



For Immediate Release

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FORMER EXECUTIVES SHARE EXPERTISE WITH DAIRY PROFESSIONALS

Dairy PROS Offers Review of Business Planning, Risk Management

Harrisburg – Agribusiness professionals learned business planning advice to help Pennsylvania's 7,400 dairy producers during the October series of Dairy PROS meetings hosted by the Center for Dairy Excellence and Penn State Dairy Alliance.

The series included five meetings in Lancaster, Chambersburg, Williamsport, Altoona and Grove City where several SCORE advisors, or the Service Core of Retired Executives, participated in panel discussions.

SCORE is a non-profit organization that educates entrepreneurs and helps small businesses start, grow and succeed. Referred to as "Counselors to America's Small Business," SCORE representatives provide information on the business planning process, and during the last year, have served as facilitators for farms involved in the center's on-farm Dairy Resource Team Program.

"SCORE representatives have become an important resource for our industry and for the dairy farms they work with," said John Frey, executive director of the Center for Dairy Excellence. "We were pleased to have an opportunity to share their business insight with the dairy professionals who work daily with the dairy farm community."

SCORE representative Dan Evans, who facilitates a Lancaster County profit team, was one of several advisors to lead a discussion panel.

"The first thing we do when we go to a profit team meeting is ask the farm family what they want their business to look like," said Evans, a former plant manager with Armstrong World Industries. "We ask them to describe the details of where they want to go with their business."

According to SCORE representative Lou Davenport, a former finance executive at Armstrong World Industries, business planning starts with mapping a vision for the farm.

Once the vision is written, SCORE advisors suggest business planning process begins with three key questions:

1. What is most important to your business?
2. What are you going to do?
3. How are you going to do it?

Next, Davenport suggests identifying the three to five critical success factors in the business as a key part of business planning. "What are the most important things in your business you need to focus on getting right?" he asked. "Critical success factors



are the skills and resources you absolutely have to have to succeed. It could include the coolest technology, best nutrition, content livestock or location.”

Three to five goals for the business should also be identified in the business plan. Davenport used the acronym SMART – specific, measurable, action-oriented, realistic and timely – to describe how the goals should be written.

Davenport emphasized the importance of “knowing your numbers” to any small business. “Great managers know their business numbers like the back of their hand,” he said. “You need to know your cost of production, financial budget, cash flow and key productivity metrics to know how you’re going to accomplish success.”

Penn State Cooperative Extension representatives also led a discussion on risk management tools for producers, stressing income over feed cost as an essential number to know in identifying business risks on the dairy farm and knowing when opportunities arise to protect against it.

Penn State’s Tim Beck stressed that a high milk price, the highest milk production, or the highest milk income and/or the lowest feed cost does not necessarily translate to the highest income over feed cost. “Producers that are doing the best job with income over feed costs are keeping their feed costs in line with the level of milk their herds produce,” he said.

Beck and his colleagues reviewed the resources available from Penn State Cooperative Extension to help dairy producers calculate their income over feed costs and identify the levels they need to protect their business. Those resources can be found on the web at www.das.psu.edu/dairy-alliance/education/profitability.

The Dairy PROS meetings were open to anyone who works within the dairy industry and were provided at no cost, thanks in part to a grant from the Department of Labor and Industry Workforce Investment Board. For highlights from the October Dairy PROS series, visit www.centerfordairyexcellence.org and click on “Dairy PROS” on the homepage.

Penn State Dairy Alliance is an initiative of Penn State Cooperative Extension. Penn State is committed to affirmative action, equal opportunity and diversity in its workforce.

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The Center for Dairy Excellence is an initiative of the Department of Agriculture and was launched in January 2004 by Governor Edward G. Rendell. Bringing together people from more than 40 different dairy organizations in Pennsylvania, the Center’s mission is to enhance the profitability of the dairy industry by empowering people, creating partnerships, and increasing



the availability and use of resources. Learn more about the Center at www.centerfordairyexcellence.org.