at a specific time and in a specific way. When

asked the question, “How are you able to grow?” both farms had similar answers in that maintaining a good team of reliable people is necessary.

“We have specific protocols for all work, and someone responsible to see that they are performed to expectation,” Vosters cited. Unreliable employees will slow you down, and “weeding out the bad apples,” as Mueller stated, will save you a headache in the long run.

Enabling opportunities for learning, growth, and leadership development were also supported. Providing language learning courses if there is a language barrier proved to be extremely helpful, they shared. Transferring work culture to other sites is done so by implementing and enforcing the same core values across all sites to ensure each has the same expectations.

Multi-site dairies can present a certain set of challenges that many other dairies do not have to think about. Because people are working in different locations, this

creates the need for more farm meetings to share data and performance updates between sites. Mueller stated, “With more sites, you have more meetings, and these meetings need to be productive and have an agenda or certain goal in mind.” Without an agenda, it can be easy to get off topic and fail to acknowledge key issues that must be addressed.

To efficiently manage a multi-site dairy, it is also crucial to record the measurable supplies that the dairy uses on a day-to-day basis. Vosters encouraged farmers to keep track of items like gloves, tail paint, and towels. Find areas where you can cut costs in on your dairy farm without making drastic changes. Small things quickly add up and can save a lot of money in the long run if you are able to record how much you are using, he stated.

Although efficiency was a main topic of discussion during this breakout session, it boiled down to one aspect that makes managing a dairy go smoothly. Whether you manage one dairy or multiple, it all comes down to the people. Finding the right people who are willing to learn, grow, and develop in their role will ultimately make the managing part a lot easier — resulting in success for your operation, noted both dairymen. **1000+**

■ The author is an associate editor for *Hoard's Dairyman*.

Posilac™

IT'S TIME TO TAKE CARE OF FOOD SECURITY.

IT'S TIME TO TAKE CARE OF THE ENVIRONMENT.

IT'S TIME FOR **Posilac™** TO LEAD THE FUTURE OF MILK PRODUCTION.

Persistence of milk production (average slopes) during cycles between control cows and cows treated with rbST (Posilac™) over 17 injections every 14 days.

Our USA-made Posilac technology allows for **fewer cows to produce the same amount of milk**, resulting in a reduction of carbon emissions in the atmosphere.

MADE IN THE USA

POSILAC™ IS APPROVED BY THE FDA

Milk (Lbs./day)

Injection cycle of bST

Posilac™
Control

+2,755 Lbs

Posilac™, compared to the control group, produced **2,755 Lbs MORE MILK** in entire lactation¹.

¹De Morais et al. 2017. *J. Dairy Sci.* 100:5945-5956.

TO ORDER, PLEASE CALL! +1 844-952-0330

UNION AGENER ANIMAL HEALTH