

# Key characteristics of highly profitable dairy farms

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*IGA Dairy Conference*

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# Agenda

- What is a highly profitable dairy farm?
- Key characteristics (7 traits)
- Conclusions - take home messages



# What is a highly profitable dairy farm?

**Net Profit** (Whole Farm) = € per hectare X number of hectares

Example - Teagasc Moorepark Target Profit of €2,500/hectare:

€100,000 = € 2,500 per hectare X 40 hectares

# Key characteristics of highly profitable dairy farms

# 1. Scale - Farm (own) a lot of land

High Net Profit = € per hectare X number of hectares

Net Profit €	€ / hectare	No of hectares
100,000	2,500	40
250,000	2,500	100
500,000	2,500	200
1,000,000	2,500	400

## 2. Focus - Know their system of milk production

	<b>Systems of Milk Production</b>
<b>1</b>	<b>Spring Milk - Low input (Teagasc Moorepark)</b>
<b>2</b>	<b>Spring Milk - High output (UCD Lyons SR Herd)</b>
<b>3</b>	<b>Split Calving - Winter / Liquid Milk (autumn &amp; spring calving)</b>
<b>4</b>	<b>Confinement dairying</b>

**90 %**

# 3. Financially savvy - Understand the figures

- Farm Business Plan..... with a clear end goal
- Good method of assessing opportunities or threats
- Understand the interplay between risk and bank debt

‘They know and understand the Worst Possible Scenario (WPS)’

## 4. Leadership Skills - Can manage labour well

- Good people skills:

On - Farm People ( family & staff)

Off - Farm People ( peers, neighbours, suppliers etc)



“ To run a successful business you need a Dreamer, a Businessman and a SOB..... ”

Denis Brosnan



## 5. Technically Efficient – Good physical performance

- **Grass:** Stocking Rate, Grass utilised per ha.
- **Breeding :** Know the ideal cow for the system of production



‘They know the important 2 or 3 KPI’s that drive the profitability of their business’

## 6. Team - Good team around them

1. Discussion Group
2. Agricultural Consultant / Adviser
3. Accountant
4. Tax Consultant
5. Banker
6. Solicitor(s)
7. Outsider



‘A team is stronger than the sum of its parts’

# 7. Values: Balanced personal and business goals

- **Ambition & Pride** are good.....but in moderation.
- **Work : Life** balance must be right



The screenshot shows the Farm Ireland website interface. At the top, the logo 'FARM IRELAND' is on the left, and 'Independent.ie' is on the right. Below the logo, the date 'Tuesday 8 January 2019' and weather 'Hi 8°C | Lo 2°C DUBLIN CHANGE' are displayed. A navigation bar contains links for NEWS, AGRI-BUSINESS, PROPERTY, DAIRY, TILLAGE, BEEF, SHEEP, MACHINERY, LEGAL ADVICE, and PLOUGHING. The main content area features a headline: 'Mike Brady: A week or two away from the land is time well spent in the long run'. Below the headline is a photograph of Mike Brady, an agricultural consultant, smiling in a field with cows. To the right of the article is a 'Sign Up' form for Farm Ireland news, a 'Contact us' section with email and phone information, and a Facebook social media widget for Farm Ireland.ie with 41,235 likes.

www.bradygroup.ie



Conclusions - Take Home Messages

“Highly profitable dairy farmers...  
If you fail to plan you plan to fail...”  
Roy Keane



“ Successful leaders (**highly profitable dairy farmers**) are like winning sports people. They are focused. They have rationalised and understood the opposition. They will follow the game right through to the end, staying tough but absolutely focused all the way, because no game is won until the final whistle. ”

Denis Brosnan



“All work and no play makes Jack a dull boy, there is more to life than profit, get the work life balance right ”

Anonymous





Thank you for your attention



BRADY  
GROUP

AGRICULTURAL CONSULTANTS | LAND AGENTS

# Financial - @€0.29/l

	National Average	
	€/Ha	€/kgMS
Gross Output	3,580	4.72
Total costs	3,107	4.09
Net Profit	473	0.62
ROA	2	

Irish Grassland Dairy Conference Jan 17<sup>th</sup> 2018

# Financial - @€0.29/l

	National Average		Target	
	€/Ha	€/kgMS	€/Ha	€/kgMS
Gross Output	3,580	4.72	6,531	4.76
Total costs	3,107	4.09	4,043	2.95
Net Profit	473	0.62	2,489	1.82
ROA	2		8	

		National Average		Road-map Target	
		Per kg MS €	Per Ha €	Per kg MS €	Per Ha €
<b>Receipts</b>	Milk	4.21	3,197	4.28	5,873
	Livestock	0.50	383	0.48	659
<b>Gross Output</b>		<b>4.72</b>	<b>3,580</b>	<b>4.76</b>	<b>6,531</b>
<b>Costs</b>	Concentrate	0.65	493	0.21	294
	Fert/Reseeding	0.37	282	0.26	355
	Contract Heifer	-	-	0.44	606
	Contractor other	0.05	36	0.11	155
	Contractor Silage	0.23	174	0.11	150
	Vet/AI	0.30	225	0.25	346
	Hired Labour	1.00	762	0.50	682
	Loan Interest	0.26	200	0.16	224
	Depr Buildings	0.44	332	0.31	422
	Depr Machinery	0.16	124	0.12	162
	Total	<b>4.09</b>	<b>3,107</b>	<b>2.95</b>	<b>4,043</b>
<b>Profit</b>	Net	<b>0.62</b>	<b>473</b>	<b>1.82</b>	<b>2,489</b>

# Physical

	National Average	Target
Herbage Utilised kg DM/Ha	7.8	13.1
SR LU/Ha	1.89	2.90
Milk protein %	3.45	3.70
Milk Fat %	4.06	4.50
Milk solids output kg/Ha	680	1,380
Six week calving Rate %	63	90
Concentrate feeding kg/Cow	933	<450
Labour efficiency Hours/Cow	30	16