



# THE BUSINESS OF DAIRYING

## Who We Are:

*Dairy Enterprise Services (DairyES) is a business solutions resource for today's dairy industry - a business where progressive dairy producers, as well as the allied industry, can find answers to modern-day problems and opportunities. Dairy producers and other agricultural businesses in the dairy sector have confidence that DairyES will deliver the information, alternatives and advice needed to proactively manage their businesses.*

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## Resources for Today's Dairy Industry

*If you believe in managing change and are considering steps to improve the productivity and efficiency of your business, Dairy Enterprise Services can help you meet your goals. To learn more about Dairy Enterprise Services and how we can help lead your business through the process of managing change, please contact us:*

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## “Build the barn, buy the cows, watch the milk flow . . .”

This is often the mentality of dairy producers who are expanding their businesses. Focused on the present, they are all too sure that once construction is complete and production begins, operations will run like clockwork and cash will flow into the business as quickly as milk flows out.

Although everyone loves a success story, it doesn't happen easily without intensive prior planning. Ten months to one year into the project, all fresh animals purchased at the beginning of the expansion are now reaching the end of their lactation and entering a two-month dry period. Does cash flow suffer when there are no milking animals to replace them? How much unexpected investment will be required to house, feed, and care for the additional replacement heifers for the two years before they enter production? Planning for issues like these is critical to expansion success.

Attention to detail and extensive planning are trademarks of Dairy Enterprise Services' expansion model-



ing. Utilizing the tools provided within the *Dairy Financial Projection Model* to streamline the planning/funding process, DairyES assists the producer in pre-construction financial and business planning. As a part of this comprehensive financial model, forecasts incorporating cow flows, replacement needs and cash flows are calculated monthly for the first five years of operation, with annual projections extended to seven years. Sensitivities can be estimated by adjusting management factors or prices such as cull rate, production level, replacement cost, or milk

price. Post-construction fiscal performance is supported and monitored for the first two years of production through DairyES' *Expansion Navigator* service. Preparation of annual budgets with quarterly reviews against actual financial performance helps identify potential weaknesses or gaps before they can threaten the business.

Today's dairy business is nothing like that of past generations. Thorough planning and precision execution are no longer luxuries but an absolute necessity. 