

Financial health results with consistent team effort

■ Brindeiro and Danbom Dairy near Turlock, Calif., was struggling to keep its head above water financially. So, the owners called in a team of experts to provide management advice.

by Ron Goble

Twenty-four-year-old Paul Danbom and his great uncle, 70-year-old Jim Brindeiro, had a steep hill to climb to turn their dairy around financially.

Their first step was to assemble a team of experts that included a new banker, nutritionist and management consultant. Danbom and Brindeiro replaced all but one employee.

"They needed to have the attitude that every cow counts," said Danbom.

Danbom knows dairying. He was raised around the dairy environment. So was Brindeiro. The two make a good team, with Danbom running the dairy and Brindeiro doing the farming — two generations making it work.

Good communication

One of the keys to their success is good communication. They make decisions after thorough discussions between them and their management team. Monthly meetings for a couple hours hold everyone accountable for what was decided at the last meeting and provide an opportunity to discuss the dairy's needs, both present and future.

Brindeiro and Danbom brought in John Ellsworth of Success Strategies, Modesto; to team-up with Todd Stroup, Pine Creek Nutrition Service Inc., Denair; and Brian Lemons, Yosemite Farm Credit, Turlock, who were already involved in the project. The team evaluates how their decisions from the previous month impacted the operation and the dairy's efficiencies.

Track key benchmarks

They track production figures on a per cow basis, analyze cow comfort protocols and evaluate feed quality and handling. Reproduction is also a key benchmark for tracking how the herd is doing.

At their October meeting, dairy production for the 410-cow herd that is milked 2x is at a level 20% above that of August 2002 figures. Peak milk production per cow is now up 21 pounds from one year ago, reported Ellsworth.

"Fifty-four percent of the herd is bred back and when we can start milking fresh cows 4x, we'll see an additional jump in production per cow," Ellsworth said. "If things continue as they are, we should be able to construct a new fresh cow barn in 2005."

3 steps to financial health

- 1) Regularly schedule management team meetings.
- 2) Put cost control measures in place.
- 3) Pay attention to keep feed quality high.

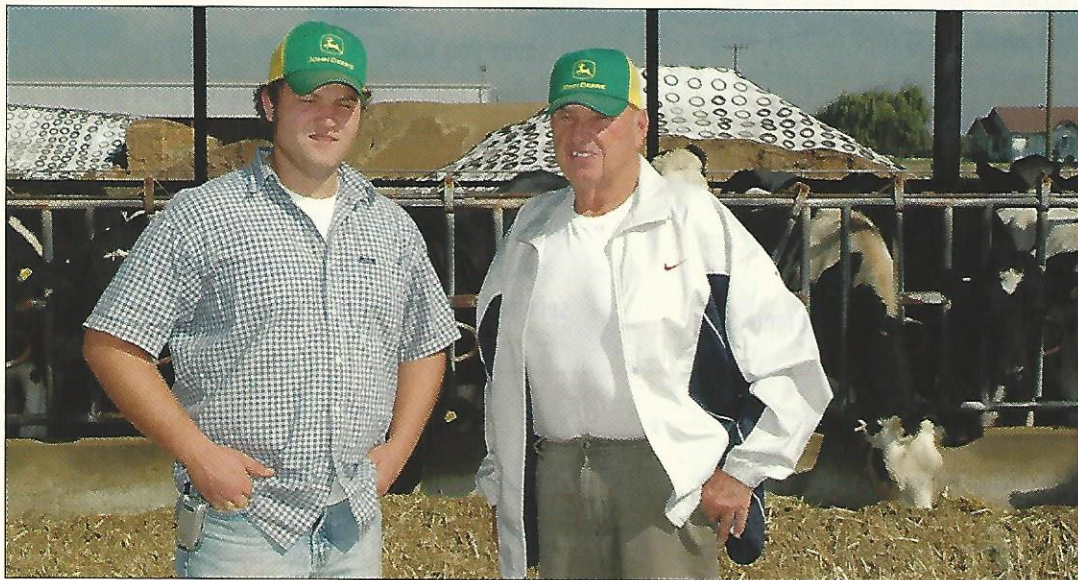
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■ John Ellsworth of Modesto, Calif., is a consultant with the financial and strategic consulting firm Success Strategies. He can be reached at 209-988-8960 or by e-mail at je4success@earthlink.net.

■ Brindeiro and Danbom Dairy is located at 5831 South Tegner Road, Turlock, Calif.

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■ To contact Todd Stroup, Pine Creek Nutrition Services, call 209-535-3034.



Paul Danbom, left, and his uncle and partner, Jim Brindeiro of Turlock, teamed up for success.



Management team from left: Mike Melo, Yosemite Farm Credit; Todd Stroup, Pine Creek Nutrition; John Ellsworth, Success Strategies; Brian Lemons, Yosemite Farm Credit; and dairyman Paul Danbom.

Cow comfort pays

Stroup, herd nutritionist, reported that the new freestalls are being well maintained, which has reflected in a lower SCC at around 220,500. That resulted in a quality bonus from Hilmar Cheese for keeping SCC under 250,000.

They replaced the freestalls so they could be more easily groomed and cleaned. Every morning when stalls are empty, they rake any manure out of stalls. Twice a week they rake and once a week they fill them.

"Not only does good freestall maintenance help keep somatic cell counts low, it also improves cows' feet and legs," said Danbom. "The feet and legs are like night and day from what they used to be. We only trim about 10 cows' hooves every two weeks, compared to 35-40 cows at a time before. We check feet every week, so we can respond to problems right away."

Stroup recommended they set up the footbath in the milking barn once again since it was working so well. Danbom said it was already in full use and reported that "herd hoof health is excellent."

They also decided to double the water trough capacity for their animals. Besides adding new troughs, they added drains to the old troughs so they could drain and clean them regularly.

Feed contracting

Stroup reported the feed contracts were at adequate levels and reasonable prices.

Rolled corn — 1,000 tons

Cottonseed — 300 tons

Canola — 325 tons

Corn gluten pellets — 400 tons

Danbom told the team he planned

to sell 50 acres of corn to help pay some feed bills and would be putting up about 220 acres for their own use, which he estimated would provide more than 4,600 tons (net of 15% shrinkage) to feed.

They farm 140 acres of alfalfa and 270 acres of corn, and are determined to harvest crops in a timely fashion to keep quality high.

"I think our farming operation often gets overlooked, but we've had very good crops and having our own chopper means we can be flexible and timely," Danbom said.

Ongoing projects

Danbom suggested they take the corn sale money and buy additional cows — about 30 now and another group in early 2005.

Ellsworth recommended a review of accounts payable, future capital expenditures desired and other items for which they might need funds. He noted that they will be able to pay down the hay bill before winter.

At a previous meeting, Stroup suggested cleaning the mangers three times a week. Currently, Danbom reported his crew is cleaning them every day and pushing up feed five times a day to keep feed in front of their cows.

Danbom said his high string is averaging 97 pounds of milk per cow per day. The 2-year-olds average 75 pounds per cow per day.

The team discussed the pros and cons of buying fresh 2-year-olds, without their calves vs. buying springing heifers that will add to the heifer inventory. Following the discussion, Danbom suggested that the overall herd age is good, and Lemons felt the herd should be able to support a 25% cull rate quite well.

The herd death rate is just below 3%, while the California average for dairies is more than 6%.

"You can't sell dead cows," Danbom said.

Track DHIA figures

The team routinely tracks the DHIA herd summary and compares results with that of previous testing periods. (See the chart on previous page).

Ellsworth had discussed the need to sign up for the Milk Income Loss Contract program by Sept. 15, and Danbom signed up to begin the program in January 2005 through March 2005. Ellsworth also recommended Danbom (and his other clients) participate in the USDA Corn Deficiency

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Items measured	10/5/04	4/7/04	8/19/03
Pregnancies confirmed past month	31	12	34
Percent of herd currently pregnant	54%	56%	41%
Pregnancy Rate	18%	15%	10%
Days in milk at first breeding	69	75	76
Average days open	140	117	131
Percent cows open >150 days	13%	24%	19%
Percent cull rate for the herd	17%	37%	25%
Calving interval	13.9	13.1	13.6
Somatic cell count	222,500	190,000	269,000



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Program, which recently yielded the dairy a nice payout.

Brindeiro and Danbom work closely with Lemons to consider herd expansion plans and financing.

Major top 10

"When considering the key elements that make for a successful dairying operation, we consider these to be our top 10," said Ellsworth.

1. Regularly scheduled management team meetings and facilitation.
2. Sound nutrition program developed by an outside nutritionist.
3. Flexible, knowledgeable banker.
4. Good accountant with knowledge of the dairy business.
5. Cost controls in place.
6. Superb cow comfort.
7. Employees with positive attitudes and a team approach to management.
8. Sound reproductive program.
9. Good water supply.
10. Excellent feed quality.

Brindeiro and Danbom both pointed to cost control, reproduction program and feed quality as the three they thought were the most important elements of their plan.

However, Ellsworth stressed that "without the management team meetings to stay on task and organized, none of the other items on the list would be tracked and monitored as they are now.

"Without a comprehensive plan that covers all the bases, the dairy would not maintain its efficiencies and optimal profitability," he said.

Changes in the herd

Danbom is considering adding some Jersey cows to his herd in a gradual process. Since their milk is going to Hilmar Cheese, they get paid a bonus for good components. The Jersey breed is known for its cheese production edge.

This, and other major decisions, will be discussed fully by the team members, and they will make the choice that is best for the business, said Danbom.

"After all the hard work and changes we've made to improve our facilities and management it's good to finally see black ink on the income statements and a solid future ahead," he said. "One of the most critical points is that we assembled a great team that cares about the cows." ■