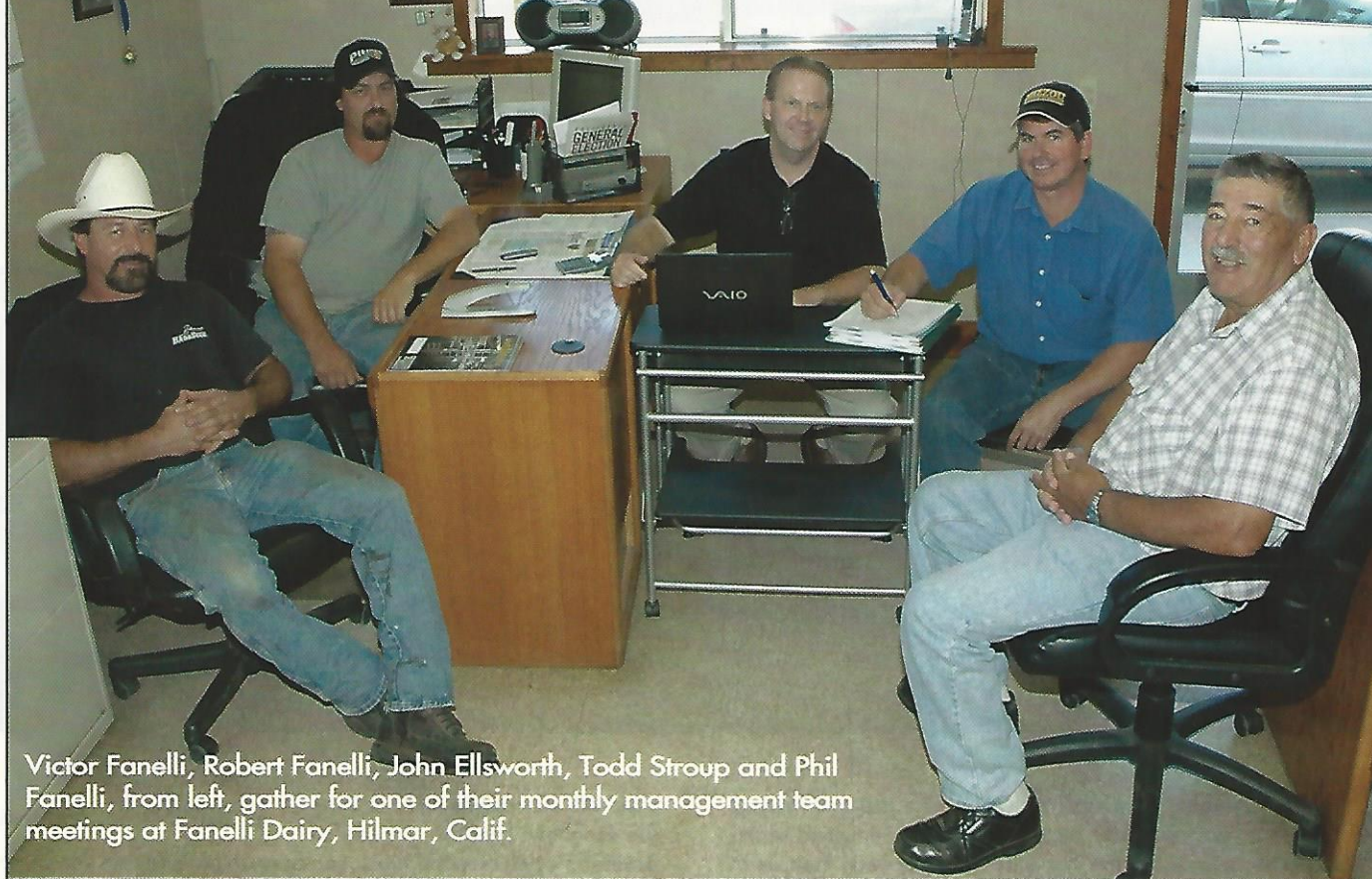


# COMMUNICATION:

## KEEP YOUR DAIRY OPERATION ON TRACK



Victor Fanelli, Robert Fanelli, John Ellsworth, Todd Stroup and Phil Fanelli, from left, gather for one of their monthly management team meetings at Fanelli Dairy, Hilmar, Calif.

*By John Ellsworth*

**Business people** have often asked me what I consider to be the essential elements to keeping their operation on track and to expand future success levels.

During the past 10 years, I have developed a process that accomplishes that very task. We have been using it with all of our clients during that time frame and feel that it has been a key instrument in the financial success stories that we have achieved together.

This process is appropriately named the Success Strategies Advantage™ and consists of five key steps.

### The Fanelli Success

To provide you with an overview of what its steps include and how you can take similar steps to improve your business, I'd like to share an actual client experience that started in late 2006 at the Fanelli Dairy in Hilmar, Calif.

Phil Fanelli and his wife, Nadine, have

been in the dairy business for more than 40 years. Today, Phil dairies with his two sons, Victor and Robert. Fanellis milk their Jersey herd 2X on a 36-stall Rota-Tech carousel. Robert handles the bookkeeping responsibilities, while Victor watches after the cows and equipment.

When we first started working together, Fanelli and his sons were faced with some critical decisions within their operation. One of the first questions they asked was whether their business was truly viable as a dairy operation. Remember, this was in late 2006. That was a question many dairymen were asking at that point.

They were located on some valuable land near Hilmar and had been quite successful as one of the owners of Hilmar Cheese Company. Yet, they were not growing their cow numbers, they were very concerned about new environmental restrictions they might face going forward, and, like everyone else

in the industry, they were feeling downward pressure on their cash flows. Of course, their lenders were concerned, but were supportive.

### Needed a plan

Fanellis simply needed a plan going forward, one that would provide them with direction and against which they could track their success.

Through this process, we were able to provide them with a plan that consists of the five key steps mentioned above. As we move through this story, I will try to provide you with some insight to the various steps, how they have worked for the owners of Fanelli Dairy and how any dairy producer could use them.

As with any improvement process, it is imperative that you identify where you are currently and then establish a goal for what you want to accomplish, along with a dead-

*Please turn to page 12*

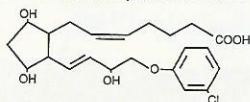


# Estrumate® (cloprostenol sodium)

Prostaglandin Analogue for Cattle

Equivalent to 250 mcg cloprostenol/mL

Estrumate® (cloprostenol sodium) is a synthetic prostaglandin analogue structurally related to prostaglandin F<sub>2</sub>α (PGF<sub>2</sub>α). Each mL of the colorless aqueous solution contains 263 mcg of cloprostenol sodium (equivalent to 250 mcg of cloprostenol) in a sodium citrate, anhydrous citric acid and sodium chloride buffer containing 0.1% w/v chlorocresol BP as a bactericide. pH is adjusted, as necessary, with sodium hydroxide or citric acid.



## ACTION:

Estrumate causes functional and morphological regression of the corpus luteum (luteolysis) in cattle. In normal, nonpregnant cycling animals, this effect on the life span of the corpus luteum usually results in estrus 2 to 5 days after treatment. In animals with prolonged luteal function (pyometra, mummified fetus, and luteal cysts), the induced luteolysis usually results in resolution of the condition and return to cyclicity. Pregnant animals may abort depending on the stage of gestation.

## INDICATIONS:

For intramuscular use to induce luteolysis in beef and dairy cattle. The luteolytic action of Estrumate can be utilized to manipulate the estrous cycle to better fit certain management practices, to terminate pregnancies resulting from mismatings, and to treat certain conditions associated with prolonged luteal function.

## RECOMMENDED USES:

### Unobserved or nondetected estrus

Cows which are not detected in estrus, although ovarian cyclicity continues, can be treated with Estrumate if a mature corpus luteum is present. Estrus is expected to occur 2 to 5 days following injection, at which time animals may be inseminated. Treated cattle should be inseminated at the usual time following detection of estrus. If estrous detection is not desirable or possible, treated animals may be inseminated twice at about 72 and 96 hours postinjection.

### Pyometra or Chronic Endometritis

Damage to the reproductive tract at calving or postpartum retention of the placenta often leads to infection and inflammation of the uterus (endometritis). Under certain circumstances, this may progress into chronic endometritis with the uterus becoming distended with purulent matter. This condition, commonly referred to as pyometra, is characterized by a lack of cyclical estrous behavior and the presence of a persistent corpus luteum. Induction of luteolysis with Estrumate usually results in evacuation of the uterus and a return to normal cyclical activity within 14 days after treatment. After 14 days posttreatment, recovery rate of treated animals will not be different than that of untreated cattle.

### Mummified Fetus

Death of the conceptus during gestation may be followed by its degeneration and dehydration. Induction of luteolysis with Estrumate usually results in expulsion of the mummified fetus from the uterus. (Manual assistance may be necessary to remove the fetus from the vagina.) Normal cyclical activity usually follows.

### Luteal Cysts

A cow may be noncyclic due to the presence of a luteal cyst (a single, anovulatory follicle with a thickened wall which is accompanied by no external signs and by no changes in palpable consistency of the uterus). Treatment with Estrumate can restore normal ovarian activity by causing regression of the luteal cyst.

### Pregnancies from Mismatching

Unwanted pregnancies can be safely and efficiently terminated from 1 week after mating until about 5 months of gestation. The induced abortion is normally uncomplicated and the fetus and placenta are usually expelled about four to five days after the injection with the reproductive tract returning to normal soon after the abortion. The ability of Estrumate to induce abortion decreases beyond the fifth month of gestation while the risk of dystocia and its consequences increases. Estrumate has not been sufficiently tested under feedlot conditions; therefore, recommendations cannot be made for its use in heifers placed in feedlots.

### Controlled Breeding

The luteolytic action of Estrumate can be utilized to schedule estrus and ovulation for an individual cycling animal or a group of animals. This allows control of the time at which cycling cows or heifers can be bred. Estrumate can be incorporated into a controlled breeding program by the following methods:

1. Single Estrumate injection: only animals with a mature corpus luteum should be treated to obtain maximum response to the single injection. However, not all cycling cattle should be treated since a mature corpus luteum is present for only 11 to 12 days of the 21-day cycle.

Prior to treatment, cattle should be examined rectally and found to be anatomically normal, be nonpregnant, and have a mature corpus luteum. If these criteria are met, estrus is expected to occur 2 to 5 days following injection, at which time animals may be inseminated. Treated cattle should be inseminated at the usual time following detection of estrus. If estrous detection is not desirable or possible, treated animals may be inseminated either once at about 72 hours or twice at about 72 and 96 hours postinjection.

With a single injection program, it may be desirable to assess the cyclicity status of the herd before Estrumate treatment. This can be accomplished by heat detecting and breeding at the usual time following detection of estrus for a 6-day period, all prior to injection. If by the sixth day the cyclicity status appears normal (approximately 25%-30% detected in estrus), all cattle not already inseminated should be palpated for normality, nonpregnancy, and cyclicity, then injected with Estrumate. Breeding should then be continued at the usual time following signs of estrus on the seventh and eighth day. On the ninth and tenth day, breeding may

continue at the usual time following detection of estrus or all cattle not already inseminated may be bred either once on the ninth day (at about 72 hours postinjection) or on both the ninth and tenth day (at about 72 and 96 hours postinjection).

2. Double Estrumate injections: prior to treatment, cattle should be examined rectally and found to be anatomically normal, nonpregnant, and cycling (the presence of a mature corpus luteum is not necessary when the first injection of a double injection regimen is given). A second injection should be given 11 days after the first injection. In normal, cycling cattle, estrus is expected 2 to 5 days following the second injection. Treated cattle should be inseminated at the usual time following detection of estrus. If estrous detection is not desirable or possible, treated animals may be inseminated either once at about 72 hours or twice at about 72 and 96 hours following the second Estrumate injection. Many animals will come into estrus following the first injection; these animals can be inseminated at the usual time following detected estrus. Animals not inseminated should receive a second injection 11 days after the first injection. Animals receiving both injections may be inseminated at the usual time following detection of estrus or may be inseminated either once at about 72 hours or twice at about 72 and 96 hours post second injection.

Any controlled breeding program recommended should be completed by either:

- observing animals (especially during the third week after injection) and inseminating or hand mating any animals returning to estrus,
- or
- turning in clean-up bull(s) 5 to 7 days after the last injection of Estrumate to cover any animals returning to estrus.

## REQUIREMENTS FOR CONTROLLED BREEDING PROGRAMS:

A variety of programs can be designed to best meet the needs of individual management systems. A controlled breeding program should be selected which is appropriate for the existing circumstances and management practices.

Before a controlled breeding program is planned the producer's objectives must be examined and he must be made aware of the projected results and limitations. The producer and his consulting veterinarian should review the operation's breeding history, herd health and nutritional status, and agree that a controlled breeding program is practical in the producer's specific situation. For any successful controlled breeding program:

- cows and heifers must be normal, nonpregnant, and cycling (rectal palpation should be performed).
- cattle must be in a fit and thrifty breeding condition and on an adequate or increasing plane of nutrition.
- proper program planning and record keeping are essential.
- if artificial insemination is used it must be performed by competent inseminators using high-quality semen.

It is important to understand that Estrumate is effective only in animals with a mature corpus luteum (ovulation must have occurred at least 5 days prior to treatment). This must be considered when breeding is intended following a single Estrumate injection.

## SAFETY AND TOXICITY:

At 50 and 100 times the recommended dose, mild side effects may be detected in some cattle. These include increased uneasiness, slight frothing, and milk let-down.

## CONTRAINDICATIONS:

Estrumate should not be administered to a pregnant animal whose calf is not to be aborted.

## PRECAUTIONS:

There is no effect on fertility following the single or double dosage regimen when breeding occurs at induced estrus or at 72 and 96 hours posttreatment. Conception rates may be lower than expected in those fixed time breeding programs which omit the second insemination (i.e., the insemination at or near 96 hours). This is especially true if a fixed time insemination is used following a single Estrumate injection. As with all parenteral products, careful aseptic techniques should be employed to decrease the possibility of postinjection bacterial infection. Antibiotic therapy should be employed at the first sign of infection.

## DOSEAGE AND ADMINISTRATION:

2 mL of Estrumate (500 mcg of cloprostenol) should be administered by INTRAMUSCULAR INJECTION for all indications in both beef and dairy cattle.

## WARNINGS:

For veterinary use only.

Women of child-bearing age, asthmatics, and persons with bronchial and other respiratory problems should exercise extreme caution when handling this product. In the early stages, women may be unaware of their pregnancies. Estrumate is readily absorbed through the skin and may cause abortion and/or bronchospasms; direct contact with the skin should therefore be avoided. Accidental spillage on the skin should be washed off immediately with soap and water.

## STORAGE CONDITIONS:


1. Protect from light.
2. Store in container.
3. Store at controlled room temperature 59°-86°F (15°-30°C).

## HOW SUPPLIED:

20-mL multidose vials

## CAUTION:

Federal (USA) law restricts this drug to use by or on the order of a licensed veterinarian.

 Schering-Plough Animal Health

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## Financial Checkup

continued from page 10

line for that achievement. A goal without a deadline and a list of the steps needed to reach it is really nothing more than a dream.

This process provides the necessary foundation for developing your success plan and then building the bridge needed to get to your desired destination. The way we accomplish this is by focusing on the future that the client desires, providing us both with a clear set of goals to pursue. As an adviser to them, I always need to know where they want to go.

## Listing objectives

Through The Discovery Process™ we were able to identify three primary objectives to be accomplished over a three-year period:

1.) Better cash flow and profits, 2.) No major environmental issues, and 3.) Continuation of their family operation. These are all being met.

The second step – The Critical Factors Analysis™ – consisted of determining where their operation was financially when we first met, particularly in the areas of cash flow and debt structure. This led into our third step – The Cash Flow Profile™ – which enlightened us as to how they were doing initially, and pointed out potential areas for improvement.

I continued this process by outlining the steps we would take to reach their new objectives, what would be needed and, just as significant, what type of financing would be needed? The lenders were especially appreciative of this step, not only because it is necessary but also because it provided them with a "roadmap" they could utilize during their loan approval process.

## Fanelli financing

At Fanelli Dairy, we were able to obtain the financing we needed without even changing lenders. Both Farmers & Merchants Bank and Yosemite Farm Credit were there for us when we needed them to be, due in part at least, to our detailed future plan, which also included cash flow projections for how we felt our plan could be successfully implemented.

These cash flow projections took numerous factors into consideration and represent the fourth step, The Cash Flow Enhancer™. It also represents a crucial part of our future measurement of how they are doing vs. their plan.

The fifth step is the Financial Organizer Model™ and consists of three parts. They are

Please turn to page 14



management team meetings, finance team meetings, and their success overview planner – items which provide a business operator with more precise control over their business.

### **Management team**

Management team meetings are regularly scheduled sessions that typically involve the owners, herdsman, nutritionist, veterinarian and me. During these meetings, we cover numerous key issues that include herd health, milk production levels, reproductive results, feed issues and many industry items that will affect the client's business going forward. Of course, the key focus is on making the client's business more efficient and profitable.

Several examples of items that were initiated at Fanelli Dairy as a direct result of these sessions included hiring Todd Stroup as our nutritionist, changing the average number of days dry, and initiating the use of Vlot Calf Ranch to raise their calves off-site.

These changes resulted in an increase of 10 pounds per cow per day in milk production, cows achieving peak production levels that are 10% higher and a decrease in calf losses from double digits to a level of 3% since July 2007.

### **Finance team**

Finance team meetings are also held regularly to compare their year-to-date cash flow results with those developed in their cash flow plan. Their CPA provided financial statements, prepared by Aliberi Nunes at Genske, Mulder & Company have been critical to measuring their overall financial success and obtaining the financing they need.

Completing our monthly cash flow review helps us to identify any revenue shortfalls and problem expense areas sooner and hopefully before they get out of control. We also use these meetings to discuss succession plans and determine what capital expenditures will be needed during the next 12 months.

Specific capital expenditures at Fanelli Dairy have included expansion of the milking herd in 2007, more rubber mats and cow cooling equipment, construction of a new hay barn and an expansion that more than doubled their silage storage area.

Expansion of their milking herd last year was necessary to build their overall profit plan. The rubber mats in walkways and cow cooling improvements have boosted cow comfort and milk production per cow.

Finally, the new hay barn will help us to



**Nutritionist Todd Stroup, left, shows Robert, Victor and Phil Fanelli the ration for the day.**

keep our hay supply at higher levels of quality, especially in the winter months, and the larger feed storage area will allow us to store more corn silage and winter forage. These will assist to maintain sound rations for our higher production levels.

### **Keeping on track**

The Success Overview Planner is a tool we use to keep clients on track. It includes an extensive analysis of the client's CPA prepared financial statements. There is a world of valuable information in these statements, but it is only helpful if we truly understand it and use it. This also allows us to compare our results to the rest of the industry and answer the question, "What needs to be changed or improved?"

As part of the same process, we also complete a Goals and Disaster Agenda. This establishes our top three goals for the next 12 months, and forces us to think about what the three worst things are that could happen to the client's business.

### **What's plan 'B'?**

It also leads to the development of a strategic plan that will provide an answer to the question, "If an item on their disaster agenda occurs, what will they do?" This is very powerful! It forces us to think ahead and

be on the outlook for items that can go wrong from time to time. Most important, it helps us to be better prepared.

Each of the items that the Fanelli Dairy's owners have completed thus far represents part of our overall plan to build the success of their business. In any business, change is an ongoing element that requires constant monitoring. It requires overcoming challenges that arise.

The days of guaranteed success are gone. We operate in a global economy that requires us to remain competitive. To survive and thrive, we must constantly overcome obstacles. The processes we've outlined will better equip you to do just that. Be sure to set new goals for your business, and remember, as stated on the Sept. 24<sup>th</sup> page of the 2008 Successories Corporation calendar: "Obstacles are those frightful things you see when you take your eyes off your goals." □



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