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.
Focal Points

• Asset Management

• Working Capital

• Strength of Relationships
**Dupont Model**

- Return on Assets = Asset Turn Over X Operating Profit Margin

- ATO = Net Sales / Total Assets

- OPM = Operating Income / Net Sales

**Asset Management**

- Hard Assets: Proper Allocation of Capital

- Soft Assets: Building Managers of Hard Assets
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.

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.
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.

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.