Today on Across the Fence, we’ll go behind-the-scenes of owning and managing a dairy farm. While the farmer has the ultimate decision-making authority, a Dairy Management Team can help the farmer make more profitable decisions on the farm.

Good afternoon … and thanks for joining us … I’m Judy Simpson. Dairy farming is big business in Vermont. Dairying is not only a 400 to 500 million dollar industry, but those same farms help our state retain its rural character and landscape that drive our tourism industry. So when dairy takes a down-turn, as it has in recent years, there are negative economic impacts across the state. That’s why a ‘team approach’ for management on Vermont dairy farms is taking place. UVM Extension, in partnership with others, offers Dairy Management Teams. Across the Fence’s Rebecca Gollin tells us more:

If two heads are better than one for solving problems, just imagine what 8 heads could do.

Gert Shute / Millborne Farms: “It’s almost like having your own board of directors.”

Gert Shute is a dairy farmer in Shoreham. He and his wife Arda milk around 160 cows and produce drinkable yogurt. They’re participating in the University of Vermont’s dairy management team program, which pairs farmers with a team of dairy management specialists.

Tony Kitsos / UVM Extension: “The dairy management team is a program that was developed to assist farmers in facilitating meetings that happen on their farm with their strategic planners.”

Dairy management teams are an offshoot of UVM Extensions farm viability program, which helps farmers develop and implement business plans. The Shutes were working on their business plan with UVM extension’s Al Curler as part of the farm viability program when he told them about the dairy management teams.
Gert: “The catalyst for it all was Al, Al helped us with the business plan and the whole farm via thing, and then it was almost a natural extension to get into the dairy mgmt. team... Al is really aware of the challenges that we face here, again, being spread too thin, and it’s so easy to lose focus on very imp areas on the farm because we're 2 busy w the yogurt, and the other way around -

Al Curler / UVM Extension: “The DM team is there to help improve the bottom line of the business, they're looking at what things can maybe change, what little tweaks can we do to the business that will create opportunities.”

Nats, tony

Tony Kitsos runs the dairy management team program. The farmers who want to participate are looking to implement changes on their farm to grow or improve their business.

Kitsos: “I will sit down with the farmer and do a bit of an assessment as to what those goals are, try to understand who their key advisers are and who we should bring together at the table.”

With Kitsos, the farmer will identify a group of advisors that will become their dairy management team.

Kitsos: “They come from the lending community, usually it's a banker or some other financial adviser who is helping them put together budgets. There will be nutritionists that will be involved that are doing the feed programming and can help them with the herd health and making sure that those animals are moving in the right direction... there's oftentimes a veterinarian who is involved as well…

Once the farmer has identified their dairy management team, Kitsos will pair them with a volunteer facilitator. Mike Davis is the facilitator for the Shutes team.

Mike Davis / Volunteer Facilitator: “I organize the time and venue and people, take minutes, prepare agendas, but i work very closely with Gert … because he's really in charge, i mean it's his farm, it’s his future, it’s his business, and it’s my goal as the facilitator to take some of the workload, the meeting workload, off Gert.”

Davis worked for a large seed company in the Midwest before retiring to Vermont. With time on his hands and a desire to be connected with agriculture in his new home, Davis decided to get involved. He runs the meetings, and provides the organization, leaving the Shutes free to concentrate on their business.

Gert: “They're kind of the glue that holds the team together”
Davis: “I spent my career in business mgmt., in agriculture, so I’ve sat in a lot of meetings, I’ve organized a lot of meetings, and i think i know what it takes to make progress in a meeting, have some success and produce some results for Gert to use on the farm.”

Gert: “He always comes out to the farm if there's something special is happening so he can report back to everybody... maybe they're all this good, but we're really happy with mike Davis”

Nats, Shute farm

Bill Kipp /Dairy Nutrition Consultant: “A long time ago we saw value in this type of program. Farmers by nature are very independent, and i don't think it’s intuitive of them to seek out a team to help them run their business.”

Bill Kipp is a dairy nutrition consultant based out of Middlebury.

Kipp says that the Shutes, like many dairy producers, recognize that they need to move from thinking about farming as a lifestyle, to thinking about it as a business.

Kipp: “Farming is very competitive, we have competition from all over, within the U.S. and outside the U.S., we have issues in terms of land values, property taxes, weather, our growing season, labor costs, and it’s an intensely competitive business with very very low margins. It requires a skill set across many areas, not just cows and tractors, this business requires a very good businessman...”

Arda Shute/ Millborne Farms: “Sometimes you get so stuck focusing on certain issues that u forget that there's other ways out of it and somebody can give you advice and say 'hey maybe if u handle it this way it might help' and i think that’s been a huge advantage of this whole DM team”

David Girard / USDA farm loan officer: “I was invited to be part of the team from a lender point of view...”

Another advantage of a dairy management team is the increased awareness of what each member of the team brings to the table.

Girard: “The whole is greater than the sum of its parts and by having this forum, it brings us all together and we gain a greater insight into what each other’s part is and how it ultimately benefits the farm.”

The Shutes plan for their farm business is to improve their operation in the short term, and continue to manage it to ensure that it remains successful for the long-term.
Davis: “A dairy mgmt. team is not meant to be a permanent establishment. We hope that we will make contributions to Ger's business plan, and to his mgmt. strategies that just become part of the process, so that at some point, the formal dairy mgmt. team and maybe my facilitation would disappear,”

Gert: “We still make the final call, they can’t make us do anything - maybe some people wouldn't like to have that, looking over your shoulder type, but i think that i really need it, it helps me focus, it’s sort of another group of people I’m responsible towards to get the job done.”

Just a few meetings in, the Shutes have already implemented changes on the farm.

Gert: “We changed a few things with the crop work, what we do and what we don't do anymore - again, it’s so hard to focus with yogurt, cows, crop work,”

And although changes don’t happen too fast on the farm, the advantages of having a dairy management team were clear to the Shutes from the start.

Gert: “The power of having 8 minds focused on 1 issue is tremendous”

Helping improve dairy farm businesses in Vermont, UVM extension’s dairy management team program has its sights set on the bottom line. In Shoreham, I’m Rebecca Gollin with Across the Fence.

Judy.: Thanks Rebecca. Joining me now CS is Tony Kitsos of UVM extension who was featured in Rebecca's story. Tony is the program coordinator of the dairy management teams. Thanks for being with us.

Tony.: Thanks for having me.

Judy.: How does the team approach to dairy farming come about?

Tony.: The team approach to dairy farming and instituting a dairy management team on a farm typically came about from farmers that were using business plans to operate their business. Any good business plan is an implementation strategy to help them achieve their goals. Farmers like to call upon their adviser's for advice. We feel that bringing everybody in the room at one time to offer that advice to the farmers is really the best way two presents advice to the farm to help them implement that strategy.

Judy.: In all different areas?

Tony.: In all different areas of the farm the it nutrition be it financial or heard health issues agronomy pick something on the farm and there's a specialist that'll help them out.
Judy.: So it's bringing a load of experience to the farmer directly?

Tony.: It's bringing the best experience and most latest technology to the farm directly in a coordinated fashion and hopefully move forward in a positive manner to implement their plan.

Judy.: Without this kind of a team what is the likelihood that a feed consultant a veterinarian a crop specialist would all get together and meet with a farmer?

Tony.: It's hit or miss. It very much is hit or miss occasionally you'll have that in areas and nutritionists work together on a specific issue because a lot of times those are directly related but rarely do you have a loan officer would say have the opportunity to hear those answers and to hear what guidance they're receiving so that the loan officer to understand what's the next use of my dollar going to be when it goes to the farm. In this context everything together people make better decisions.

Judy.: The loan officer is very important obviously.

Tony.: Very very important person and in this day and age in dairy farming or any kind of agriculture production margins are very very tight. Farms tend to use their equity to barrow against and it requires a loan officer who has a very clear understanding and picture of what their goals are for the farm.

Judy.: Life style vs. Business that's very important a lot of the farmers are saying it's not just the fact that are run the farm and live on a farm and take care of myself and produced no or whenever the crop might be but it's a business.

Tony.: It is a business definitely a business. One of the advisors that works on farms under the management team we work with looked at the bottom line and said you're $1,000,000 business list are running this is like one. That really hit home with the farmer and he took a look at himself and thought boy it's nice to know I'm a family farm and I'm wanting to do this so that my kids can have a place to grow up but when running $1,000,000 to replace it really takes a higher level of running a business.

Judy.: There's a formal commitment for the farmer and the advisors to take part in the dairy management teams. What are some of the key requirements that you need?

Tony.: We like to have a farm understand that there's a commitment where the 6 to 8 meetings which typically take the about a year to go through so that we can get formal training and the group process of how to run a meeting in a businesslike manner. Then two have the farmer get out there with the initial goals are that they want to achieve so that they can actually work for a period of time together as a group and see some of the positive results of achieving those goals. From that we like to let them make their own decisions as to whether or not they want to continue. We hope that one achievement leads to another goal set which might possibly lead to another achievement possibly bring the farm forward.

Judy.: So that's the success of the program is to build on successes.
Tony.: Truly to build on their successes that's a good point Judy. And because if you don't really see the reports from what it is you're cheating you can't implement that and get up in the morning with a positive feeling. What we hope is that everybody carries that through into the next day.

Judy.: I know that every farm is different but is it just that has sometimes farmers have to think outside the box? They're so used to operating have especially if they've been in business a long time a certain way.

Tony.: They do and oftentimes a farmer will operate their farm in a specific manner but not really recognize it technology has taken things to the next level. What we hope is the advisors that come to the table and meet with the farmers bring in that new technology and provide the farmers new direction to move forward.

Judy.: Also when you're talking about adding on a different crop to take a look at the land and what the land can support and what the farmer can reasonably grow that's going to be a new crop for them.

Tony.: Sure and you should always try to do what your land is best suited to do and oftentimes farms that struggle are trying to do something that they're really not cut out to do. That the land isn't able to support and if people are providing them with ideas to change the direction a little bit that's always going to be a benefit.

Judy.: Tony maybe you could talk a little bit about how important it is that farm stay in business in Vermont?

Tony.: Farm staying in business in Vermont really tie into what Vermonters want the most which is working landscape. If the farm stays in business it employs people it's buying things at the local stores its buying things at the machinery dealer and the green company. Is producing a local product as well. We really are seeing the whole notion of local buy local take hold so we feel that things like dairy management teams and business planning assistance is helping them implement that makes them stand the farm longer then we're really feeding into that continuance of the working landscape.

Judy.: Let's talk about the whole trend of feeding local and how important it is to a lot of people as far as restaurants as far as people who are having a dining experience in how the farmer can tap into that?

Tony.: If you're going to diversify let's say and bring on a product like drinkable yogurt or farmstead cheese it really behooves you to promote your product as a local product. Your product is going to be sold in local restaurants. It's going to be sold in local markets and that in turn raises the awareness of what's going on here in Vermont.

Judy.: A lot of help is in marketing?
Tony.: A lot of help is in marketing. With management teams and business planning we will employ consultants to help the farmer develop a solid marketing plan. Those marketing specialists will understand the business angles that they need to take to take that product to market and be successful.

Judy.: Talk about the next generation of farms who want to transition to the next generation or sell their property.

Tony.: Management teams can be instrumental in that if you're bringing your advisers together and you're looking at what your farm does the best the next generation is under those tighter margins for themselves and it's not easy to come up with that money to purchase the farm out right. They have to have a sound business plan to move forward. In instituting that management team for the next generation who take over they have a much better chance at being successful in the future.

Judy.: How can someone find out more information about dairy management teams? They can contact me at the saint Albans Office at 524 6501 or the 800 number on the screen or at Tony.Kitsos at UVm.edu

Judy.: Thank you Tony.

Tony.: Thanks for having me Judy

Judy.: That's our program for today I'm Judy Simpson will see you again next time on across the fence.

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