

These northern tier dairymen benefit from meeting, networking

By SHERRY BUNTING
Special for Farmshine

TOWANDA, Pa.—When Glenn Gorrell moved to Milan, Bradford County from Center County 20 years ago, he didn't know many other dairy farmers up here. That changed seven years ago when he and Rich Bishop, of Bishcroft Farms near Roaring Branch, Tioga County, worked together to gather a group of the area's producers to start meeting to share ideas and bring in speakers on different topics.

Since then, the group of about 10 dairies and a handful of industry people have benefited from the social and professional network they have created here in the "endless mountains" of Pennsylvania. By networking with each other, these dairymen hope to not only strengthen their family dairy businesses, but also the local infrastructure they rely on.

Last Tuesday evening, March 31, the group met in Towanda for dinner. "This was the first time we had gotten together for a meeting in a little more than a year," Gorrell reports. "We started out meeting three or four times a year for the first several years, and that really established things."

"Now any one of us can pick up the phone and call someone else in the group if we have a question or are thinking of doing something we know they have done or if we run into a problem we know someone else has dealt with," adds Bishop.

Beyond the meetings and the well-attended family picnic at a member's farm each summer, Gorrell is quick to point out the key benefit of having a regional group is the random networking—by phone, email, visiting—that occurs often between members now that they have developed a connection to each other.

"As far as the meetings go, this makes it nice to have enough farms and cows represented in the group to get a good speaker in here locally," says Gorrell. "When we have a meeting and speaker it brings on a lot of good discussion. Plus we have the camaraderie as we have



These Bradford/Tioga County dairy producers started meeting and sharing about seven years ago. Last Tuesday they met in Towanda for the first time in over a year. Clockwise from left are Jeff Harding, Elanco representative who helped the group get started seven years ago; Herman Bishop, milking 650 cows with his sons; Tom and Brenda Pepper, milking 220 cows; Glenn Kline, milking about 450 cows with his brother and father; Tim and Rich Bishop; Glenn and Robin Gorrell, milking 580 cows; Gary Kline; Ben and Carla milking about 450 cows with Carla's parents Jay and Faye Good. Out of view are independent nutritionists John Longenecker and his son Ben; Elanco national sales representative, Brian Ritgers, who was a special guest for this particular meeting. Other members who were absent from this meeting on March 31, are dairymen Roy Beardslee, Ryan Babcock, Eric Harnish, and Robert Jennings.

become more familiar with everyone and what they have going on at the farm."

As in any group, some members are quicker to open up in a group setting, while others are listeners. But the important thing, says Gorrell, is that, "We don't feel alone up here. I've had a couple other dairymen call me from other counties. They know our group meets, and like one guy said to me recently: 'I have got to talk to somebody...'"

Now, more than ever, producers are looking for that connection to other producers. "There's a lot of value in getting together and seeing the things that we have in common," he adds. "We all face similar challenges and now we can talk to, visit and learn from each other, and it makes everyone's life a little better."

Gorrell and Bishop are also members of the state-wide Professional Dairy Managers of Pennsylvania (PDMP). Gorrell was elected

in November to the PDMP board. Among this Bradford/Tioga group are several other PDMP members, including Gary Kline, Y-Run Dairy, Troy, who also serves on the PDMP board.

"PDMP brings together the progressive dairies in the state," Gorrell relates. "They have good meetings with good speakers, but it's also great for getting you into a group of forward-thinking, positive people. In times like these, that's where we need to be. Not only do we get the benefits of the meetings, but also have the chance to talk with other dairymen around the state. Plus PDMP is involved in advocacy, so we can hopefully have some influence in decisions and work toward making things better for all the dairy farmers in Pennsylvania."

Gorrell notes that, as dairy farmers, "It really helps to be part of a bigger group and to see the bigger picture, and to realize we're all in same boat. You can get isolated pretty quick

up here," he says. "The moral support helps keep your head up when things are down."

Gorrell and Bishop are quick to point out that Elanco representative Jeff Harding really helped them get their group started. He told them about a similar group in Potter County that has been meeting for quite a few years. Harding promotes the local group concept because he sees it as an extension of what PDMP provides at the state level.

"There are opportunities to network like this, even if it's not an ongoing group," he says. "Small group meetings can be informal, and they don't have to be planned six months in advance with a lot of rigor and planning."

For example, Harding was in the area last week with Elanco's national sales manager Brian

Ritgers, so on short notice, Harding called the group together so they could share with a key supplier.

"Whether it's a formal PDMP forum or an informal local group meeting, opportunities like this for networking with other dairy producers bring value to both members and non members," notes Harding.

The discussion during dinner last Tuesday evening ranged from production and management to hearing about what's going on elsewhere in the nation from those who have been out to other states, like Idaho. It wasn't a session for complaining about the milk price, but rather a time for learning and encouragement.

"Producers need to know there is a support system out there and that others are going through the same things," Harding observes. "We're really all in this thing together."

Business planning is critical this year; Talk to lenders early

By SHERRY BUNTING
Special for Farmshine

LANCASTER, Pa.—These are tough times on the dairy farm, and tough times call for tough decisions, and above all, communication.

"Everyone is experiencing tight cash flows right now with the losses in the milk price and the cost of production higher than in previous years when milk prices hit these levels," observes Mike Hosterman, ag business consultant with AgChoice Farm Credit. Hosterman is one of two industry representatives serving on the elected board of directors for the Professional Dairy Managers of Pennsylvania (PDMP).

In March, Hosterman had the opportunity to talk about the characteristics of profitable dairies during one of three Dairy Roundtable Discussion Meetings hosted and facilitated by the Center for Dairy Excellence in Lancaster, State College, and Martinsburg.

Among the dairy producers who participated as panelists were Phil Kulp, Morrisons Cove; Bill and Fred England, Williamsburg; Chad Hurst, Lancaster; Luke Brubaker, Mount Joy; Bob Rohrer, Lancaster; Tim Kurtz, Elverson; Andrew Laffey, Cochranville; Matt Ulmer, Bellefonte; and Steve Reinford; Mifflintown.

"It was a good meeting, with a lot of discussion," said Hosterman about the CDE Roundtable he participated with in Lancaster. "There was more of a positive attitude and a lot of energy that surprised me."

One of the most important things all dairy producers should be doing right now, says Hosterman, is to "Prepare their cash flows to figure out how short they are going to be and be talking to their lenders to help get through this. You don't want to blind side the lender once payables are out 60 days."

He advises looking at interest-only and deferred principle loans.

"Project your production level, number of

cows, and the futures prices for upcoming months, along with your expected monthly bills for this year," Hosterman explains. He observes that more dairymen are doing this already compared with the last downcycle in 2006, but he has found the percentage of producers that are preparing and talking to their lenders early on is not nearly high enough.

"Lenders are being proactive and getting out there to talk to their customers," says Hosterman, whose role as ag business consultant includes helping customers do cash flow plans. He says he has done about 20 just in the last six weeks.

"If producers are proactive and get their cash flow plans worked out, they can borrow to keep their suppliers paid which is going to save them a lot on interest costs," Hosterman stresses. "Most will be able to borrow at a cheaper interest rate compared with running up the payables and then borrowing later on."

The difference between planning now and waiting until later, can amount to a savings of 12% accumulated interest on that same amount of money, which is a big difference on the bottom line.

"Most lenders have the funds to lend to existing customers," Hosterman relates. "Finding a new lender may be more difficult. And it's going to be very difficult without cash flow projections. The longer a producer waits, the slower and harder it will be to get the funds."

Dairies that are highly leveraged or had operating losses in 2008, will have a more difficult time. But whatever the situation is at the farm, the main thing to remember is that, "It's critical to be proactive in discussing your situation early with your lenders to know what options you have," says Hosterman. "And to know what contingency plans

you have to consider. Look at what part of business is not essential and what can be sold off. Every dairy needs an exit strategy, a 'plan C'. In these times an exit strategy isn't necessarily a bad thing."

Hosterman points to what Red Knob Farm did in January with their herd dispersal. "That was a successful business," he notes. "They looked at the hard times coming and made a business decision to liquidate the cows today, with the option to come back into the dairy business later."

Hosterman notes another example where a customer sold their cows and is negotiating with other farms to custom raise heifers for them. "In that case, they didn't want to grow the dairy, so they went into heifer raising," he says.

"I believe Pennsylvania has huge opportunities for the future. We're close to the consumer markets and we have the infrastructure," he says. "Even today, in these circumstances, we have customers who are looking at growth."

Even though times are tough and prices are down, this can actually be the right time to expand as cow prices and building supplies are less expensive. Hosterman predicts there will be some building taking place this year.

"It all comes down to having a good plan," he says. "If the dairy has a good plan, then lenders will work with you."

The critical elements of a good plan are: Having a vision, having a cash flow plan for the next 3 to 5 years, having a contingency plan for what to do if it doesn't work.

"One of the big things is mindset, controlling the controllables, having a positive attitude and running the dairy as a business, recognizing that there are no magic solutions for any situation," Hosterman observes. "It comes down to hard work and planning."

Professional Dairy Managers of Pennsylvania SCHEDULE 2009-10—Call 877.326.5993 for Details

JUNE 4, 2009 — Lancaster County — Family Relationships on the Dairy Farm (includes tour of Rohrer Dairy Farm LLC)

AUG. 6, 2009 — Juniata County — The Green Movement and the Dairy Industry (includes tour of Reinford Farms LLC dairy and anaerobic digester)

NOV. 5, 2009 — Cumberland County — Dairy's Place in the World Markets (includes tour of Giant Distribution Center)

MARCH 2010 — Dairy Tour location changed from Mexico to Northeast U.S.