

Producer's View of Staying Ahead in the Dairy Business: Strategy for Brooksco, Jeffco, and Westbrook

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Simplicity

- Purchased Feed Model.
- Exclusively focused on milking cows and growing heifers.
- Three farms with very similar layouts.
- Parallel parlors, six row barns, palpation rails, and recycled sand bedding.
- Centralized calving.
- Heifers are contracted to Brooksco's heifer facility.

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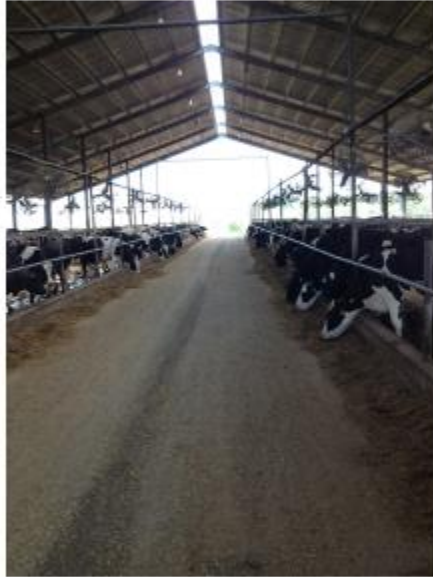
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Focal Points

- Asset Management
- Working Capital
- Strength of Relationships

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Dupont Model

- Return on Assets = Asset Turn Over X Operating Profit Margin
- ATO = Net Sales / Total Assets
- OPM = Operating Income / Net Sales

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Asset Management

- Hard Assets: Proper Allocation of Capital
- Soft Assets: Building Managers of Hard Assets

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Hard Assets

- Capital efficiency should be taken into consideration when allocating capital for new assets.
- High investment requires high levels of production and less room for mistakes.
- Avoid dead or slow turning assets but not at the expense of the farm's future.
- Avoid the point of diminishing returns.

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Soft Assets

- Building people is a culture that continues even when there is no immediate growth anticipated.
- No business can grow hard assets without first developing soft assets.
- Pre-notification letters are never sent out prior to the arrival of great opportunities.

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Working Capital

- The higher the level of working capital the greater the security against uncertainty.
- “Fat Pitches” are seldom missed if the war chest is not depleted.

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Strength of Relationships

- Relationships should be protected and valued.
- Strong relationships allow us to use our assets and time in the most efficient manner.
- We must avoid entering into relationships with companies or individuals that are self-serving or have different core values.
- End bad relationships as quickly and painlessly as possible.

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NOTES
