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## **DECISION TO GET BIGGER**

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The decision to get bigger--popularly known as expansion today---is something that is difficult to explain yet it has been going on since our ancestors came to the midwest. My great-great grandfather came from Bohemia and started with enough cows to feed his family of 11 children. My great grandfather had a herd similar to the Amish herds of today along with many sheep--he retired from his farm at age 50. My grandfather had 30 cows, 200 sheep, and 20 beef cows. He also had only 6 children, went from horses to tractors for power, added electricity to his farm and of course a milking machine. I wonder how his neighbors and friends accepted the changes they went through in the 20-30-40's?? He also planted a plant called alfalfa in 1929 and sold hay for \$100 a ton in 1931. My father started with 25 cows in 1948 with money he borrowed from his father. He still helps one of my brothers farm today where they milk 95 cows. The scenario I just described has happened to many dairy farmers in the midwest. It has been shown that the average dairyman will double his herd size twice in his milking career.

Why does this happen? Why do we do it? Why are few people and businesses satisfied with the status quo? Can you name a business that was successful 50 years ago, 30 years ago or 15 years ago that is the same size, prospering financially and is prepared to thrive for another generation? About the only one I can think of is a veterinary practice, if the veterinarians are still physically and mentally fit.

I believe farming is a business in which I can be happy raising a family in a way of life that teaches them the value of work, honesty, teamwork, and appreciation for the earth and the beauty of a clear night with a full moon and stars.

I believe hard work and honest sweat are the building blocks of a person's character and that my children are learning values that will last a lifetime and can be learned in no other way.

We started farming in 1978 with 30 cows--we got married in 1979, enlarged the herd to 65 cows in 1980 and have kept on expanding the farm from 120 acres to 995 today. We are in the process of going to 220 cows by building greenhouses and a flat barn parlor in the new part of the old barn. Why?---The decision to get bigger--really bigger has been pondered for three years.

Many reasons for getting bigger---these reasons are not necessarily in order of importance because that order changes from day to day and the reasons are intertwined with each other.

I have tried to study other industries and follow their histories--for example the auto industry---In the 1920's there were 40 plus car manufacturers in the U.S. Today there are 3. What has happened to milk processors, farm machinery manufacturers, hog and poultry farmers? In each of them, as the industry matured the number of existing businesses declined but they got bigger. Is there any reason to expect dairying to be different? Many people believe a family farm is defined as one man and his

family milking approximately 50 cows but I believe that definition is too narrow. Why isn't a 300 cow dairy owned by a man and his family and operated with the help of employees a family farm? Many midwestern dairy farmers are guilty of thinking the Arizona and California dairies are corporate entities when in fact most are family farms striving to make a living just as we are. The Dugan's family near Phoenix moved from Wisconsin in the early 70's--today each of the 5 sons has dairies with 500-2000 cows.

My wife and I have 5 children, the oldest being 15 years and the youngest 4 years. How many will be farmers?--We don't know but I think it is almost every farmer's dream to have a son or daughter join them and have a future. Will a child want to join a farm business that is stagnant and not growing? Could they afford to pay their parents for the farm from profits on the farm? Would the family farm be a happy place with positive attitudes, a place where they want to raise their families? Farm kids today are exposed to the life styles of their city cousins and will not want to work the long hours of farming just because their parents did it. By having more employees---our family can take alternate weekends off--I can attend 7th grade basketball games at 6:00 P.M. I can spend all day Saturday at a youth wrestling tournament. My wife is very good with flowers and plants and she is able to lead 2 garden clubs. We also enjoy our family weekends---these are the times we don't have employees so all the kids, even 4 year old Tony and I do the chores. It can be a real challenge to get them to cooperate so that we get done but I feel they need to learn how to get along with each other to accomplish a goal. Times are not always easy and the hardest thing to teach kids is to keep trying and to think.

Another reason for getting bigger is financial. From 1991 through 1994 we used about \$40,000 of our equity each year to keep our farm going. We had to decide how to stop the bleeding. I enjoyed being a veterinarian working 60-70 hours a week and also managing and working the farm but I don't like spinning my wheels. Besides I seem to always find a place to spend money--new TMR, neighboring farm, etc. For our family, enlarging the herd was the practical financial solution--we already had \$240,000 worth of machinery and we already produced far more feed than we would feed or sell profitably. But going from 80 cows to 200-300 is not easy both mentally and physically. It is not something every farmer should or can do.

Another reason was to improve cow comfort and lower labor usage. In the fall of 1994 I took a bus tour of NE Wisconsin with 14 clients--we visited 4 large dairies from 200-600 cows--A common expression from clients was "He feeds 400 cows in the same time I do 50, look how clean his cows are---better than mine in stanchions." We went home with our eyes opened to new ideas (to us). Six weeks later I visited some of the same farms with my family. We went to Kinnards and the grandmother Millie (67 years old) spent an hour giving us a tour and answering the kids questions. She still does 6 milkings a week on their 250 cow dairy. We visited the Wagners near Oconto--Hank helped design and build the first walk through flat barn parlor in Wisconsin. Hank's wife told us about combining cows from 2 farms and now being able to have 2 days a week off, bowls 2 nights a week and having money to buy things without feeling guilty. These visits and the many expansion meetings I've been to helped educate us that getting bigger wasn't a way to cause a surplus of milk and lower prices but was a way to the future for our family in the dairy business. In any business if we could see the future our decision would be easy, but we can't so you have to have vision--where will I be in 5-10-20 years---

A lot of farmers spend all day with their heads down and their back bent--they need to stop and put their head up and ask where are they going?

Let's talk about something else involved in getting bigger--RISK. Yes, there is a huge risk on our part. All the what ifs---

- what if the price of milk falls
- what if we have a drought
- what if we get BVD in our herds

Bankers have asked those questions plus many more and we have been forced to become better business people with crop plans, feed plans, financial plans, and herd health plans. Still the final risk is ours---we have decided the potential benefits besides financial are large enough that the tough times we will endure will be worth it a few years down the road.

In a sense the decision to get bigger is essentially a revitalization of our farming business. We can not be afraid of change. Our business is unique as is every farm. Our happiness comes from being successful, from watching our crops grow, watching our children mature and the pride our family gets from doing this enterprise together.

**IS GETTING BIGGER RIGHT??** That call has to be made by the person or family on the farm with the help of consultants. In the succeeding years we will judge ourselves and look at our financial status, the environment around us, our children's futures and then we will know if we made the correct decision for our family.