

# Better before bigger

Jessica Tekippe for *Progressive Dairyman*

A common leadership philosophy in business is to get better before you get bigger. The same philosophy rings true for dairy farmers.

Ask yourself: Is everything on my dairy being done in the best possible way every time, every day? Could each task be done slightly better – from mixing milk replacer or prepping the udder to managing staff? What would be the payback if a little more time was taken to perform each task in the best possible way?

The results of small improvements can accumulate into a sizable return. For instance, when calves receive the same mixture every day at the same temperature and same time, morbidity can decrease. When these same animals enter the milking string, research shows higher production levels are possible.

Improvements such as these do not cost more but could help dairies better handle economic downturns. The concept of improving on each task, whenever and wherever possible, can be applied across dairies of all sizes. Taking a little longer to perform a task better can mean a healthier, more productive operation both for cows and dairy producers.

## How to start

Start small when making changes. Mistakes might happen, so use these mistakes as learning experiences. You'll fare better the next time. It's also better to make mistakes on a smaller scale, as the impact is smaller. The key to remember is that "better" is better before "bigger" is better.

Here are a couple cases in point. Boston Market, the chain restaurant, opened and began growing quickly. Management leveraged the chain but did not identify what could be done better. Eventually, Boston Market filed for bankruptcy. At that same time, Chick-Fil-A opened and focused on being better. The CEO of Chick-Fil-A believed that if the restaurant continuously improved, customers would demand that it expand. Customers did, and the restaurant chain has grown.

It is easy to get caught up in the pressure to get bigger. The key is to make "better" a journey, not a destination. Your dairy can journey toward being the best you can be in an industry and market that are evolving.

## Define "better"

Take time to define "better."

Does better equal increased production, healthier cows, increased profit per animal, improved quality of life or something else? When expansion opportunities present themselves – via land, facilities, or cow numbers – what is the best next step? The first step might be to pause and ask, "Can I manage the additional work without cutting into the quality of our existing operation? Is the extra time required to farm more land or milk more cows worth the sacrifice to family time?"

## Evaluation

Once "better" is defined, evaluate the current situation and identify potential pitfalls. If each item or task improves one percent, slightly improving each of 100 items or tasks may seem less daunting. Doing so may not require as much effort as anticipated.

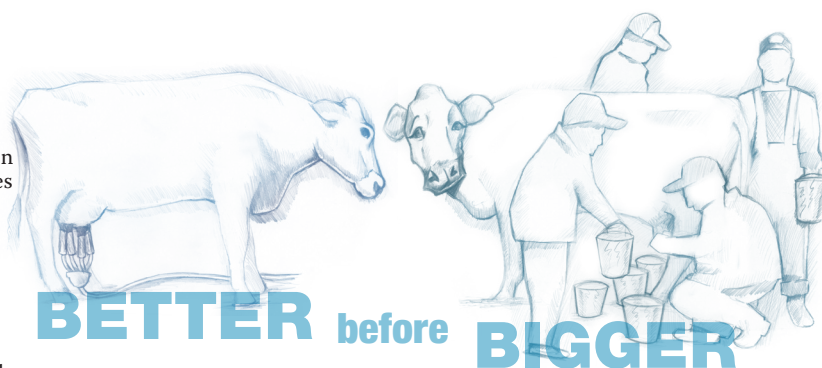
Making small changes may seem insignificant at first, yet the additive affect may be astounding. Think of the long-term value, significance, or worth of each action, when evaluating your operation. Follow what is most important to the operation and you. Will your financial situation encourage changes that create greater efficiencies now, rather than capital investments? Will it be better to commit to practices that change your landscape down the road? Some practices require personal time while others require a financial investment.

## Education

What is the next step? Education can assist in finding the correct practices to implement. Education doesn't necessarily have to be formal. It can be informal, with learning through the extension services, producer magazines, company representatives or fellow producers. Many dairies learn and grow through peer advisory groups. The groups help work through issues related to change: implementing and following through on new processes or systems, addressing problems and opportunities as they arise or helping family members or staff.

A peer advisory group acts as a reciprocal advisory board. It consists of top producers who have skin in the game, who are not direct competitors and who are willing to share what they know to fill in any knowledge gaps.

Successful peer groups require



openness, confidentiality and mutual respect for one another's ideas and opinions, even if members do not agree. The group's value directly and precisely stems from everyone not seeing things in the same way or thinking alike. In Argentina, more than 200 peer groups made up of top farmers in the country have been flourishing for 50 years. As a result, these farms have been more financially successful than their peers and often are elevated to a higher standard of living. Over time, the peer group elevates the dairy, helping it become better than it was before.

## Plan execution

The final step is equally vital: the plan's execution. If and when new practices are introduced, they should be repeatable and able to be performed consistently. If not, new training may be totally wasted.

Modifying attitudes at the dairy regarding goals may take time. As the saying goes, practice makes perfect. How you practice will determine your results, as there are no shortcuts to successful farm management. This new era of farming requires an intense focus on sound business management.

One successful business strategy calls for being conservative in the good times, courageous during the tough times and to be consistent all the time. Purdue economist Michael Langemier finds most successful farms routinely achieve 0 to 20 percent profit margins before they consider getting bigger. Most successful farms plan to sell at an average price, he says.

Rather than speculating on the timing of market highs, producers may want to look for competitive advantages they can capitalize on to further reduce their breakeven cost. What unique resources does your dairy have that would be difficult for other dairies to obtain? These are your

competitive advantages.

## Elevation

Take the next step now. What can you do better, regardless of the dairy's age, size or breed? Focusing on what you can do better is vital to success. Each dairy farm is unique. Dairies differ based on owner and management wishes, resources, market needs and more. In addition, multiple systems of dairying exist. Each can be profitable when taking steps to utilize evaluation, education and elevation to rise above the masses. **PD**

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