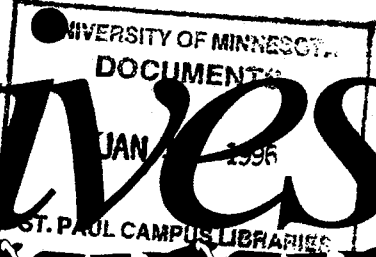


Initiatives



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John Bush ©1995

Benchmarking: Your Key to Better Dairy Management

by B.J. CONLIN, extension dairy specialist

Benchmarking your financial performance with others can help you identify your strengths and weaknesses, let you know how you compare to others, and guide you as you set goals on where you want to be.

Benchmarking is simply comparing the performance of your business with your goals and with similar businesses. It can be a powerful management tool for continuous and competitive improvement. If you know your strengths and weaknesses, you can focus your management on things that make the most difference.

The accompanying table shows averages of the most profitable 20 percent, the least profitable 20 percent, and the average of 586 dairy herds. The numbers are summarized from *Minnesota Regional Farm Business Management Summaries 1994*. They are key performance measures of the dairy enterprises on these farms.

Continued on page 2

Check It Out!

IT'S BEEN SAID that we live in the information age. The problem is when and where to get this information. To help you stay on top of things, the Education Coalition of the Dairy Leaders Roundtable has begun distributing a Minnesota Dairy Calendar, which provides dates of upcoming meetings. Those that are in the near future are included on the back page of the cream-colored Dairy Leaders Roundtable insert of this newsletter. Check it out to see if there is anything that is of interest to you.

This archival publication may not reflect current scientific knowledge or recommendations.
Current information available from University of Minnesota Extension: <http://www.extension.umn.edu>

Benchmarking

Continued from page 1

When comparing your values to these, keep in mind that 1994 is history. Use these values as guidelines, but adjust for changes in prices. Remember, too, that these are composite averages over many farms. There are many farms doing better than these averages. For example, many herds are keeping feed costs below \$5.25 per hundredweight of milk.

As you compare your numbers with the benchmarks given here, you may discover you have room for improvement in some areas. For help in moving your operation into the "top 20," check out the dairy management workshops being held around the state this winter by the Dairy Initiatives Program (see box).

Some key differences between high-profit and low-profit dairies:

Profitability. Return on assets was 10.3 percent for high-profit dairies. The low-profit group had a negative return. The return to labor management and equity capital for the two groups was \$4.32 and -\$1.82 per hundredweight of milk, respectively.

Production Performance. High-profit dairies produced 5,714 pounds more milk per cow and had larger herds (61 cows vs. 49 cows) than low-profit dairies.

Price Income Performance. High-profit dairies had an income advantage of \$1.42 per hundredweight of milk marketed. High-profit dairies received almost \$0.50 more per hundredweight for their milk due to quality premiums. Sales of cows and calves and inventory changes added \$0.94 per hundredweight to the advantage.

Cost Control. High-profit dairies had a

2

High-Profit vs. Low-Profit Minnesota Dairies in 1994 (Includes Herd Replacements)


	High 20%	Average	Low 20%
PROFITABILITY PERFORMANCE			
Return on assets, %	10.3	6.2	-3.6
Return to labor, capital, management, \$/cwt	4.32	2.49	-1.82
Net cash dairy income, \$	51,268	23,242	-12,208
PRODUCTION PERFORMANCE			
Number of farms	118	586	75
Number of cows	61	55	49
Milk, lb/cow	19,459	16,888	13,745
PRICE INCOME PERFORMANCE			
Milk sales, \$/cwt	13.29	13.07	12.80
Cull cows & calves, inventory adjustment, \$/cwt	2.10	1.73	1.16
Gross revenue, \$/cwt	15.39	14.80	13.97
COST CONTROL			
Operating expense ratio, %	58	68	93
Total cash cost & depreciation, \$/cwt	11.08	12.32	15.79
Feed cost (including replacements), \$/cwt	6.19	7.22	8.92
Other variable cost, \$/cwt	3.26	3.44	5.10
Depreciation, \$/cwt	1.63	1.65	1.77
FAMILY LIVING & UNPAID LABOR			
Family living, unpaid labor, \$*	30,000	30,000	30,000
Family living, unpaid labor, \$/cwt	2.53	3.21	4.48
Margin above family living, \$/cwt	1.79	-.72	-6.31
CAPITAL USE**			
Investment, \$/cow	8,170	6,844	6,234
Investment, \$/cwt	42.00	41.00	45.00
Debt, \$/cow	3,351	3,218	3,647
Debt, \$/cwt	17.00	19.00	27.00
Debt to asset ratio, %	41	47	59

* Family living of \$30,000 is used to illustrate the differences among farms.

** 1993 values for capital use; 1994 values were not available.

lower operating expense ratio. They spent \$0.58 to generate \$1.00 of income, while low-profit dairies spent \$0.93 to generate \$1.00. Total cash cost of production for the low-profit group was \$11.08 for the high-profit group compared to \$15.79 per hundredweight for the low-profit group. High-profit dairies had lower feed costs (\$6.19 vs. \$8.92), lower other variable costs (\$3.26 vs. \$5.10) and lower depreciation costs (\$1.63 vs. \$1.77) per hundredweight.

Family Living and Unpaid Labor. The cost per hundredweight to generate \$30,000 for family living and unpaid labor was \$2.53 in the high-profit group and \$4.48 in the low-profit group, leaving a higher margin above family living for the high-profit group.

Capital Use. High-profit dairies had a lower debt-to-asset ratio (41 percent vs. 59 percent). They had a higher investment per cow but lower investment per hundredweight of milk. 

ANNOUNCING 1996 Dairy Management Workshops

“Doing Things Better — Doing Better Things”

is the theme of dairy management workshops that will be conducted around Minnesota in early 1996 by the Dairy Initiatives team. Each workshop consists of three, four-hour sessions:

SESSION I, DISCOVERING PROFIT OPPORTUNITIES, will cover benchmarking; identifying strengths, weaknesses, opportunities, and threats; and exploring problem-solving options. Both production and economic issues will be covered.

SESSION II, SETTING THE ROAD MAP FOR THE FUTURE, will help you get to the Why?, What?, Who?, and Where? of your future.

SESSION III, ACTION PLAN FOR THE FUTURE, will help you discover how you can marshal your management talents (planning, directing, controlling, and staffing) to reach your goals.

LOCATION	DATES	CONTACT	
Melrose, Minnesota	Jan. 30, Feb. 6, 13	Jim Salfer	612-255-6169
Mora, Minnesota	Jan. 31, Feb. 7, 14	Lee Raeth	612-682-7394
Edgerton, Minnesota	Feb. 1, 8, 15	Bill Crawford	507-235-3341
Winthrop, Minnesota	Feb. 27, March 5, 12	Tim Dolan	612-237-5531
Janesville, Minnesota	Feb. 28, March 6, 13	Tim Dolan	612-237-5531
Rochester, Minnesota	Feb. 29, March 7, 14	Dave Kjome	507-285-8250

Last Year's Participants Sum It Up:

“Very informative; gets you really interested in finding out how your farm measures up.”

“This workshop is helping me understand some of the why's and wherefore's of dairying. It helps me understand where my son is coming from.”

“When we start looking at the costs of mismanagement it makes us sit up and take notice.”

“I'd like to see more dairy producers take the time to go to these seminars. The information could really help them on their farms.”

Notebook Resources

Two reference resources for dairy producers are available from the Dairy Initiatives office.

The Minnesota Dairy Heifer Management Reference Manual guides producers through preweaning, growth, economics and even custom raising. This three-ring binder is available for \$30.

The Chastain Collection is a compilation of articles, research papers, and reference materials from former Minnesota Extension Service agricultural engineering specialist John Chastain. Materials on feed storage, milking parlors, and manure storage are all a part of this three-ring binder, available for \$30.

To order either of these publications, send a check or money order for the appropriate amount to Dairy Initiatives Program, 126 Peters Hall, 1404 Gortner Ave., St. Paul, MN 55108. 🐄

Workshops Provide Insights for Farm Families



David Weinand ©1995

Dan and Jenny Ahlers found some good ideas for improving the efficiency of their operation at last summer's Dairy Management Workshop in New Ulm.

by DAVID WEINAND, Dairy Initiatives Coordinator

EDITOR'S NOTE: Over the past several years, the Dairy Initiatives Program has offered a series of Dairy Management Workshops to help producers make informed choices about their futures. Here's how a few of the participants are using what they learned to improve their operations:

Dan and Jenny Ahlers of Gibbon are exploring their options.

The Ahlers now milk 50 cows and raise all their heifers and steers. They raise corn, beans, oats, and alfalfa on 266 acres with Dan's dad. After attending the Dairy Management Workshops, the Ahlers started to look at improving the efficiency of their operation, including financial efficiency.

"We like being self-employed and in control of our work hours," says Jenny. She adds that they want to show cattle, go on vacations, attend the World Dairy Expo, and have their children involved in 4-H, and they know all of that will take

time and money.

The Ahlers worked with Tim Dolan, Sibley County Dairy Initiatives educator, to evaluate their options with FINLRB (Financial Long Range Budget), a part of the FINPAK computer program. They found that with 80 to 120 cows there would be a lot more profit to accomplish some of their goals.

What's next for the Ahlers? Finding good employees to help run a bigger operation.

Mike and Barbara Beranek of New Ulm attended the Dairy Management Workshops because they wanted to bring their son, George, into the operation and to have a better lifestyle. They said the workshops helped them think through how big they needed to be to accomplish these goals.

"They gave real-life farm histories.

We learned to listen and use the information on our own situation," says Barbara.

The Beraneks began by looking at the alternatives, finding financing for the project, selling some of their machinery, and then following building recommendations. They switched a machine shed into free-stall housing and sold another farm they had been running in order to finance the expansion. They changed their cropping operation to only raise forages. They are now over 100 cows and plan to add more. "We are still in transition," says Mike.

Among the Beraneks' next goals is to become less labor intensive. "We are looking at hiring some part-time people so that we aren't so tied down," Barbara says.

Family living—I have two kids and I want to see them grow up," is the reason Chuck Manthey gives for attending the Dairy Management workshops with his wife, Kris.

Currently Mantheys are milking 65 cows in two groups. Chuck is concerned about production costs. "You have to know your cost per hundredweight of milk," he says. "We also learned that we needed to do a better job with our heifers, so we are going to have them custom raised and add a few more cows."

Some of the Mantheys' short-range goals are to have their heifers custom-raised and to add another 25 to 30 cows. Long range, they are exploring the possibility of expanding to 200 to 300 cows. They also aim to decrease debt and increase milk per cow through better management.

"If you want [cows] to work for you, you've got to work with them," Chuck says. 🐄



The Winning Edge:

Proper Prep Makes Sense, Cents

If you approach premilking prep with the same hurry-and-get-it-out-of-the-way attitude you used to use when your mom told you to wash up for dinner—well, as she would say, “You stop that right now!” Good preparation is not only the right thing to do, it’s also been scientifically proven to boost your profitability.

You already know that good sanitation can reduce production losses due to mastitis. According to extension specialists Jeff Reneau and John Chastain, proper premilking technique increases your income in several other ways. Teat stimulation makes milk flow faster and better, so your labor costs are lower. The cleaning process also lowers SCC, increasing yield and boosting milk prices.

To put numbers to the notions, Reneau and Chastain calculated the dollar value of these benefits for a hypothetical 400-cow midwestern herd with an initial production of 19,800 pounds per cow per year. They found that improved cow prep would increase milk value by nearly \$60,000 per year.

The Right Way

You’ve probably already gotten more advice than you care on how to prep cows for milking, and it probably doesn’t all agree either. According to extension dairy specialist Jeff Reneau, there really isn’t one perfect way to prep cows that makes sense for every producer under every circumstance. In other words, there’s a lot of room to do what works best for you. There are, however, some basic principles that apply to everyone.

Whatever your cow preparation method, Reneau says, be sure it includes the following:

Whistling Dixie

THE EXPERTS SAY your premilking routine ought to last 10 to 20 seconds. So are you supposed to stand there with a stopwatch or what?

Of course not. But to help you estimate the correct time when you first upgrade your routine to meet these recommendations, how about timing yourself using a song or a verse? It takes about 15 seconds to sing the “ABC” song, about 12 to hum the refrain to “Dixie.” Time your favorite tune, then use it as you get used to spending the right amount of time with each cow. Who knows? If the cows REALLY like your singing voice, production could go right through the roof!

Bored—But Productive

YOU’VE PROBABLY NOTICED it yourself—cows *love* routine. In fact, the less variety in your feeding, milking, and other management processes, the more productive they will be. Studies have shown you can get more than five more pounds of milk per hundredweight out of cows with a “boring” milking routine than if you vary your milking preparation. To get the best production every time, recommends extension specialist Jeff Reneau, “milk every cow exactly the same at every milking regardless of stage of lactation or who is milking.”

- Thoroughly clean and dry teat surfaces using separate towels for each cow.
- Massage the teats for at least 10 seconds in early lactation Holsteins, up to 20 seconds for other breeds and late lactation cows.
- Use a teat dip.
- Forestrip the teats early in the cow prep procedure to check for mastitis and stimulate milk letdown.
- Keep the time between beginning teat prep and applying the machine to be-

tween one and one-and-a-half minutes. In stall barns, end-of-milking indicators can help here.

Good teat sanitation is tough to achieve if you’re working with cows caked full of manure and mud. To keep your milking routine up to speed and make the most of your premilking efforts to fight infection, start with good overall herd sanitation. 🐮

John Bush ©1995



John Bush ©1995

Building Better Cows

You think tractor design has changed over the years? The difference between your grandpa's old Allis and that shiny new job your neighbor just bought is nothing compared to the changes good breeding have made in the basic dairy cow.

Back in the early 1960s, Holsteins in top-managed herds were producing on the order of 15,000 pounds of milk per year. Today some Minnesota herds are getting 25,000 pounds or better. The way cows are built has changed, too. Today's cows tend to be stronger and are deeper-bodied than their pre-

decessors. And despite the huge leaps in milk production, udders are shallower and wider and cows are culled more for low production and less for conformational deficiencies.

How has this happened? The credit, says University of Minnesota genetics specialist Les Hansen, goes largely to those who select bulls for AI. Each year, some 1,200 young bulls are chosen from top-producing cows around the United States for progeny testing. Of these, perhaps one in ten will make it through the final cut to become an AI sire. As a result, milk production has grown dramatically over the past three decades from genetic improvement and currently is increasing at the rate of about 250 pounds a year with no end in sight. And the physical changes have for the most part tagged

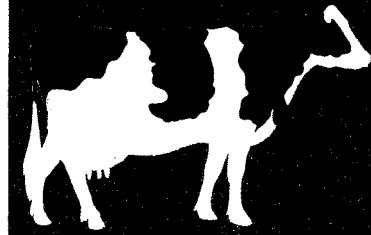
Proof on the Hoof

IF YOU'RE LOOKING for evidence of how dairy cows have changed over the years, check out the Minnesota Experiment Station herd at Waseca. The herd includes a unique line of animals that have been deliberately bred for scientific purposes to retain 1964 characteristics. Here's how their stats stack up against the herd's more modern cows:

	milk (lb/yr)	fat (%)	fat (lb)	protein (%)	protein (lb)	first lactation body weight
cows with 1964 genetics	14,711	3.6	528	3.3	480	1,148
cows with contemporary genetics	24,471	3.5	850	3.2	787	1,285

MINNESOTA DAIRY LEADERS

In 1992 dairy farmer leaders and CEOs of 32 dairy-related businesses and organizations made a formal commitment to revitalize Minnesota's dairy industry by forming a structure to unite their efforts — that structure is the Dairy Leaders Roundtable. This newsletter highlights Roundtable accomplishments as well as on-going projects and plans.



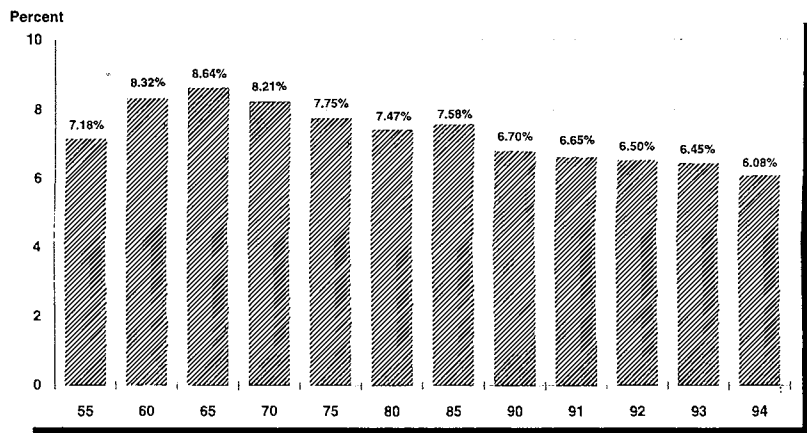
Dairy farm numbers show continuing decline

In a presentation before the December meeting of the Minnesota Dairy Leaders Roundtable, Bill Coleman reported figures from the Minnesota Department of Agriculture showing the number of Minnesota dairy farms has fallen below 11,700 as of October 1995. This continues a long standing average of more than two Minnesota dairy farms exiting the business every day.

The total number of cows being milked in the state stands at 600,000, slightly lower than comparable figures from October 1994. The average number of cows in production per farm continues to slowly increase and now stands at 52.

The decline in farm numbers and cow numbers follows a trend that also is reflected in the amount of milk produced in Minnesota compared on a percentage basis with the U.S. total. Today, Minnesota produces about 6% of the nation's total milk supply down from 7.8% in 1985 and 8.6% in 1965 (see chart).

Minnesota Milk Produced as % of U.S.
Selected Years 1955 -- 1994



Are you willing to host a farm tour?

Nominations are being sought by the Dairy Leaders Roundtable program from producers who are willing to host farm tours. "One of the best ways for new or expanding dairy producers to learn successful management strategies is to tour successful dairy operations," says David Weinand, Dairy Initiatives coordinator.

Interested producers should have a positive attitude

toward dairying and something special about their operation that would be valuable for other producers to see.

Nominees will be contacted and encouraged to be part of a published Minnesota Dairy Farm Tour Guide. "The guide should be a valuable resource for producers interested in expansion, rotational grazing, transfer of the farm to the next generation, or some other change," said Weinand. Nomination forms are available by calling 612 625-9757.

Roundtable task force examines issues concerning drug residues in milk

Operating on a fast track, a new Roundtable task force has been charged with looking at a variety of issues concerning drug residues in milk with a particular focus on testing, regulation and education.

The task force, headed by Gary Neubauer and Bill Coleman, has assembled considerable data including a list of the 17 tests currently accepted for examining milk. In most cases, the task force reports, milk adulteration is a result of producer mistakes, not drug failures.

Mistakes can be prevented by following three key points:

1. Properly identify treated animals
2. Follow label directions
3. Separate dry cows

During the first 11 months of 1995 more than 350 loads of milk in Minnesota had to be dumped due to drug residues — an average of more than 32 loads per month. In total, more than eight million pounds of milk was dumped of which about two million pounds came from the farms with the drug residue problem. On average, in recent years, less than one tenth of one percent of milk has proved to be in violation of drug residue regulations, and producers have paid heavy penalties for all milk shipped with residues.

The task force has identified a number of testing, regu-

latory and educational issues.

Testing issues include:

- Tests are only approved for raw co-mingled milk on the tanker load side
- Tests have not been validated on the individual cow and may give a false positive
- Do not base decisions on tests that have not had their performance independently certified
- Perform tests exactly as described on the package — tests are not certified under other conditions

Regulatory issues include:

- The Pasteurized Milk Ordinance sets the penalty for all grade A milk. Two day suspension for first violation; four days for a second and third violation
- Minnesota laws assess similar penalty on all grades and sources of milk from either individual producers or tanker loads
- Minnesota Department of Agriculture is proposing legislation to assess monetary penalties only on producers who cause a positive tanker load
- Under proposed law change producers would pay a penalty only if the milk dumped was less than their actual production for two or four days. They would owe the difference.

Educational issues include:

- Implement the Milk and Dairy Beef Quality Assurance Program
- Use approved products

- Follow label directions
- Identify treated animals
- Separate dry cows
- Keep treatment records
- Inform and educate through newsletters, workshops and seminars

Additional information regarding drug residues in milk will be developed and communicated by the task force.

Dairy education funding proposal

The Roundtable's legislative coalition, headed by Allen Gerber, has drafted a funding resolution calling on the state of Minnesota to develop and enhance new and existing education programs for dairy farmers.

Although wording of the resolution is subject to change following input from members of the Roundtable, it is based, said Gerber, on the often expressed belief that one key to revitalizing Minnesota's dairy industry is improved education for individual producers. Although there is considerable industry and legislative understanding and support for producer education, the Roundtable and on-farm education programs have received just \$86,000 in support over the past three years.

The draft resolution states the following:

WHEREAS, Minnesota's dairy industry is facing a critical economic situation that will affect the entire state, and
WHEREAS, the Minnesota

dairy industry contributes \$3.1 billion to Minnesota's economy each year, and

WHEREAS, the Minnesota total dairy production has declined 10 percent since 1985, and

WHEREAS, Minnesota dairy farmers have been going out of business at the rate of three per day for the past 10 years, and

WHEREAS, it is possible to stop and reverse these trends if action is taken now,

THEREFORE be it resolved, that the 1996 Minnesota Legislature appropriate at least \$1.2 million from the General Fund to support the development and enhancement of new and existing education programs for dairy farmers specifically in the areas of on-farm education programs, local diagnostic teams, staffing for the University of Minnesota Veterinary School, Minnesota Extension, Technical Colleges, Adult Farm Management Programs, Minnesota Department of Agriculture, Dairy Initiative Program, Dairy Newsletter, Demonstration Farms, Workshops on dairy records, manure management facilities, managing labor and nutrition, and

FURTHERMORE, we encourage all segments of the dairy industry to work together in the Minnesota Dairy Leaders Roundtable 'to develop and implement a shared strategic vision for the Minnesota dairy sector through strengthening its competitiveness, profitability and social vitality.'

Building dairy education partnerships

The Roundtable's education coalition has established a number of goals and strategies for enhancing dairy farm profitability and the economic viability of the state's dairy industry and rural communities.

The coalition has stated six specific goals and four key

The role of the team is to improve farm productivity, profitability and meet family goals.

strategies to achieve the goals.

The goals include:

- Enhance dairy farm profitability through improved management skills and technology
- Increase the quantity and quality of forage
- Increase returns to capital and labor through financial management and restructuring
- Develop options for modernization of aging facilities
- Enhance positive attitudes
- Improve the effective use of people resources and expertise

Strategies that are being implemented to strengthen dairy profitability include on-farm education through the diagnostic team concept. These local teams, who work directly

with individual producers, include veterinarians, lenders, vo-ag instructors, extension educators, representatives of feed, milk processing, dairy equipment and other service organizations. The role of the team is to improve farm productivity, profitability and meet family goals.

Other facets of this strategy include initiatives to stimulate the opportunities for people to successfully enter dairying and the development of a farm financial data base to provide needed economic and performance information for better decision making.

A second strategy focuses on the development of educational programs and technologies for dairy producers and dairy advisors. Specific to this strategy are efforts to build farm management skills, appropriate use of technology, and production maximization among many factors.

A third strategy involves the development of a video learning packages with video tapes and manuals for use by producers and other industry professionals to improve management skills, increase profitability and protect the environment.

A fourth strategy involves the dairy business retention and enhancement projects reported on in previous issues of the Roundtable's newsletter. These projects focus on revitalizing the dairy industry within local communities.

Calendar of Events

Educational opportunities open to all producers and other professionals in the dairy industry

JANUARY

- 10-12 NRAES National Conference-Harrisburg, PA, Calves, Heifers and Dairy Profitability. Contact: NRAES 607-255-7654
- 17-18 Two-Day Dairy Cow College, Victorian Inn, Hutchinson, MN. Contact: Jim Linn 612-624-6789
- 30 Dairy Management Workshop-SESSION I, Countryside Restaurant, Melrose, MN. Contact: Jim Salfer 612-255-6169
- 31 Dairy Management Workshop-SESSION I, Arthur Town Hall, Mora, MN. Contact: Lee Raeth 612-682-7394

FEBRUARY

- Australia, New Zealand Dairy Tour, 28-day Tour (exact dates to be determined) Contact: Gerald Wagner 612-625-1978 or 1-800-367-5363
- 1 Dairy Management Workshop-SESSION I, Pizza Ranch, Edgerton, MN. Contact: Bill Crawford 507-235-3341
- 6 Dairy Management Workshop-SESSION II, Countryside Restaurant, Melrose, MN. Contact: Jim Salfer 612-255-6169
- 7 Dairy Management Workshop-SESSION II, Arthur Town Hall, Mora, MN. Contact: Lee Raeth 612-682-7394

ROUNDTABLE TO PARTICIPATE IN SUPPORT OF NEW MINNESOTA DAIRY SPECIALIST

A proposal presented to the Roundtable late in 1995 requested consideration of partial funding for a new dairy extension educator to work in southeastern Minnesota.

The three-year pilot project would be funded by public and private resources including agribusiness firms, the University of Minnesota and user fees.

As stated in the proposal, as prepared by Larry Tande and David Kjome, the nine county area now has about 2,300 dairy farms and 139,000 cows. "In the past three years," say the authors, "we have seen much interest in dairy expansion, either through the phase expansion process or a giant leap from 75 to 250+ cows per dairy operation."

"We are seeing much interest from young dairy farmers from 28 to 40 years of age.... They are leading the change bandwagon in southeast Minnesota. The new wave and secret to success in the dairy producer of today and tomorrow is business and management. The hunger for information will continue to grow as dairy producers assess their future... and this is where an area dairy agent who knows and can work with producers and agribusiness firms in formulating successful expansion plans can have a niche." Funding for the project is estimated to be about \$164,000 for its three year duration beginning January 1, 1996. The Roundtable, through its funding mechanism — Minnesota Dairy Partnership, Inc. — has agreed to participate in funding once other sources of capital has been secured for the project.

Tande and Kjome cite the large number of participants in recent tours of expanded and remodeled facilities and the growing success of larger operations in southeastern Minnesota as evidence of a strong interest on the part of producers in making changes to their operations.

- 8 Dairy Management Workshop-SESSION II, Pizza Ranch, Edgerton, MN. Contact: Bill Crawford 507-235-3341
- 7-8 Forage Day-St. Cloud, MN. Contact: Betty Schiefelbein 612-436-3930 or Jim Salfer 612-255-6169
- 13 Dairy Management Workshop-SESSION III, Countryside Restaurant, Melrose, MN. Contact: Jim Salfer 612-255-6169
- 14 Dairy Management Workshop-SESSION III, Arthur Town Hall, Mora, MN. Contact: Lee Raeth 612-682-7394
- 15 Dairy Management Workshop-SESSION III, Pizza Ranch, Edgerton, MN. Contact: Bill Crawford 507-235-3341
- 20 Contract Heifer Raising Workshop, VFW, Fergus Falls, MN. Contact: Larry Zilliox 612-762-2381
- 21 Contract Heifer Raising Workshop, Holiday Inn, St. Cloud, MN. Contact: Larry Zilliox 612-762-2381
- 22 Contract Heifer Raising Workshop, New Ulm, MN (exact location to be announced, Contact: Larry Zilliox 612-762-2381
- 23 Contract Heifer Raising Workshop, Rochester, MN, Contact: Larry Zilliox 612-762-2381
- 27 Dairy Management Workshop-SESSION I, Winthrop City Hall, Winthrop, MN, Contact: Tim Dolan 612-237-5531
- 28 Dairy Management Workshop-SESSION I, Janesville State Bank, Janesville, MN. Contact: Tim Dolan 612-237-5531
- 29 Dairy Management Workshop-SESSION I, Olmsted County Extension Office, Rochester, MN. Contact: Dave Kjome 507-285-8250

MARCH

- 5 Dairy Management Workshop-SESSION II, Winthrop City Hall, Winthrop, MN. Contact: Tim Dolan 612-237-5531
- 6 Dairy Management Workshop-SESSION II, Janesville State Bank, Janesville, MN. Contact: Tim Dolan 612-237-5531
- 7 Dairy Management Workshop-SESSION II, Olmsted County Extension Office, Rochester, MN. Contact: Dave Kjome 507-285-8250
- 12 Dairy Management Workshop-SESSION III, Winthrop City Hall, Winthrop, MN. Contact: Tim Dolan 612-237-5531
- 13 Dairy Management Workshop-SESSION III, Janesville State Bank, Janesville, MN. Contact: Tim Dolan 612-237-5531
- 14 Dairy Management Workshop-SESSION III, Olmsted County Extension Office, Rochester, MN. Contact: Dave Kjome 507-285-8250

MINNESOTA DAIRY LEADERS ROUNDTABLE

MISSION: "To develop and implement a shared vision of the Minnesota dairy sector through strengthening its competitiveness, profitability and social vitality."

1995 STEERING COMMITTEE:

Pat Irrthum, *Women Involved in Farm Economics (WIFE)*

Dennis Hovelson, *Minnesota Veterinary Medical Association*

Bill Dropik, *Minnesota Milk Producers Association*

Mark Furth, *Associated Milk Producers, Inc.*

Paul Kent, *Land O'Lakes, Inc.*

Dick Goodrich, *University of Minnesota*

David Peterson, *First District Association*

Gene Hugoson, *Minnesota Department of Agriculture*

Vern Smith, *Minnesota Bankers Association*

Ed Frederick, MDLR facilitator, Southern Experiment Station Annex, 12298 350th Ave. Waseca, MN 56093-5160

along with production without a lot of effort on the part of individual dairy producers.

As we head toward the 21st century, genetic improvement is getting an increasing boost from molecular biology. This growing science will eventually allow breeders to figure out what traits bulls and cows are able to pass along to their offspring by looking at their genetic material—DNA—rather than by having to wait and see what the calves are like. Minnesota holds a trump card in this line of research in the form of a rare line of cows maintained at the University's Southern Experiment Station at Waseca (see accompanying story).

"The University of Minnesota has a pool of cows, a genetic line, that is considered a worldwide treasure for research in this exciting area of science," Hansen says.

What use is all this improvement to you? Well, good breeding, boiled down, means improved stewardship of your time, your money, and your land. It means producing more and better milk with fewer inputs. That's good for the environment, because it means less impact on the land for the food value we get out. It's good for your back and your family life, because it means more production per unit of labor that goes into maintaining the herd. And it's good for your bank account, because a greater proportion of the money you invest in your operation is channeled directly into making milk. 🐄

What do you look for when choosing a bull?

ACCORDING TO GENETICS expert Les Hansen, much of the information offered in sire directories is better ignored.

"Some will look at protein percent and fat percent. That's a mistake. You need to look at pounds of protein, pounds of fat, and pounds of milk," he says. After all, he points out, "even guinea pigs are extra high for protein percent, but you have to milk an awfully lot of them to fill your milk tank."

Hansen recommends you rely mainly on the USDA's net merit index in selecting a bull. The index combines traits such as production, SCC, and life expectancy into a single number that can easily be compared among bulls.

Hansen also suggests you consider buying random packs of young sires. By sampling the range of promising bulls working their way up through the ranks, you can build solid traits into your herd without wasting money on the "glamour bulls" that may have daughters that look great but have little added benefit for your bottom line.

Frozen in Time

Hugh Chester-Jones is quite proud of his unique dairy herd at the Southern Experiment Station in Waseca. After more than three decades of intensive attention to breeding, it has a rolling herd average of under 15,000 pounds and in just about every other way resembles the cows you might have found on a typical Minnesota dairy farm 32 years ago.

Proud?!? The last thing you'd expect dairy researchers to do is to try to keep a herd from improving its milk production. But that's exactly what Chester-Jones and colleagues are up to—and for a good reason.

The herd was intentionally "frozen in time" in 1964 so it could serve as a control group for research aimed at identifying the side effects of selecting just for higher milk production. Over the years, as experimental herds were bred to high-producing bulls, the 1964 herd gave scientists a baseline against which they could measure changes in other traits such as milk composition, cow health, and conformation. As time went on, it was used in a variety of research, including more recent studies on improving protein content of milk through selective breeding.

Today that herd is about to become a star player in a state-of-the-art project that will bring herd improvement down to the molecular level. According to Les Hansen, the leader of genetics research for the station, a big focus of the 1990s is to speed up selective breeding by identifying genes responsible for traits such as milk protein and animal health and well-being. But in order to find these genes, researchers need the "before" of the "before-and-after" picture of genetic improvement—which is exactly what they have in the Waseca herd.

"The control line at Waseca may be an international treasure," says Hansen. "This herd is absolutely unique globally."

As molecular-based research gets off the ground, Hansen predicts that the "old-fashioned" herd could put the state on the map as a valuable source of genetic information. But he also notes that whether that happens depends on whether Minnesotans are willing to continue to support cows that are but an echo of the past—for the sake of the future. 🐄



By comparing cows with 1964 genetics (left) to modern animals, researchers can gain valuable information leading to additional improvements.

Dave Hansen ©1995

Farm Labor Laws and You

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To get a copy of *Farm Labor Laws and Regulations for Minnesota*, contact your county extension office or send a check for \$2.57, payable to University of Minnesota, to MES Distribution Center, 20 Coffey Hall, 1420 Eckles Ave., St. Paul, MN 55108-6069 (call 800-876-8636 or 612-624-4900 to order by credit card). Ask for publication BU-6528.

The day you first hire someone to help with your operation could seem like the happiest day of your life. But it also marks your entry into a whole new world of legal concern. There are many laws that govern your responsibilities in your new role as "boss." It is your job to learn what they are and to follow them. If you ignore them, you could be setting yourself up for fines or lawsuits that could cost you your peace of mind and perhaps even your farm.

To help you stay on the right side of the law, a committee representing various public agencies involved in regulating farm employment has put together a publication titled *Farm Labor Laws and Regulations for Minnesota*. The booklet highlights eight major issues you need to deal with when you hire help:



1 Employment Relationship. Your first task is to determine what kind of relationship you have with your help: employer-employee, independent contractor, or principal-agent. The answer to that affects many things, such as your liability if a worker is injured or causes damage or injury; whether you need to withhold income and social security taxes; and whether you deal with pension plans and health insurance.

2 Human Rights Provisions. Laws prohibit you from considering certain traits when hiring or firing a person. They also prohibit you from treating employees in certain ways. To avoid costly lawsuits, you must understand these laws and stay on the safe side.

3 Payments. How much and when you pay your workers and the kinds of records you keep are all governed by law. In some situations farm workers are exempt from minimum wage requirements.

4 Unemployment Insurance. You may be required to pay unemployment tax if you have several employees or pay out more than \$20,000 in wages during a calendar quarter. You also must keep careful records of wages and hours worked.

5 Income and Social Security Taxes. If yours is an employer-employee relationship, you are required to withhold income and in most cases social security taxes.

6 Safety and Workers Compensation. If you have employees, you are required to comply with a variety of safety regulations. You also may have to carry workers compensation insurance.

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7 Youth Employment. The Child Labor Act restricts the kinds of jobs you may assign to an employee under the age of 16. It also specifies the hours youths may work and how much you must pay them.

8 Migrant Workers. Federal laws restrict how you can hire, house, pay, and treat migrant workers. 🐄

PLEASE keep in mind that this information is for educational purposes only, and should not be considered legal advice. If you have questions about how labor law affects you, contact your attorney or tax consultant.

Overtime and You

EVEN IF YOU work 90 hours a week, that doesn't mean you can expect it from your help without paying the price. One of the most common complaints Minnesota's Division of Labor Standards receives from farm workers is that their employer failed to pay overtime. If you hire someone under 18 to help you, Minnesota law doesn't require you to pay minimum wage or overtime. But if you hire an adult on an hourly basis to do the same thing, both minimum wage and overtime regulations apply. Be sure to pay time and a half after someone's worked 48 hours for you in one week.

TB in Wisconsin

TB or not TB? That was the question this past summer in Wisconsin, where an auction heifer tested positive for tuberculosis, throwing the state on alert and raising questions about proper precaution from Minnesota dairy producers.

According to Minnesota Board of Animal Health veterinarian William Hartmann, there is little cause for concern for Minnesota producers who buy or sell cows in our neighboring state. The infected animal and others in the herd were slaughtered immediately, and in the several months between the discovery and when this newsletter went to press, no other cases of TB were confirmed. Because of the lack of spread, Wisconsin did not lose its TB-free status, so Minnesota did not change any of its requirements for bringing animals in from that state.

"If anybody has a concern they can call and talk to us," Hartmann says. "If they're very nervous, they could have cattle tested before they buy or isolate them. But you're talking one infected heifer in an entire state's livestock industry."

Producers who wish more information may contact the Minnesota Board of Animal Health at 612-296-2942. 🐄

Beyond the Bottom Line:

Be a Good Neighbor

It all boils down to the Golden Rule: Do unto others as you would have them do unto you.

Neighborliness has always been a valuable part of rural life. You probably have many memories of your parents helping another farmer pull a tractor out of the mud, dropping off a pie and a word of cheer in tough times, or lending a truck or a tool or a bit of advice. In today's fast-changing world, neighborliness is more important—and sometimes harder—than ever.

Today, people who have been neighbors for generations are finding their lives taking very different directions. One farm family decides to expand its operation. Another just can't make it in today's market: the cows go up for auction, and mom and dad hunt for jobs in town. Rather than having almost everything in common, today's rural families may lead lives as different as night and day.

Such differences can be a wrench in the gears of good, old-fashioned neighborliness. For one thing, we tend to avoid change, so if somebody does something different we may be angry because they're upsetting the routine. Also, when someone makes a choice that's different than our own, it's

especially—during times of change when neighborly good feelings aren't automatic, it's worth your while to do what you can to keep on good terms.

How? A good place to start is with the Golden Rule: Do unto others as you would have them do unto you. But if you're looking for specifics, try these:

Talk it out. If you don't like what the farmer down the road is doing, talk to him about it. Human nature is to grumble to everybody except the source of the problem. But if he doesn't even know you're upset, how can he fix things? Give him a chance to be a good neighbor to you. You may be pleasantly surprised.

Think about how your actions affect others. Sometimes we get so caught up in our plans that we fail to consider how they might alter others' lives. When making a change, put yourself in your neighbors' place. What does your change mean to them? What can you do to make that impact positive rather than negative?

Keep people posted. If you are thinking about making a big change, talk through it with others. They will appreciate being informed and feeling like their opinions are important to you. Who knows, they may even have a bit of perspective that will help you!

Be humble. No one likes to admit that they messed up. But if you make a mistake, it's a solid investment in future good relationships to be willing to admit it, apologize, and do what you can to fix things. On the flip side, if your neighbor blows it big time, don't go rubbing his nose in it. It could have been you.

Appreciate differences. If somebody doesn't agree with your opinion or support your decision, that doesn't mean she is against you personally. People can have very different ideas about things and still be friends. In fact, some of the best solutions to problems arise when people who don't see eye to eye share their diverse ideas and perspectives. But that can only happen if you keep the lines of communication open.

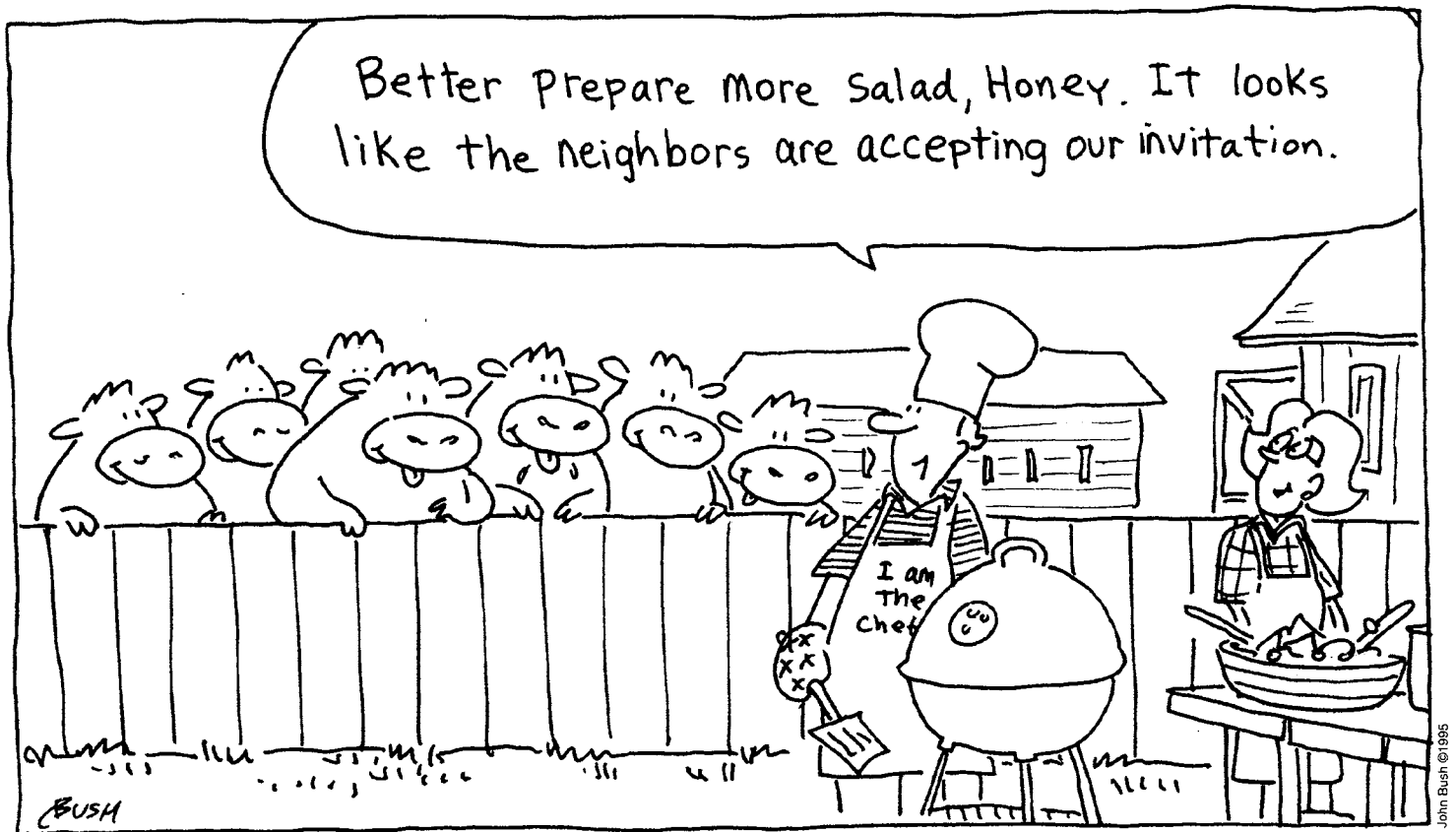
Lend a helping hand. You're never too big or too small to help someone else. Whether the family down the road is expanding while you struggle along on 50 cows or vice versa, you each have something to offer the other. When you stop to help

Beware the Either—Or

PEOPLE WHO HAVE made choices different than our own can be real threatening if we think of life as an either-or proposition. But it's not. If you choose to expand your herd, that doesn't mean that I'm wrong to stay the same or downsize. And my decision not to upgrade isn't a blast at your choice, either. Yours may be right for you, and mine may be right for me. By realizing this, we can avoid the nobody-wins trap of thinking that the only way to build ourselves is to tear others down.

easy for us to view that as a criticism of our own choice. And some choices can have direct negative impacts. If the guy up the road decides to triple the size of his operation, you might not only hear about it, you might smell about it, too.

Through changing times, it's important to remember that whatever you do will be more pleasant if you get along with those around you. And neighbors, unlike cars, can't just be traded or junked when they don't fit your lifestyle anymore. Even—



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with a flat tire or offer to watch the kids for an afternoon, you're building positive connections that can help smooth over the bad feelings your different lifestyles might otherwise create. A kind word or deed is always a good investment.

Maintain a friendly attitude. A big smile and a handshake can go a long ways toward preventing hard feelings. If something you've done offends someone else, be sympathetic and conciliatory, not defensive. Honey catches more flies than vinegar.

Be neighborly to nonfarmers. As nonfarmers move into rural land, it's tempting to think that you have nothing in common, so it's not worth trying to get along. Besides being neighborly for neighborliness' sake, it's important to remember that they could have a big say in the future of your farm. They also could be the ones who stop to pull your daughter's car out of the ditch on an icy winter night.

Don't be judgmental. As the old saw goes, never judge a person until you've walked a mile in his shoes. You may not agree with your neighbor's choices, but that doesn't mean they aren't right for her. You can never know all of the circumstances involved. 🐄

Common Ground

IN TODAY'S CHANGING rural environment, neighborliness is more important than ever, says extension farm mediation program director Kathleen Mangum. But it's also harder than ever, because people whose lives are taking very different directions are unlikely to find they just naturally get along.

To preserve the friendly relationships that are so important to everyone's well-being, Mangum suggests you focus on the things that draw you together rather than pull you apart.

"You and your neighbor may disagree on what's the 'right' size for a farm. But you still have a lot in common—a strong sense of value in maintaining an economically viable farm and a strong ag sector, in maintaining a rural community, in being independent and self-reliant," Mangum says. If you concentrate on your similarities rather than your differences, she says, you'll find you have more than enough common ground on which to build a sturdy, long-lasting friendship that will help you both weather the inevitable storms of life.

