

Other Unique Project Components

Situation Overview:

A. *Please describe farm characteristics.*

- Number of cows – before (130) and after project (425)
- Number of acres – before (300) and after project (350)
- Total forage needs (in tons) – increased forage needs by 2,000 tons
- Storage structure facilities – Two bunker silos with 4,500 ton forage capacity, three silos with 1,500 ton capacity, one silo with 8,000 bushel shelled corn capacity, and a pad for up to 1,000 ton bagged forages.

B. *Additional key factors to the Satellite Dairy project.*

- Adjoining dairy to our existing farm
- Opportunity for additional cows and feed availability
- Employee retention with expanded and improved operation
- Allowed for more specialized employee responsibilities

We felt the location and size of an adjoining dairy would fit well with our operation so we entered a one year trial lease agreement with the owners. It helped to absorb some of the additional costs, allowed us to keep our replacements and integrate and streamline our labor forces. We immediately started milking three times/day at the dairy; within three months, production was up over 15 pounds per cow.

There were two key benefits from this step:

- It improved our balance sheet by allowing for additional cows without the major capital purchases of the land or facilities, thereby spreading our debt over more cows.
- It allowed us to capture synergies by utilizing the same employees and spreading management costs over both farms.

There were other significant savings due to size and scale of the combined operations. It was a successful venture, and we continue to milk at this satellite dairy today.

C. *How was the team instrumental in helping you think through available options? Please describe.* After discussing the opportunity this presented, the team strongly advised that it be pursued. Having a dairy business management specialist on the team was an enormous value as a cash flow plan was developed.

Other Unique Project Components...*continued*

D. Did any of these additional components result in added profitability or a change in management style? Please describe.

- There were first year startup costs and a learning curve like every new venture, but over time, the satellite dairy will be an asset to the entire business.
- Because the satellite dairy is located adjacent to the robotic dairy, there is future potential for expansion.
- A farm manager was assigned to the satellite dairy who worked for the previous owner.
- As a result, a management team was established which continues to function with the addition of the robotic barn.

