

THE INGREDIENTS OF A HIGH INCOME DAIRY OPERATION

By W. W. Bassett, Jr.
Bassett's Dairy, Monticello, Florida

Plan, organize and analyze,—this is management,—and that's the name of the game!

We are in a business that requires a tremendous investment per dollar return and one which creates a vast annual cash flow. Dairying today is a big business whether we are milking 100 cows or 1000 cows. We must use the financial tools considered standard procedure in other high risk and big investment enterprises. We must have fingertip control over all phases of our operations which demand an outflow of dollars.

I believe that effective control of any business regardless of size requires adequate records. The larger the operation the more sophisticated our record keeping must be.

We are quite fortunate in having DHIA record keeping available to us. This computerized system of records provides management with both current and accumulative data on individual animals and the entire herd, but this alone is not enough.

We must have a cost analysis program that gives easy control over all segments of our businesses. We need to know the cost of producing a gallon of milk; the cost of raising our replacements; the cost of a ton of corn silage; our total feed costs and our labor costs. We may not have much influence on what we receive for a gallon of milk but with good records we can effect profitable changes in our costs.

A cash-flow statement will pave the road for future plans besides giving our lenders more confidence in our ability to repay our usual large mortgages. This could be an effective way to get a reduction in interest rates.

Our profit and loss statements, which we should prepare at least quarterly, will provide the good manager with a moving picture of his operation. This is essential to wise managerial decisions.

Most of us are milking cows because we like it. We started out in a small way and were involved with all the many details of the business. We worked long hours and used a hip-pocket system of records.

We succeeded by the sweat of our brow and simplicity of the demands on management! Today there are stringent government regulations, labor is unsettled and scarce, machinery is more complex, credit requirements are high and money is expensive. We have depended on ever-rising land values for a financial base but this is a dead-end road.

The man who operates his business today with yesterday's methods is destined for failure. We must study the past, appraise the present and plan for the future,— because the future belongs to those who adequately plan for it.