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NEW PARADIGMS FOR THE 65 COW DAIRY

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Do you remember land for \$100/acre. New tractors for \$4,000? New houses for \$12,000? Income tax rates of 6%? New pickups for \$2,200? Manure spreaders for \$575? Do you remember neighbor helping neighbor? My dad helped a friend buy a 120 acre dairy farm for his son. He arranged a contract for deed with a \$1,000 down payment. My dad borrowed his friend the \$1,000 and guaranteed the contract.

If you haven't noticed, times are changing. Prices have changed and the way we treat our neighbor has changed.

I'm not sure we have changed our approach to problem solving enough. My sixth grade son recently had a problem in math. It talked about solving an equation. If the equation did not fit the problem, did finding the solution to the equation solve the problem?

I don't remember taking any business classes, more than one nutrition class or a speech class in veterinary school.

I do remember having Dr. John Anderson for ambulatory. I do remember his equation for solving the problem of ventilation for new born calves. The problem many times was a calf pen at the bottom of a hay mow chute or a 4 foot high box with no bedding. His first approach was to inform the owner how to correct the calves environment. The second approach to solving the problem was when he told the farmer why don't you lay down next to the calf and take a nap? It reminded me of the commercial, "try it you'll like it."

I practiced veterinary medicine for 15 years in Carver and Wright counties. It was becoming apparent to me that the health of the dairy industry was not good.

During the 1980's, I helped a number of my clients struggle with the now called ag crisis. My background of being a fourth generation crop and livestock farmer helped me relate better to the problems of my clients than others did. It also helped that I was in contact with them on a regular basis as their veterinarian. Many of the farmers are a lot easier to talk to over the bulk tank.

I decided that the system was solving the equations of agriculture, but the equations didn't fit the problem. Like I indicated earlier, the prices and the way people treated each other had changed.

I always had Dr. John Anderson's second approach to solving the problem haunting me. I then decided to put together a better equation and sold my practice, crawled in and purchased a couple of dairy herds. Many of my dairy farmer clients commented that how can those experts tell me how to farm if they haven't cleaned a few calf pens. After owning and managing a couple herds for a while, the equations and possible solutions really changed.

The first thing that was new was that hired help for a seven day a week job was going to be a problem. Early on, the solution seemed to be to make them the owner. Then the next problem arose and that was this next generation had no money. The reason they had no money was that they were trying to keep up with their city buddies with expensive toys. The idea of saving for the future was foreign and the pressure of easy credit didn't help. If they were fortunate to get a good job, we would tax most of their potential savings away from them. It was a city banker friend that helped solve this problem. We designed a farm loan around a pickup loan. There were some simple elements. First was a monthly accounting of the loan. Second was an easy liquidation in case the loan was in trouble. Third was the possibility of a down payment or guarantee of it.

I proceeded to find banks that were interested in my plan and a guarantor of the down payment. Center National Bank in Litchfield was very interested and easy to work with and Bongards Creamery near Cologne took about 10 minutes to convince to guarantee the down payment.

The new equation led to a different solution to an old problem. I sold the herds to the young people that were milking them for me. The loans were for 100% to 120% of the value of the collateral. This included the cows and some related equipment. There is a need for money for the cows, equipment, 60 days of expenses, and some unforeseen expenses. The next solution was to rent a barn. Minnesota and Wisconsin are littered with good empty barns that can be rented for \$100 to \$300 per month.

Manure is a possible problem if you try and deal with it after the pile is created. But we found that with fertilizer prices rising that we had neighbors bidding to get the manure and some would spread it if they got the manure for their fields.

Time off is what many involved with the dairy industry complain about. My experience was that when these people worked for me they were given 6 milkings off a month. I had no problem getting relief milkers because we treated them with respect and made it fun and paid well. We had the only \$15/hour part time job with no calf pens to clean in a warm clean building. People that were forced off the farm were excited to return to the good things of milking cows and not the stress they had experienced.

My milker would not take 8 but 10 or 12 milkings off. They did this just to test me and I responded with "that's OK." The so called experts had convinced everyone that it was bad to not have time off. After about six months of my convincing them it was fun, they were taking only 3 to 4 milkings off and only when they had something more fun to do.

Feed was the next of the new equations that needed to be solved. We do not let them raise any of their own feed and we do not let them start out feeding replacement heifers. I found early that crop farmers were looking for markets for their crops and a dairy farmer with a monthly milk check was a good potential market. The crop farmers were willing to supply the feed and wait for the feed to be turned into a milk check before they were paid. This might be filling a silo next to the barn and prorating the payment to correspond to the feed usage or a monthly calculation. The feed equation is still not completely solved but as a person that likes to solve problems, I look at

this one as a little more challenging. I believe that we have the solution but I need to know if the teacher really cares.

To me the future for the dairy industry in the upper Midwest looks very bright. I see the new dairy farmer will milk cows and will have a working relationship with his crop farmer neighbor and will be involved with his processor. I believe that at this time you need to milk 65 to 80 cows to make a living and you will have to pay attention to what you do best. We are going to have to accept some people have the personality to milk cows and some are better suited to raise corn. The crop farmer of the future will be the producer of a new type of value-added product called a TMR for a livestock producer. The day of just selling no. 2 yellow corn to the elevator may be as limited as the dairy farmer that does it all.

The capital requirements and management abilities of doing it all is something that the next generation can't do and won't be able to do and stay competitive.

We as veterinarians have a great opportunity to be the facilitators of this new dairy industry. It is up to us if we are going to be allowed to be a part of the solution or if we are going to continue to be a part of the problem.