Key characteristics of highly profitable dairy farms

Mike Brady

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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:

€100,0000 = €2,500 per hectare X 40 hectares



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

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

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 <u>risk</u> and <u>bank debt</u>

'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



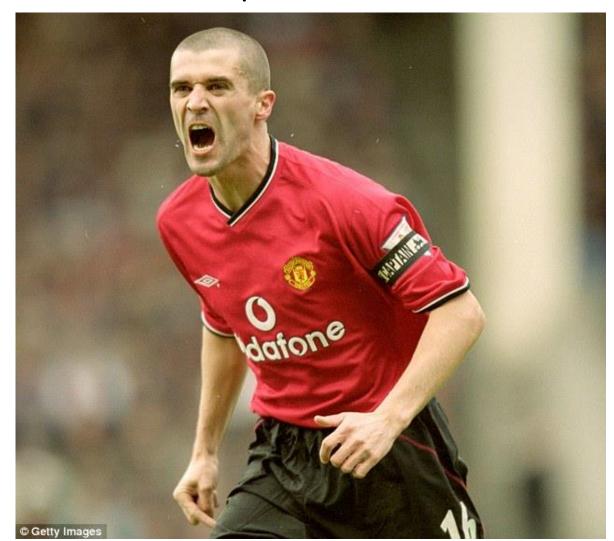


Conclusions - Take Home Messages

"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



Financial - @€0.29/I

	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 17th 2018

Financial - @€0.29/I

	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	

Irish Grassland Dairy Conference Jan 17th 2018

National Average Road-map Target Per kg MS € Per Ha € Per kg MS € Per Ha € Receipts Milk 4.21 3,197 4.28 5,873 Livestock 0.50 383 0.48 659 **Gross Output** 3,580 6,531 4.72 4.76 Costs Concentrate 0.65 0.21 493 294

0.37

0.05

0.23

0.30

1.00

0.26

0.44

0.16

4.09

0.62

282

36

174

225

762

200

332

124

3,107

473

0.26

0.44

0.11

0.11

0.25

0.50

0.16

0.31

0.12

2.95

1.82

355

606

155

150

346

682

224

422

162

4,043

2,489

Fert/Reseeding

Contract Heifer

Contractor other

Contractor Silage

Hired Labour

Loan Interest

Depr Buildings

Depr Machinery

Vet/AI

Total

Net

Profit

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