



The Center Spotlight

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Berks County Dairy Farm Finds Business Planning Invaluable

Editor's Note: This is part of a monthly series of timely articles and information from the Center for Dairy Excellence, a non-profit organization focused on strengthening Pennsylvania's dairy industry.

HARRISBURG, Pa. — A recent survey conducted by the Center for Dairy Excellence shows that only 12 percent of dairy farm families in Pennsylvania have a formalized business plan for their dairy operation.

Ray and Jenifer Hershey of Hershey View Dairy Farm in Bethel, Berks County, are part of that 12 percent. They say their business plan helped them realize their dreams.

"About two and a half years ago, the Center for Dairy Excellence offered assistance to help us put together a business plan," Jenifer said. "We have two young sons, and we decided that we needed to focus on the future for ourselves personally."

A business plan helped them focus on that future, which included doubling their herd size to 270 cows in February 2009. "We didn't realize expansion was right for us until we got into the process of writing our business plan.

"It was an invaluable experience that helped us think through what was important to us as a family and what we were working toward. We would not have been able to expand without it."

Banks are asking for a plan

Jenifer believes one reason to complete a business plan is to satisfy a lender. "When you go to obtain financing, a business plan helps the bank follow your thinking process. They want you to have a plan in place. It is almost a requirement now."

Working with someone who was knowledgeable in business planning helped the Hersheys put together a plan that was realistic for their dairy.

"We worked with Dr. Brian Reed, a veterinarian who also does business planning," Jenifer said. "He was very thorough.

"When we went for the financing, we were able to provide our business plan, and the bank really

liked that. We have a new barn because of it.

"What we put together almost seems like a life plan," she said. "The numbers are very realistic, and Dr. Reed put them together in a way that was very understandable for the bank. It helped us become a more professional business."

A compass in the storm

For the Hersheys, having a business plan in place has been like a compass in a storm. "Sometimes it gets really hectic and you aren't sure what to do," Jenifer said. "It helps to refer back to the business plan."

The business plan helps the Hersheys remember what they planned for and how it fits into what they are facing in the current situation.

"I would recommend that every farm complete a business plan," she said. "It makes life a lot easier.

Help in writing your business plan

To help more producers walk through the process of writing a business plan, the Center for Dairy Excellence has developed "My Dairy Plan," a step-by-step tool designed to help dairy business owners and planning consultants complete each part of a business plan, from the SWOT analysis of the dairy to an executive summary for the farm's lender.

The resource was developed by the Center for Dairy Excellence, with assistance from the Kutztown University Small Business Development Center and Penn State Dairy Alliance, using a format gathered from business plans written for dairy farms.

"My Dairy Plan" includes videos describing



Jenifer Hershey from Bethel, Pa., is one of several dairy producers who provide insight on writing a business plan in videos that are part of the Center for Dairy Excellence's "My Dairy Business Plan" resource.

each aspect of a business plan with testimonies from actual producers on how it has helped their dairies. It also includes examples and instructions on each step.

Although the center recommends producers work with a business planning consultant to complete their plan, the "My Dairy Plan" resource simplifies the process dramatically. A user name and password allows confidential information to be saved and accessed only by the individual dairy.

It is available at no charge online at www.centerfordairyexcellence.org. Click on "Producers," then on "Create a Business Plan."

For those who do not have access to the Internet, the resource is available on a flash drive that can be inserted into their computer. For more information, call the center at 717-346-0849 or send an e-mail to info@centerfordairyexcellence.org.

State Milk Production Grows Despite Loss of Cow Numbers

HARRISBURG, Pa. — Pennsylvania continues to grow its milk production, with total milk production in the state up 1.3 percent from last year to 838 million pounds in November. Nationally, milk

production in November was down one percent.

The increase in milk production was driven by a 3.4 percent increase in milk production per cow. Cow numbers in the state fell 11,000 head from a

year ago, while the number of herds with more than 80 pounds per cow per day increased by 15 percent.

The increase in milk production per cow per day was driven by improved management on many

Pennsylvania dairy farms. Somatic cell counts, a measurement of milk quality, improved by 8.6 percent, with 19 percent more dairies having somatic cell levels of less than 200,000.

Days in milk fell 1.5 percent, while the age to first calving improved by 0.6 percent. The only decrease was in pregnancy rates, which fell by 1.6 percent from a year ago.

Cow Loss Costs Pennsylvania

Every dairy cow in Pennsylvania contributes about \$13,700 in total economic revenue to the state. Every nine cows supports one job within the commonwealth.

A loss of 11,000 cows translates to a \$150 million loss in economic revenue and a loss of support for more than 1,000 jobs in the state. It also threatens existing dairy infrastructure.

Programs supported by the Center for Dairy Excellence help farms improve profitability and grow their businesses. Many of these programs are offered at no charge to participants.

For more information about programs and resources offered by the center, call 717-346-0849 or visit www.centerfordairyexcellence.org.

Pennsylvania Dairy Industry Performance Scorecard Summary	November 2008 Report	November 2009 Report	Change from last year	Target range
Milk Cows	548,000 cows	537,000 cows	- 0.2%	
Rolling 12-Mo. State Milk Production	10.600 bill. lbs.	10.543 bill. lbs.	- 0.5%	10.8 bill. lbs.
Wholesale Milk Price	\$19.20/cwt.	\$16.40/cwt.	- 14.6%	
PA Daily Feed Costs (cost of corn, soybean & hay at 65 lbs. milk)	\$6.87/cwt.	\$5.93/cwt.	- 13.6%	
Milk Production/Cow/Day	58 lbs.	60 lbs.	+3.4%	80 lbs.
% of Herds with 80+ lbs./cow/day	8%	9%	+15.3%	
Rolling 12-mo. Herd Production Average	21,155 lbs.	20,987 lbs.	- 1.0%	25,000 lbs.
Average Somatic Cell Count	288,000	263,090	- 8.6%	200,000
% of Herds below 200,000 SCC	33%	39%	+19.1%	
Average Days In Milk	188 Days	185 Days	- 1.5%	185 Days
Average Age to First Calving	25.6 months	25.4 months	- 0.6%	21—24 mo.
Average Days to First Service	89 Days	89 Days	- 0.2%	< 80 Days
Average Cull Rate (% left herd)	33.0%	33.8%		20—35%
Average Pregnancy Rate	17.08%	16.78%	- 1.8%	> 20%
To view complete scorecard, visit:	www.centerfordairyexcellence.org			