



***Dairy Enterprise Services***

***Resources for today's dairy industry***

# Michigan Farm Uses Planning Tools to Support Growth

Decker, Michigan

**“T**he only way we could stay in the dairy business was to grow.” This is Henk de Vor’s explanation of why he and his wife Marion and their four children moved from the Netherlands to Michigan in the U.S. in 2000. It also explains why they have since expanded their Decker, Michigan farm from 230 milking cows to nearly 2,000. Their approach to this relocation and expansion has been methodical.

## **Started Dairying in Netherlands**

De Vor was raised on a dairy farm in the Netherlands. His hope was to expand the operation, but was stymied by the high cost of land and cattle feed and a European production quota system that limited the amount of milk their dairy farm could market. The de Vors began looking at relocation to the United States.

In 2000, they purchased a farm in Sanilac County in the thumb of Michigan. De Vor says they wanted to buy a running farm to learn about dairying in the U.S.

“We wanted to look and learn what worked in this area.”

## **European Limits to Growth**

The initial farm consisted of 80 acres, with about 30 acres in cropland. When they acquired the farm, it included a herd of about 230 cows, and a milking parlor with a double-12 Germania milking system.

Subsequently, the de Vors also bought an adjoining farm of 120 acres, with 90 acres in cropland. The cropland on both farms was rented to cropping specialists, who in turn sell feed back to the de Vors for the dairy operation. The de Vors feed their herd





a ration of haylage and corn silage, supplemented with wet sugar beet pulp, wet distillers grains and canola meal.

As they became familiar with dairying in the U.S., the de Vors began looking to expand. The de Vors had already established a relationship with Ken Berberich, a district sales manager for De Laval. Throughout the planning process Berberich worked with them using DeLaval's 90/10 planning tools, and encouraged them to attend several DeLaval Profound Productivity tours in California and to visit the Tulare Farm Show. Also, Berberich recommended they communicate with Greg Squires of Dairy Enterprise Services. De Vor says, "We met with Greg and right away we knew he could help us."

### **Found Expert Assistance**

Dairy Enterprise Services (DairyES) specializes in consulting services for the dairy industry – producers, processors and allied businesses. Squires points out, "This industry has been going through revolutionary changes in the last decade. Major dairy expansions are complex operations. Producers like Henk and Marion often benefit from assistance with both financial and physical planning aspects of an expansion project."

The services provided by DairyES cover many areas, including cash flow studies, construction sequencing, herd expansion planning, and facility startup coordination. Squires says, "Our role at DairyES is to gain a foundational understanding of our client's goals. We find out how they do business and then work with them to determine where they want to go and what resources they will need to get there."



**Henk de Vor and his wife Marion arrived from the Netherlands in 2000 and immediately began planning a major expansion on their Michigan farm**

### **Postponing Expansion Recommended**

In late spring 2003, the de Vors began using the Project 90/10 tool which helps guide dairy producers through the various steps for a major farm expansion. DeLaval offers this tool to outline the project steps in chronological sequence, and to help the owner avoid making critical decisions too early or too late in the planning process.

The de Vors worked with DairyES to evaluate financial and production potential of an expanded facility. As result of the de Vor's historically aggressive growth model and its related leverage, Squires recommended postponing construction and further herd expansion for 12-18 months to reduce debt and move beyond the period of low milk prices in 2002-2003.

The de Vors chose to communicate with bankers to test the feasibility of moving ahead and found that they too had reservations about proceeding immediately. At this point, the de Vors decided to follow the recommendation from DairyES to delay the project.

They used the ensuing time period to develop a detailed business plan and financial projections, and by early 2005 were able to put the project back on the front burner. It looked like 2005 would be a strong year for milk prices. Based on their detailed plan and improved financial position, the de Vors were successful in securing the necessary financing for the expansion.

### **Using Newest Technology**

The de Vors signed contracts for construction of the new facilities, including a large barn and a state-of-the-art milking center, and construction began in mid-2005. De Vor points out, "We wanted to build so we could take full advantage of the newest dairy technology, and could expand in the future." All of the facilities were designed with this adaptability to growth in mind.

Greg Squires adds, "Henk and Marion recognized this as an opportunity to not only adapt to the newest technologies, but also to convert to a record keeping system for improved production management." He notes that the de Vors use a five-year outlook to evaluate enterprise profitability and tailored their accounting system to be able to see profitability information on a

per-cow basis. He explains, "The per-cow technique helps them make decisions on culling and other improvements to their production model."

### Challenge to Grow Herd While Building

One of the biggest challenges came for the de Vors while they were expanding their herd, and the new milking facilities were still under construction. Henk De Vor remembers, "We had to use the original double-12 milking parlor for a herd much larger than it was designed for. We were milking every hour of the day and it was still a challenge to get it done." But expanding the herd during construction was necessary to achieve the needed cash flow. "It was difficult, but we did it."



**The DeLaval parlor is a double-35 design, expandable to a double-50. During milking operations, the normal parlor staff numbers four.**

Henk had a challenging time for a few months because of various construction delays. "It was a problem because the herd was getting bigger every week, and we had run out of places to house and milk them." Greg Squires says that this is a typical experience and it is necessary to prepare and manage this reality.

The new facilities include a free-stall barn with capacity for 2,400 cows, using a floor plan that allows expansion as needed. They currently are housing 2,200 animals and milking 1,900. The new milking system was designed with help from Ken Berberich. Project planning showed the importance of a system that would allow rapid exit and reloading of the milking stalls.

The DeLaval EnDurance Parallel double-35 stall system that they selected is expandable to a double-50. According to Henk de Vor, they chose this system because of its rugged design, and because they already had a strong relationship with and support from the local dealer. He says, "This system has a reputation of being heavy-duty and able to handle a large volume of cows with few problems."

### Milking System Built for Continuous Duty

Built to withstand 24-hour, seven-days-a-week operation, the EnDurance™ system is designed to enhance milking comfort and to save steps for the operators. The parlor has a crossover bridge at the far end to allow cows to move in a single path through the parlor which speeds up exiting at the end of the milking cycle.

Clearly defined stalls allow cows to enter with very little operator prompting. The milking parlor has DeLaval equipment, including

the stalls and milking equipment, cabinetry, lighting system, washing system, as well as DeLaval Germania Sort Gates and AfiFarm herd management.

### Production Data Collected

The de Vors currently milk three times daily. They have 16 full-time and two part-time employees, and the herdsman is Brad Stine. The barn and milking staff work 12-hour shifts, and there are four workers in the parlor during each milking. Cows wear ankle tags for production data logging which are read when they are milked, and as they leave the parlor.

As the cows exit the parlor, the tag reader recognizes individual animals with unusually high or low production rates and a sort gate shuttles them into a holding corral for individual attention. They also use the system to single out cows for scheduled veterinary attention, or other work.

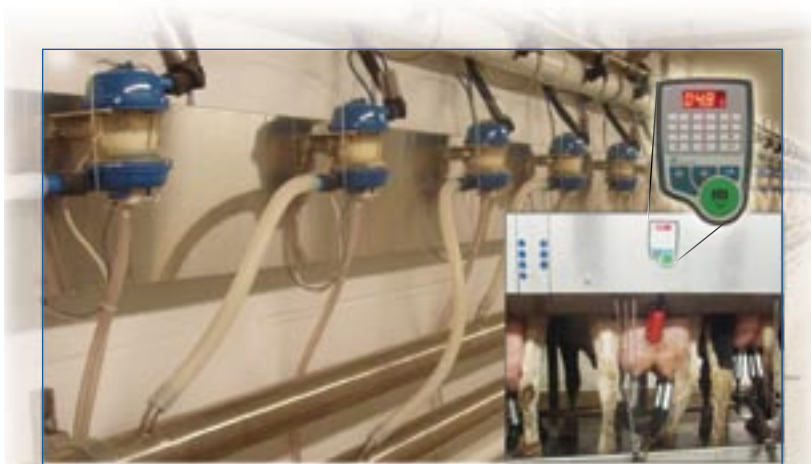


**Automatic gates direct cows with above or below normal milking rates into a separate corral for individual examination**

## Chilled Milk Sent Directly to Trailers

The new parlor has a basement area dedicated to milk handling. Here the milk from all the milking stations is collected and measured, using DeLaval Germania AfiMilk and AfiFarm production monitoring software. Collected milk is chilled using a plate cooler and chiller then pumped into a waiting tank trailer. According to de Vor, they currently are shipping three tankers of milk a day. They are members of Dairy Farmers of America (DFA) and sell all their milk to the Mideast Region of DFA. The herd production average is 83.3 lbs/day.

The cattle are housed in a single 1275 foot long barn. The bedding material used for cows is sand that is mined on the farm.



**One key to high and reliable production is close monitoring of each cow's production rates. The de Vor Dairy milking herd averages 83.3lbs/day.**



**Sand for cow bedding is mined and screened on the site and stockpiled for use as needed.**

## Separate Parlor for Specialized Milking

In the de Vor operation, the original milking parlor area is used for cows that have recently given birth and for cows that are currently receiving medication that would leave a residue in the milk. Colostrum from new mothers is collected and fed to the calves for three days, and pasteurized milk is fed to the calves for eight weeks. Bull calves are sold while heifer calves are sent to a grower to be raised and taken back as springers about six weeks before calving.

## Would Do It Again

De Vor says they are not finished growing. "We are in the stage of fine-tuning our operations, but more expansion in the future is likely."

He advises that transitioning to a large scale dairy enterprise is not easy or simple. De Vor notes that the planning process is challenging and one where he appreciated the help from Dairy Enterprise Systems and DeLaval. "Looking back, I can see that the planning process we followed with DairyES allowed us to get a really great banker, keep on budget, and allow us to adapt to changing market conditions." He continues, "I would advise others looking at a major expansion to look for good advisers and move cautiously. But there are definitely rewards in getting into a larger operation. We would do it again."



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