



Jim Brindeiro, left, and Paul Danbom are partners in Brindeiro & Danbom Dairy. They are standing in their new freestall barn.

Coming back from the brink

■ Financial decisions at Brindeiro & Danbom Dairy are made after careful analysis and discussion with a management team of experts. The journey out of the money pit has been steady and profitable.

by Ron Goble

TURLOCK, Calif. – Working through tough financial circumstances carries with it a great deal of satisfaction when you can see that you've come back from the brink of economic disaster.

Jim Brindeiro and his nephew, Paul Danbom, operate Brindeiro & Danbom Dairy Farms near Turlock and know what that journey is like. *Western DairyBusiness* featured their operation in the November 2004 issue because they were making some difficult decisions in an effort to stay afloat on a dairy they took over from other family members.

Today, with \$10 milk a reality, the pair continue to run a tight ship. They believe they are

now in a good position to hold on and weather this poor milk price cycle. They milk 612 head 2x, up from 410 head at our last report. They are raising 456 heifers.

"We've spent the last three years preparing for this. When milk prices were high, we were building toward our next downturn. During that time, we've done nothing but pile up our feed supply. We've got a hellacious amount of feed with very little debt on it. Now after all those preparations, all we have to do is hang on and ride this (low milk price) out," declared Danbom. "We've done things right. We haven't gone crazy buying things we don't need.

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FYI

■ To contact **Mike Melo** at *Yosemite Farm Credit*, call 209-668-3522.

■ To contact **Todd Stroup** at *Pine Creek Nutrition Service*, call 209-667-4181, or e-mail: wtoddstroup@aol.com.

■ To contact **John Ellsworth** at *Success Strategies*, call 209-988-8960, or e-mail: je4success@msn.com.



The management team, from left, Todd Stroup, Pine Creek Nutrition Service; John Ellsworth, Success Strategies; Jim Brindeiro; Paul Danbom; and Michael Melo, Yoemite Farm Credit, meet monthly to monitor the past and plan for the future.

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"I'm not going to say we won't spend the next eight months grinding it out...but at least we've got somewhere to go. We didn't go out and buy new tractors when milk was high and we're sure not going to do that now. However, every decision we made was with the mind-set that we were preparing for the next downturn.

"We were producing \$9 milk when we bought this place. So when you start out with a boot in your butt, you tend to remember it. We know what lean times are and tend to be conservative when times are good," Danbom declared.

"Right now is worse than \$9 milk. When we were getting \$9 per cwt., we weren't paying \$210 a ton for alfalfa, and I sure wasn't paying more than \$3 a gallon for diesel," he added.

Production at the dairy has improved considerably to help meet the rising expenses.

When Brindeiro and Danbom started as a "team" at the dairy in the summer of 2002, the whole herd was averaging 47 pounds per cow per day. The only string below that was the hospital string at 45 pounds. By May 2006, they were at 75.7 pounds per cow per day for the herd and 98.1 pounds per cow per day on the high-producing herd.

"Suppose you'd gone into this low milk price cycle with a 5-gallon average? Danbom asked. "We're at a 9-gallon average today and it's still tough."

Danbom said they shoot for good solid production, and at last test day they were producing 9 gallons per cow per day with the top milking string at 11.4 gallons without the use of BST.

Part of the gain is the result of keeping SCC under control. SCC has been in the 200,000 range, said Brindeiro. Some improvement was a result of focusing on cow comfort and nutrition management. They built additional freestalls and expanded their farming operation, which provides most of their feed needs.

Like with most dairy producers, 2004-05 was good to them. Since our last report, Brindeiro and Danbom have seen considerable improvements in their operation, but have still had some challenges.

Reproduction struggles

The dairy operation struggled with reproduction for a time. "Nothing was sticking," said Danbom. Herd pregnancy rates dipped as low as 10% at one time. On April 4, he reported 53% of their herd was pregnant with a pregnancy rate of 20%.

Average days open is 133, up from 131 six months earlier. Cows open more than 150 days were 17%, compared to 24% in April 2004.

The dairy experienced a significant four-month decline in pregnancy rates before rebounding. It was believed the drop was the result of overcrowding. Since then, Danbom has put cows into the new freestall barn and heat detection and conception rates have both improved dramatically, he said

Cash flow

Growing their own feed is a major factor in their economic comeback plan, said John Ellsworth, financial consultant to the dairy. While they have paid as much as \$210 per ton for hay that they buy off the farm, they also grow 140 acres of winter forage for their own use and another 160 acres they can sell to other dairymen.

The first half of their new 400-stall freestall barn is finished and paid for from revenues gained through surplus feed sales.

At a spring 2006 meeting, the dairymen projected generating cash inflows – in addition to milkchecks – of between \$38,000 and \$48,000 for winter oat forage sales, \$22,000 from the Milk Income Loss Contract program, and possibly \$10,000 via USDA's Corn Deficiency Program.

Being able to generate extra revenues and keep debt under control while paying off capital improvements in a timely manner are key benchmarks the management team closely monitors.

The cost of money is always an issue for dairy producers.

"The Federal Reserve Board continues to increase short-term interest rates. The prime rate as of July 5 was 8.25%, up from 6.25% a year ago. That should start to have a slowing effect on the economy," Ellsworth reported. "Recently, long-term interest rates began to climb. This should help the Fed to achieve its goal of reining in inflation. Then perhaps, they will be able to stop increasing short-term interest rates."

The \$10 milk plan

Typical during low milk prices is the discussion between the dairyman and his nutritionist on cost-saving strategies. It usually goes something like this:

"I can save you 50¢ per cow per day, on feed costs and you'll get \$1 per cow per day less milk. It doesn't make sense," said nutritionist Todd Stroup of Pine Creek Nutrition Service. "For every downturn in the milk price there is eventually an upturn. So, keep a positive attitude."

Danbom stressed that they would stick with their feeding strategy through \$10 milk. "You ride these waves of the milk market and we can't be changing the game plan like that. You shoot for good solid production all the time – no matter what the price



Todd Stroup tallies feed costs.

of milk might be."

During the management team's spring meeting, Stroup outlined contract feed needs for 2006-07, based on the 612 cows milked at the dairy and the 450-plus heifers being raised there. In addition to the feed they grow

Table 1

Herd health update

	5-6-06	11-8-05	6-2-05	8-19-03	8-15-02
Pregnancies confirmed	40	52	52	34	30
Percent herd pregnant	51%	52%	56%	41%	48%
Pregnancy rate	19%	14%	19%	10%	NA
Days in milk at first breeding	66	62	67	76	77
Average days open	128	140	122	131	153
Percent cows open >150 days	17%	22%	20%	19%	NA
Cull rate for herd	20%	18%	17%	25%	35%
Calving interval (months)	13.5	13.8	13.3	13.6	14.3
Death loss	2.3%	4.0%	3.8%	NA	1.4%
SCC	200,000	200,000	200,000	269,000	NA

NA = not available

themselves, they should plan to buy:

- 600 tons of cottonseed
- 1,200 tons of rolled corn
- 600-plus tons of canola
- 500 tons of corn gluten pellets

Stroup said the dairy manages its forage crops well and could sell part of its winter forage, which he estimated would provide between \$38,000 and \$48,000 in additional revenue.

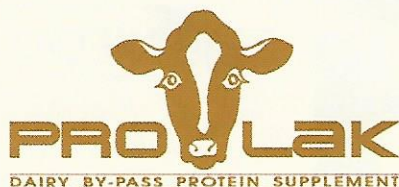
Herd health updates

The team monitors monthly "herd health updates," which they coordinate with DHIA herd summaries to

keep the operation on target. While the lists and items measured has changed slightly over the months, positive improvements and fluctuations can be seen in many categories outlined in (See Table 1).

To put in terms of a fighting machine, Danbom and Brindeiro can certainly be considered lean and mean when it comes to efficient dairy operations. In the meantime, they work toward the next upturn in milk prices with a high level of confidence in their management program and with even greater anticipation. ■

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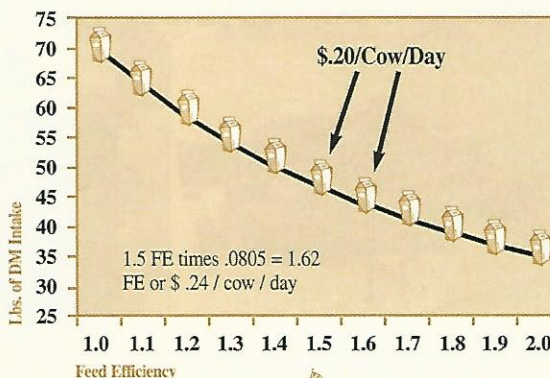


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