DBAP=s MOST PROFITABLE DAIRIES

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Everyone wants to know who was on DBAP=s 1998 top 25% most profitable list. Of course, our pledge of confidentiality makes it impossible to provide that list. However, more important than any list of names is the opportunity to understand the common traits of these dairies, and those traits not in common.

<u>Top 25% most profitable DBAP dairies: traits that were NOT in common</u>

$ they were not all large dairies
$ they didn=t all have free stall facilities
$ they didn=t all have extremely high cow productivity
$ they weren=t debt free
$ they didn=t have lower culling rates

The top 25% list was not biased towards dairies of a particular size, shape, structure or geographic circumstance. It included dairies from each of our size (cow number) categories; small, medium and large. The list included dairies in West, South, Central and North Florida. It had dairies with free stall barns and modern parlors, it had modified rotational grazing dairies with low inputs. It also had dairies with the Atraditional@ Florida structure, large pastures with oak hammocks and a parlor not far from the center of the property. The list included mature businesses with older facilities and minimal debts, dairies owned by operators in mid career and young businesses with leased real estate.

<u>Top 25% most profitable DBAP dairies: traits that WERE in common</u>

$ they had lower assets per cow and assets were more efficient
$ they had lower debt per cow but more importantly utilized debt more efficiently
$ they utilized feed, labor and other inputs more efficiently

The list was biased towards dairies that had been structured wisely. These dairies averaged $3,054 assets per cow (25% below average) of which 43% of assets were in cattle (the assets that generate most revenues). Their asset turnover ratio, at 1.13, was 10% higher than average. These dairies had $1,119 in debt per cow (25% below average) of which 82% was in notes payable (with more favorable terms). They utilized feed more efficiently. While they sold 13% less milk per cow than the average dairy, their feed expense per cow was 27% below the average and their feed cost per cwt. was $6.76, 20% lower than the DBAP average of $8.10. They utilized labor more efficiently, averaging 1.1 million lbs. milk sold per worker, which was 22% higher than average. They had 77 cows per worker, compared to 57. Their culling rates, at 38%, were equal to the average but machinery depreciation was 10% lower.
DBAP has provided us the opportunity to understand the common traits of these dairies, and those traits not in common. Its not all about large dairies, free stall facilities, extremely high cow productivity, debt free or lower culling rates. It is about efficiency and wise asset and liability structure.