



# CHANGES ON THE TABLE

## FLEXIBILITY AIDS SURVIVAL, HELPS DAIRY THRIVE

Daily attention to costs and income drive management decisions for Jim Brindeiro and Paul Danbom, helping them meet challenges while leaving the door open to capture opportunities.

### Information, strategies and ideas

flew across the lunch table on a late September afternoon as dairy producers Jim Brindeiro and his great-nephew Paul Danbom met with their financial consultant John Ellsworth and nutritionist Danny Agueda for a scheduled planning session.

The Brindeiro and Danbom dairy in Turlock, Calif. was featured in a 2006 issue of *Western DairyBusiness* as a survivor of a downturn of milk prices. Seven years and many strategy meetings and changes later, Brindeiro and Danbom have persevered through even tougher times thanks to their daily attention to costs and income.

Their willingness to adapt to economic realities, adopt new revenue streams and adjust plans has enabled Brindeiro and Danbom to survive the high feed prices and low milk prices affecting many producers in today's dairy industry, said Ellsworth.

"They're doing what many have resisted doing — changing the way you look at things," said Ellsworth, who operates Modesto-based Success Strategies and has been part of the Brindeiro and Danbom management team since July 2002. Along the way, their game plans have evolved to match the situations, new challenges and other opportunities that arise.

Since 2006, the dairy has added another 200 head to the milk string, for a total of 720 cows. Their maximum is 800 head, Danbom said, and they have no plans to grow beyond that number. They are currently farming about 500 acres, and have plans to add more ground to grow alfalfa.

Brindeiro and Danbom also found a new home for their milk with Dairy Farmers of America (DFA), leaving their previous milk buyer when they were not able to grow their



**The Brindeiro and Danbom dairy team includes Jim Brindeiro (center) and his great-nephew Paul Danbom (left). Financial consultant John Ellsworth advises the producers on management decisions.**

base. When they had the opportunity to purchase DFA base, Danbom said, they made the move that gave them 1,200 gallons a day of increased base, as well as an option of future growth.

Danbom, a young family man, emphasizes he has not been afraid to throw out the rule-book when it comes to operating the dairy.

Ellsworth agreed, noting that the days of "Set it and forget it" for dairies are long gone. Dairy operators, he stressed, must face the fact that changes in operation and thinking are critical to survival in today's economic climate.

Brindeiro and Danbom have been fortu-

nate to have adequate farm ground to supply all their silage needs, plus have some excess silage to sell. However, they have not been complacent about the feed situation. They farm with a goal of increasing production and adding more ground.

Their first 220 acres of silage harvested this season averaged 34 tons per acre. They have triple-cropped sudan: Danbom said they came in behind the silage choppers and crushed the remaining corn crop residue, drilling sudan seed into the ground within days of the harvest. They expect to add another 900 tons of silage from that crop.

Having additional ground to farm is another



plus for the dairy's nutrient management plan; they can use more lagoon water to irrigate. Blessed with ample water supplies in their county, Brindeiro and Danbom still have expenses for pumping groundwater. With Ellsworth's help, they are exploring financing for a new 200-foot deep water well that Danbom expects will cost nearly \$100,000.

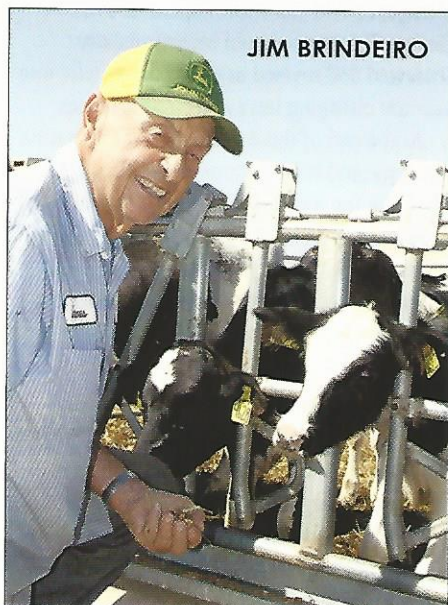
With two alfalfa fields added next year, Danbom said the only purchased feed coming into the dairy would be commodities. He is planning his alfalfa crop with a focus on high quality – rather than bringing in loads that “test all over the place.”

Thanks to a softer corn market, nutritionist Agueda said Brindeiro-Danbom feed costs had decreased to \$7.34 per milking cow per day. Eliminating cottonseed from their ration helped control their feed costs. Milk production is 80 lbs. per cow per day, 3.64% fat, 3.17% protein and 8.74% solids not fat, yielding 82.5 lbs. of energy corrected milk (ECM). Agueda also said the dairy's SCC for September was 120,000 cells/milliliter (C/mL).

Milk production and quality have been on a consistent growth path. In 2002, when Brindeiro and Danbom started as a team, their herd was averaging 47 lbs. of milk per cow per day, with an SCC in the 200,000 c/mL range.

When they started in 2002, they were producing \$9 milk. Even though their feed prices were not as high as today's, they knew they had to be conservative with expenses.

Better milk prices in 2004-05 helped them finance cow comfort improvements. With better nutrition management, daily milk production increased to 75 lbs. per cow by 2006, with reduced SCC. That helped pay for the additional freestalls and shade structure.



“Feed intake and production improved with those additions,” said Danbom.

One of their latest opportunities to increase their revenue stream sits between their commodity barn and corrals. Danbom invested in an 80-foot truck scale in 2012, using it to weigh everything from fuel to seed and fertilizer. The scale has helped him ensure accurate billing and control costs. It has also become another revenue stream; neighboring dairy producers and custom silage harvesters pay a fee to run loads across the scale.

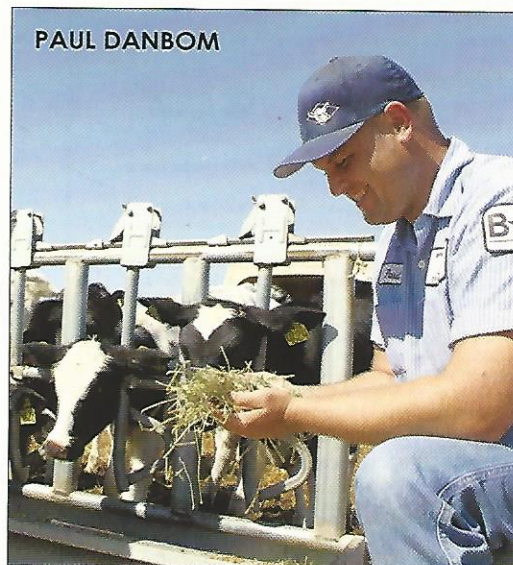
Recently, one of the biggest changes for Brindeiro and Danbom is their thinking about heifers. Top-heavy with more than 900 heifers in 2011, they decided to give their best animals more space and sell the lower-performing animals. At their September meeting, Danbom said he will sort through the heifer herd and select 100 heifers to sell – even though heifer prices are low – because the move will reduce costs while adding revenue from the sale. Ellsworth estimated they could save \$60,000 in feed costs over the next 12 months with 100 fewer heifers to feed.

“A large heifer inventory is no longer a positive thing,” Danbom said. “I’ve gotten finicky about the heifers I keep.”

If they are not performing in feed conversion and structural correctness, they find a new home, he said. That allows for more space for the heifers he does keep.

Another strategy with their milk string is to retain older, higher-producing cows, rather than replace them with springers. When the herd hit 48% two-year-olds, production was taking a hit, and they decided selling good cows to make room for youngsters was not a good plan. Their 12-month pregnancy rate is 19%, with a heat detection rate of 58%.

Ellsworth commended Brindeiro and



Danbom on their “insurance” plan for milk prices. They have more than 50% of their milk contracted at a minimum-maximum price of \$16.50/\$18.50/cwt. for most of 2014. The low end places a floor under their milk price; the high end leaves opportunity to capture income if prices move higher. Regardless of what the market does, even if it drops a lot, they will still receive a milk price above their break-even level, Ellsworth said.

This insurance, combined with contracts on their feed prices, will help ensure they are profitable, no matter what milk and feed prices do next year.

“That’s why they do it,” Ellsworth said. □

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#### BRINDEIRO-DANBOM HERD STATISTICS

	Current	March	Year ago
Pregnancies confirmed past month	52	38	66
Percent of herd currently pregnant	47	55	50
12-month pregnancy rate	19%	20%	23%
Heat detection rate	58%	60%	61%
DIM @ first breeding	67	66	60
Average days open	111	114	106
Percent of cows open more than 150 days	16	9	15
Calving interval (months)	13.0	13.1	12.8
Somatic cell count (c/mL)	120,000	136,000	141,031
Milk production/cow/day (lbs.)	80.0	74.2	71.5
# fresh cows/heifers – 30 days	58	46	62
Average days in milk	164	167	165