



I-29 Moo University Winter Workshop Series

Hot Topics for Cold Days

January 16-20, 2017

I-29 Moo University is a collaboration of Dairy Extension faculty and industry partners listed below.



Agenda

9:00am - Registration

10:00am - Welcome

10:15-11:00am – Finances and returns for robotic dairies; Jim Salfer, University of Minnesota

11:00-11:45am – Ruminating on Behaviors/Activity Monitors; Leo Timms, Iowa State University

11:45-12:15 – BREAK

12:15-12:45pm – LUNCH

12:45-1:30pm – Understanding Food Marketing: An Industry Perspective; Betty Berning, University of Minnesota and Kim Clark, University of Nebraska

1:30-2:15pm – Effective Communication when Working with Employees on Dairies; Tracey Erickson, South Dakota State University

2:15-2:30pm – BREAK

2:30-3:45pm – Succession Planning; Heather Gessner, South Dakota State University

3:45 pm – Summary and Evaluations

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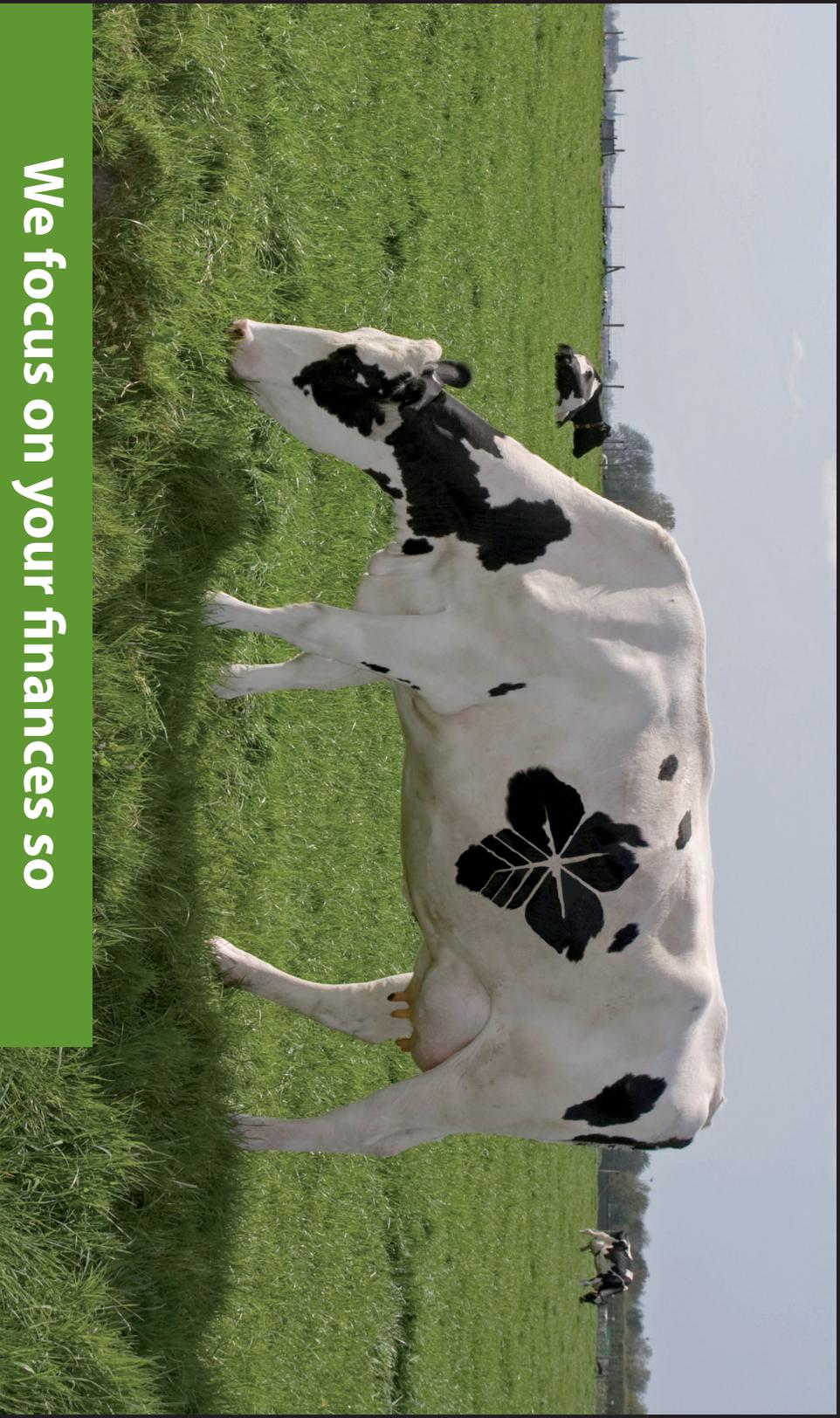


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 MAKING A DIFFERENCE IN MINNESOTA: ENVIRONMENT • FOOD & AGRICULTURE • COMMUNITIES • FAMILIES • YOUTH

Finances and returns for robotic dairies

J.A. Salfer¹, M.I. Endres², W. Lazarus²,
 K. Minegishi², E.R. Berning¹
 University of Minnesota
¹St Cloud, MN; ²St. Paul, MN



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Introduction- Robotic milker usage is growing quickly

- According to estimates there are over 35,000 robotic milking systems (RMS) worldwide
- Sales of milking robots are growing rapidly with 5180 units sold in 2014 (IFR Statistical Dept, 2015)
- Initially farms in countries with high milk prices, high labor costs and high yielding cows installed RMS (Lind et al., 2000)
- Improved lifestyle is the number one reason for installing robots
- Profitability of robotic milking systems must be considered



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Potential AMS Advantages

Provides Data

- Milk production etc
- Over 100 measurements at every milking
- Timely decision making

Other benefits:

- Consistent milking routine
- Higher skilled labor
- Never late for work
- Never needs training
- Doesn't need scheduling or holidays off




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Potential challenges

- “Plug and play,” “Plug and pray,” or “Plug and pay”
- Low Return on Investment? (compared to what?)
- Obsolescence
- Repair costs



Adapted from Bewley, 2015



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Outline

■ Comparing profitability of robotic systems to parlor systems

- Herd size effect
- Milk production effect
- Labor effect



■ Keys to optimizing robot efficiency

<http://z.umn.edu/RobotParlor>

Hitting targets for efficiency is important to maximize profit.

Box robots

140-190 attaches/24 hrs

2.4-3.0 milkings/cow/day

Goals for milk per robot

- 4000-4500 lb – OK
- 4500-5000 – Good
- >5000 - Excellent

Cost/Value (small farms)

Expensive – compared to what???

Family dairy looking to expand

Trade offs

- labor (hired and family)
- capital investment
- lifestyle

Choices:

- low cost parlor – hired/family labor
- modern parlor – hired/family labor
- AMS – family labor

Cost/Value (larger farms)

Do you need a new parlor?

How much is the information worth?

2X vs 3X vs robot milking

How much time is spent hiring, training and managing labor?

Future labor quality and availability

Trade offs (what devil do you want to deal with?)

- labor (hiring, training and managing)
- repair costs
- on call 24/7
- trickier feeding management

Conventional farms have greater margin than robot farms

Item	Robot	Conv	P
Gross margin over direct costs	\$231,542	\$232,519	0.754
Total nonaccountable costs	\$79,614	\$65,025	0.002
Contractor labor	\$21,783	\$15,361	0.004
Utilities	\$10,337	\$8,788	0.021
Mach & Equip maint & ins	\$28,088	\$24,411	0.136
Land, Bldg, maint & ins	\$7,404	\$5,371	0.104
Avail for overhead & profit	\$151,198	\$167,494	0.046

Bijl et al, 2007, JDS, 90:239-248

On a FTE-basis, robots have greater margin than conventional farms

Item	Robot	Conv
Cows/FTE	74	59
Total revenues/FTE	\$206,378 ^a	\$164,250 ^b
Total costs/FTE	\$57,796	\$48,463
Margin on dairy production/FTE	\$148,582 ^a	\$115,787 ^b
Gross margin/FTE	\$163,056 ^a	\$127,939 ^b
Avail for overhead & profit/FTE	\$101,372	\$88,429

Bijl et al, JDS, 2007, 90:239-248

^{a,b} Difference within row ($P < 0.05$)

FinBin Data indicates that robot farms have higher costs, but greater milk production per cow and FTE

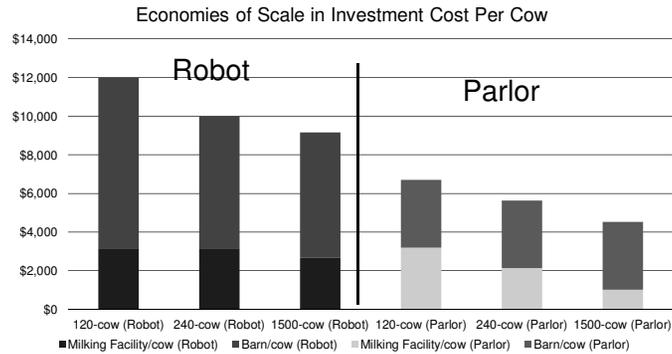
Item	Robot	Conv	Diff
Milk/cow, lb	23,532	21,526	+2006
Milk per FTE, lb	2,206,100	1,542,900	+663,200
Feed cost/cwt milk	\$9.57	\$10.25	-\$0.68
Direct cost/cow/yr	\$3,261	\$3,189	+\$72
Overhead cost/cow/yr	\$898	\$558	+\$340
Net Return/cow/yr	\$406	\$483	-\$77
Dep + Int/cow/yr	\$547	\$253	+\$294

U of MN Finbin [www://finbin.umn.edu](http://finbin.umn.edu), data from 2011-2015

Assumptions consistent across all scenarios

Item	Value
Chore labor rate	\$16.00/hour
Management labor rate	\$25.00/hour
Milk Price	\$7.71/kg (\$17.00/cwt)
Cost per kg/DM	\$0.050/kg (\$.011/lb)
Loan interest rate	5%
Equity interest rate	5%
Weighted avg cost of capital	3%
Loan term on barn	20 year
Loan term on robot	10 year

Scale Effect: Investment Cost Per Cow



120 cow scenario assumes two robots and D8 parlor

Investment¹

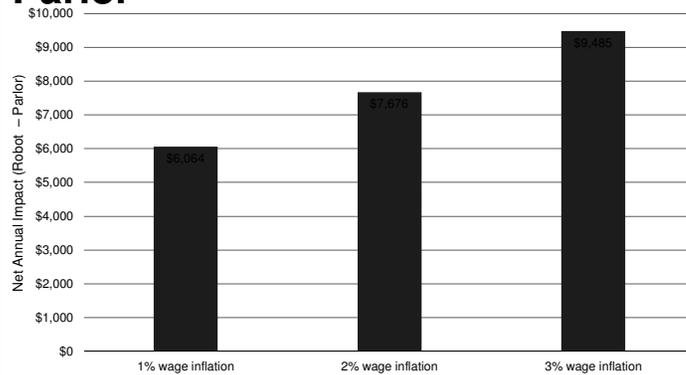
- Robot (2)
-\$1,440,000
- Parlor (D8)
-\$804,000

Milking Labor

- Robot (45 min/RMS/d)
1.5 hr/d
- Parlor (64 cows/hr)
2 people
8.5 hr/d

¹Includes new barn cost

Two robot system compared to D8 Parlor¹



¹Robot milk per cow +5.0 lbs/day ■ 120 cows 2X milking

240 cow scenario assumes 4 robots and D8 parlor

Investment¹

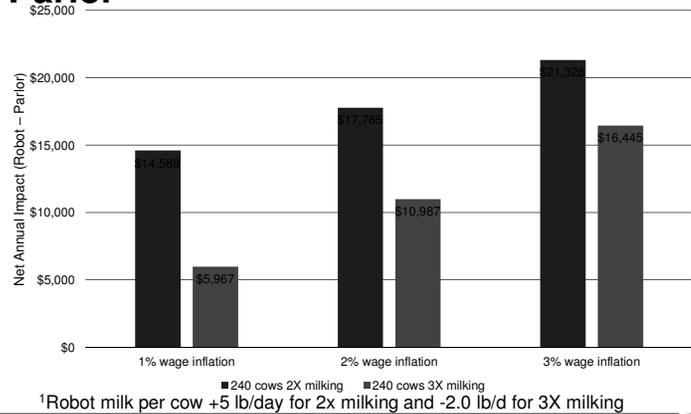
- Robot (4)
\$2,400,000
- Parlor (D8)
\$1,352,000

Milking Labor

- Robot (45 m/r/d)
2.5 hr/d
- Parlor (64 c/hr)
2X - 16 hr/d
3X - 24 hr/d

¹Includes new barn cost

Four robot system compared to D8 Parlor¹



1500 cow scenario assumes 25 robots and D24 parlor.

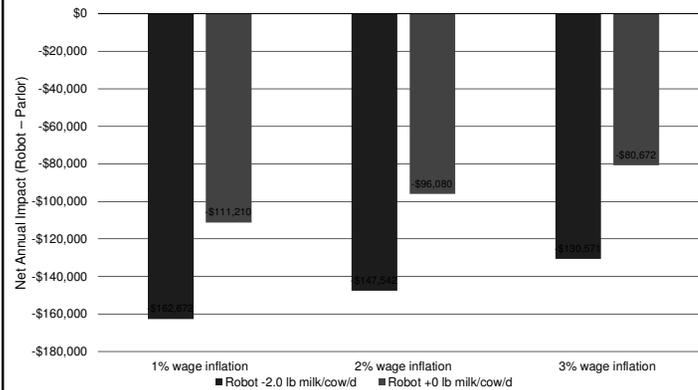
Investment

- Robot (25)
-\$13,750,000
- Parlor (D24)
-\$6,786,000

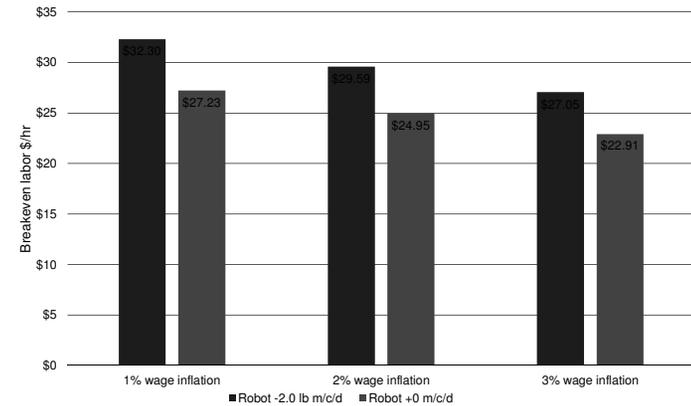
Milking Labor

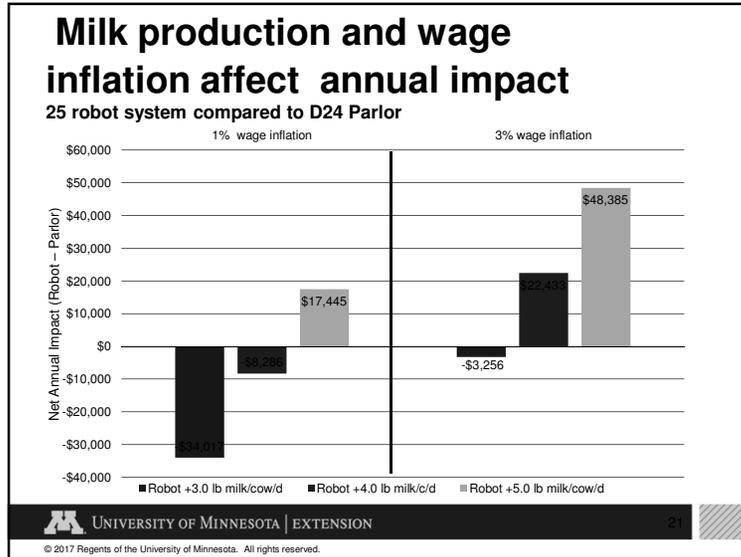
- Robot (45 min/RMS/d)
16.75 hr/d
- Parlor (200 c/hr)
81.2 hr/d

Net annual income for a 1500 milking cow dairy - 25 robots compared to D24 parlor



Breakeven labor rate for 1500 milking cow dairy - 25 robots compared to D24 parlor





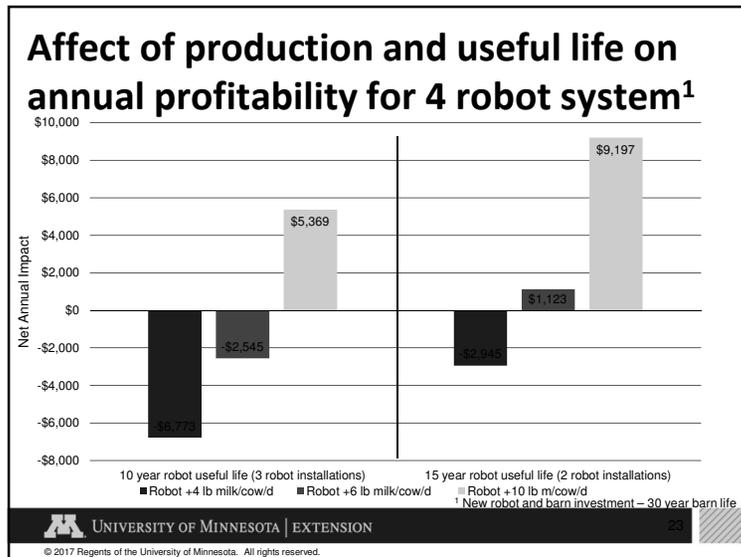
Affect of labor and lifespan on annual profitability per robot for 4 robot system¹

		Robot lifespan (years)					
		8	10	13	15	17	
Projected Milking Labor (min/robot/d)	38	(\$9045)	(\$6223)	(\$3475)	(\$2167)	(\$1103)	2 lb/cow/d decrease in milk yield
	45	(\$9526)	(\$6717)	(\$3989)	(\$2694)	(\$1644)	
	60	(\$10,489)	(\$7706)	(\$5016)	(\$3748)	(\$2725)	
		Robot lifespan (years)					
		8	10	13	15	17	
Projected Milking Labor (min/robot/d)	38	(\$5618)	(\$2789)	\$62	\$1439	\$2572	No change in milk yield
	45	(\$6159)	(\$3283)	(\$452)	\$912	\$2031	
	60	(\$7122)	(\$4272)	(\$1480)	(\$143)	\$950	
		Robot lifespan (years)					
		8	10	13	15	17	
Projected Milking Labor (min/robot/d)	38	(\$2329)	\$527	\$3851	\$5026	\$6228	2 lb/cow/d increase in milk yield
	45	(\$2810)	\$133	\$3067	\$4499	\$5687	
	60	(\$3774)	(\$855)	\$2039	\$3445	\$4606	

¹New robot investment only – no new barn investment

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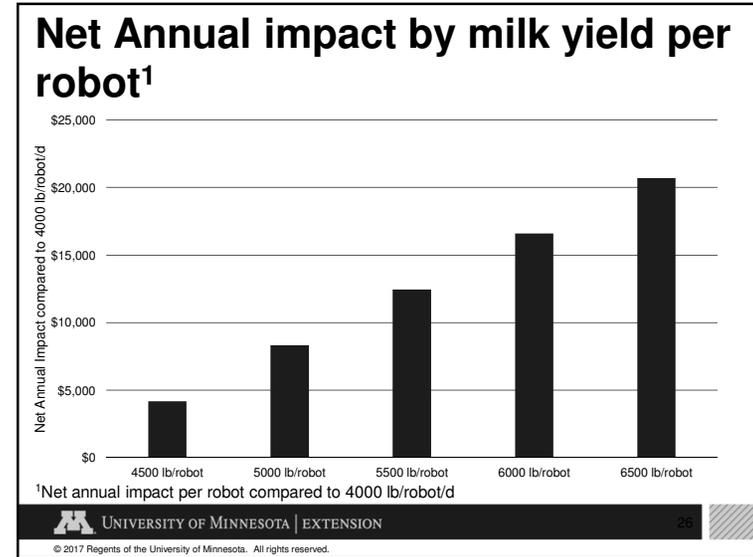
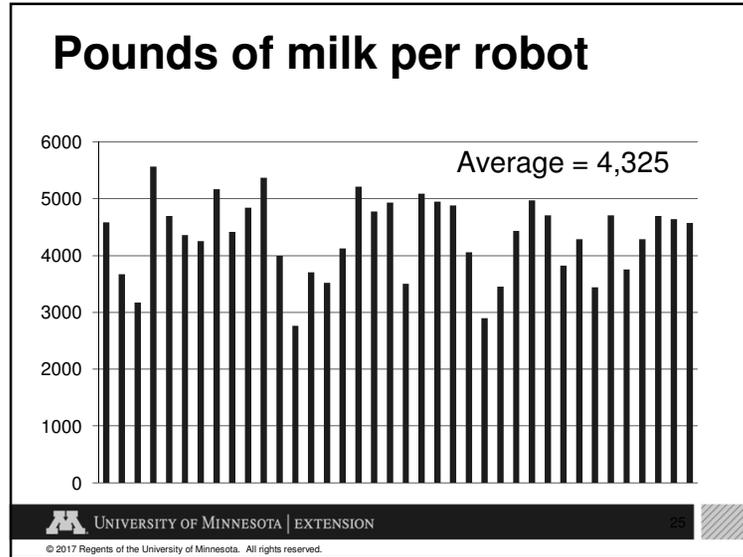
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Milk per robot

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High milk per robot is possible

Device Name	Milk Yield last 24hrs	Avg Yield Per Day Last 7 days	Milk Yield To Tank Last 24hrs	Avg Yield To Tank Per Day Last 7 days	Avg. Yield / Milking Last 24h	Milkings Last 24hrs	Divert Milking Last 24hrs
VMS 1	6778.9	6399.7	6778.9	6388.2	39.9	170	
VMS 2	6148.9	5915.7	6148.9	5830.9	41.3	149	
VMS 3	6492.4	6131.8	6492.4	6131.8	40.1	162	
VMS 4	6871.5	6319.4	6871.5	6255.0	40.4	170	

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- ### Keys to increasing milk per robot
- High milk production per cow
 - High visits by early lactation cows more frequently to maximize lactation potential
 - Well balanced diets and excellent transition cow program
 - High reproductive efficiency
 - Excellent cow comfort
 - Low somatic cell count
 - Minimize box time per cow
 - Cows that attached fast
 - Cows that milk fast
 - Carefully thought out milking permission settings
 - Minimize free time
 - May increase the number of fetch cows in free flow systems
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Fresh cow management

- Special observation of fresh cows
- Observe rumination, activity and manure daily
- Palatability of PMR as well as pellets is important
- Frequent fetching of fresh cows
- Multiple feeds through robot box allows flexibility

Feeding COWsistency

- Consistent PMR dry matter
- Consistent mixing and delivery
- Consistent feed push ups
- Consistent and frequent fetching
- Highly palatable PMR
- Highly palatable, consistent, high quality milking box feed

Summary

Main management factors affecting profitability include:

- Milk production per robot
- Milk production increases compared to other milking systems
 - Trading manual to more productive management labor
- Labor savings compared to other milking system option

Summary

Other factors include:

- Robot useful life
- Wage inflation

*This material is based upon work supported by USDA-NIFA
under Award Number 2015-49200-24226.*

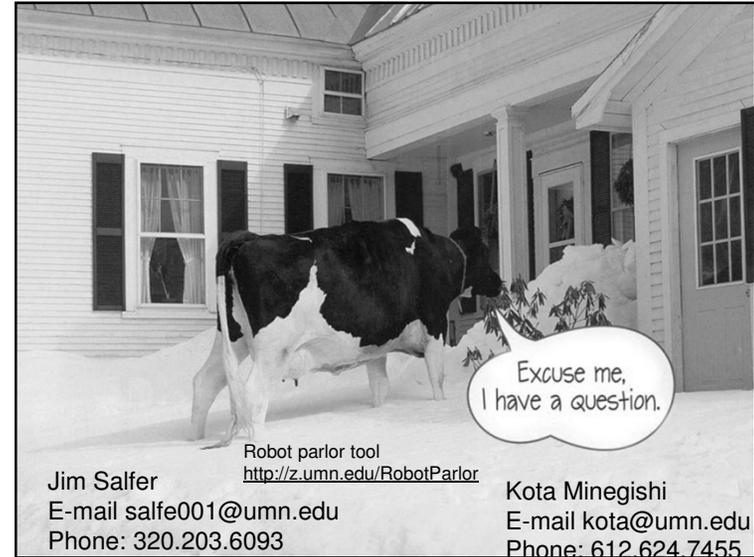


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- Common types: piezoelectric, capacitance
- Ubiquitous in modern devices-consumer, medical, robotics.





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Movement!! →

**Direction!
Speed!
Force!**

→ Behavior?

**Active!
Non-Active
Ruminating
Eating**

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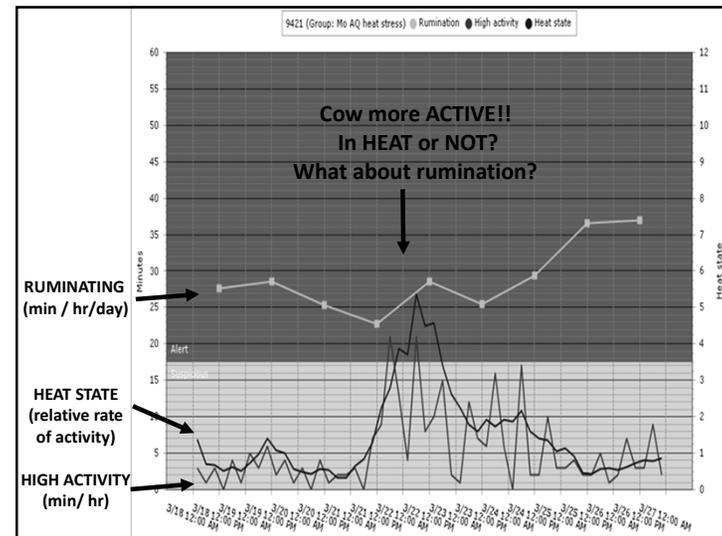
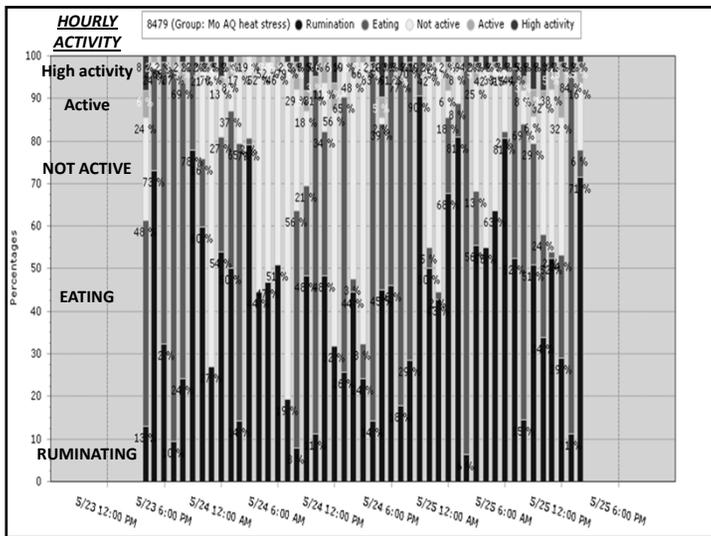
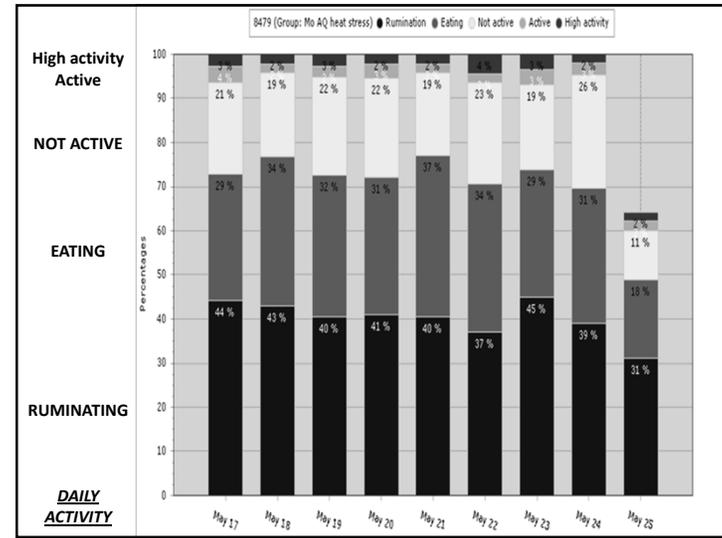
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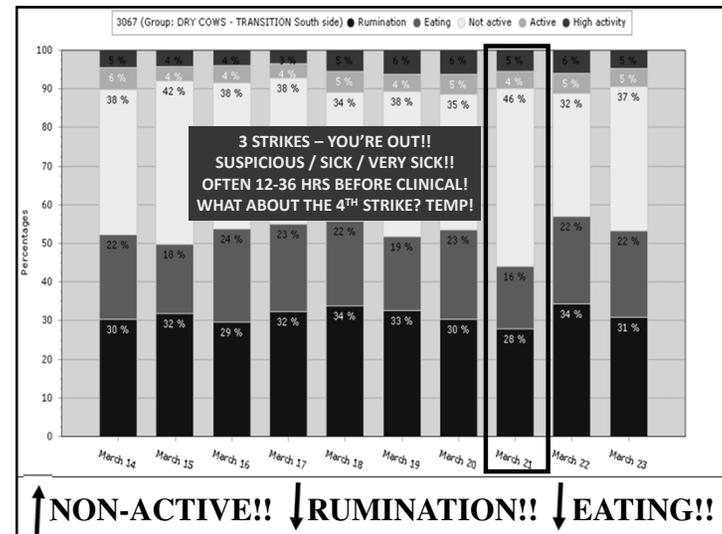
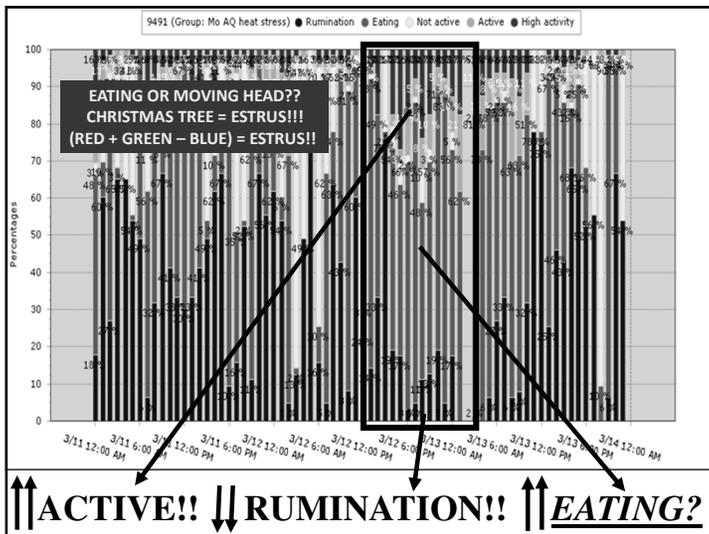
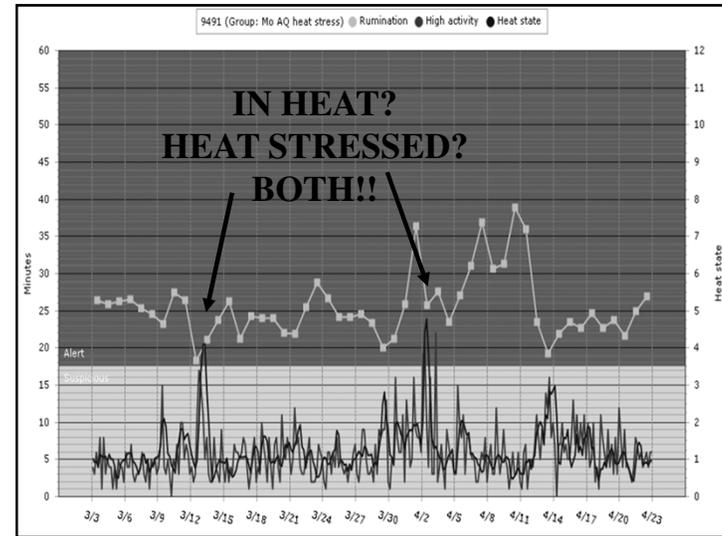
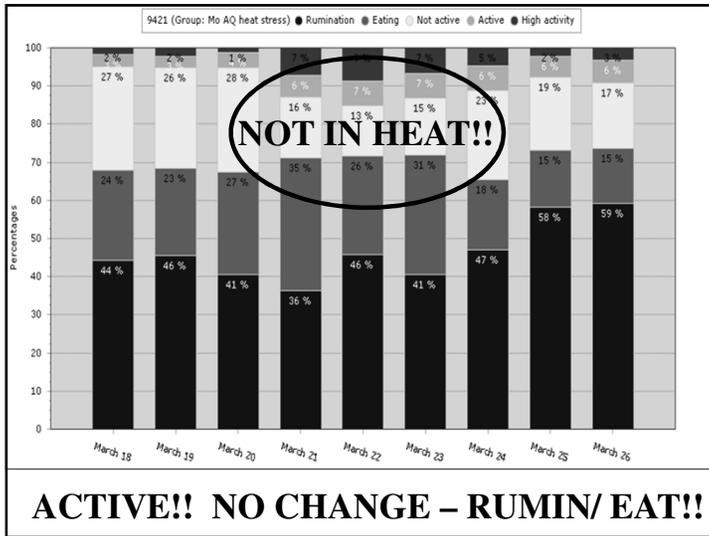
Fertility Activity

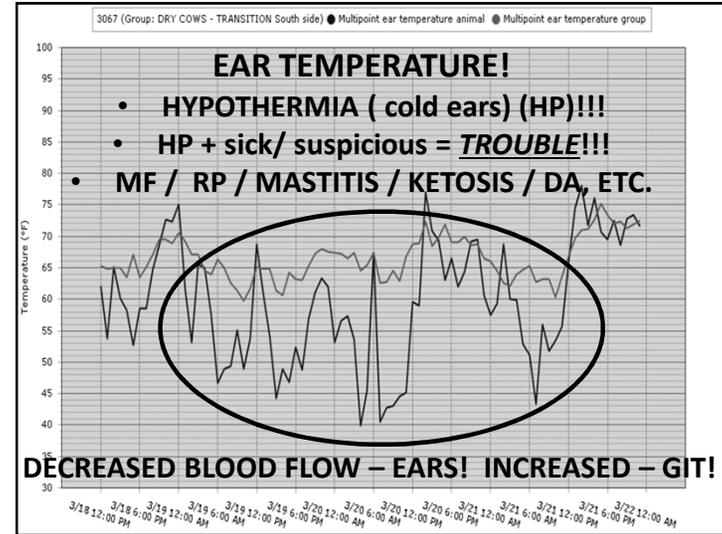
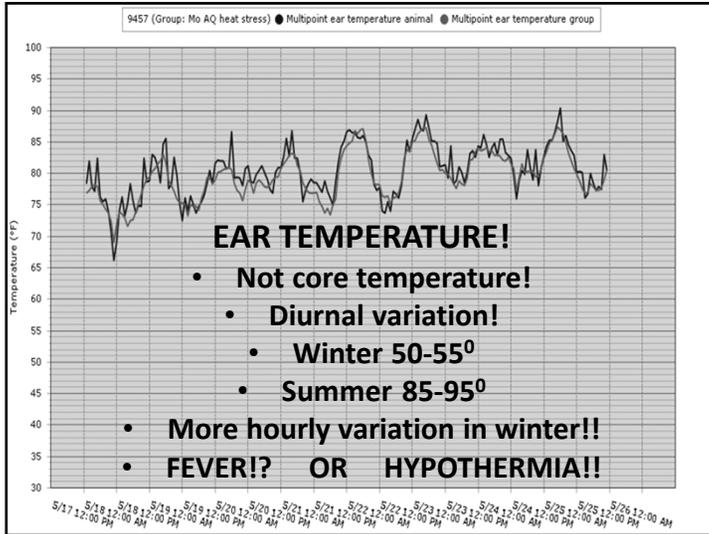
Health Sickness

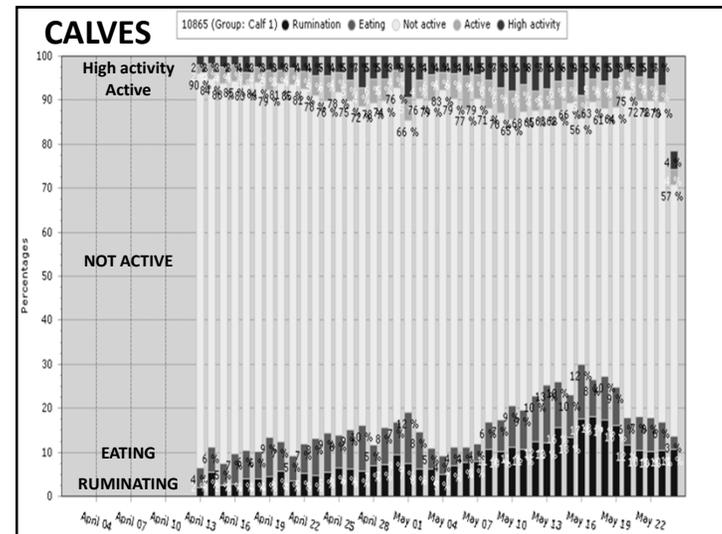
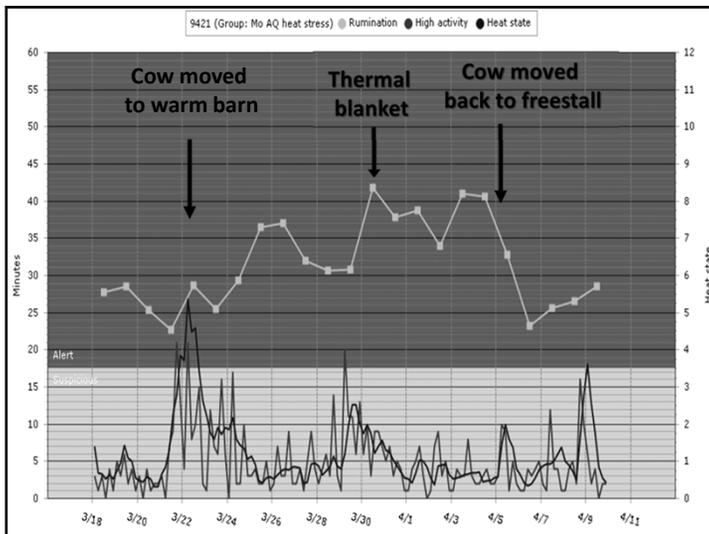
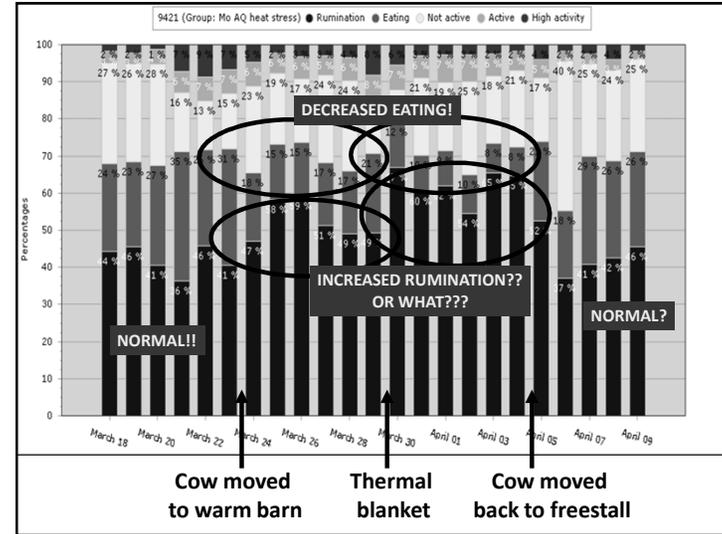
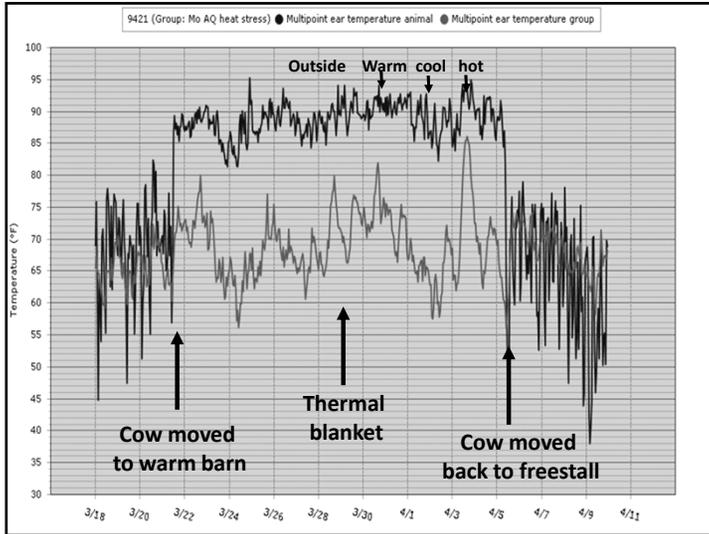
Nutrition Ruminating Eating

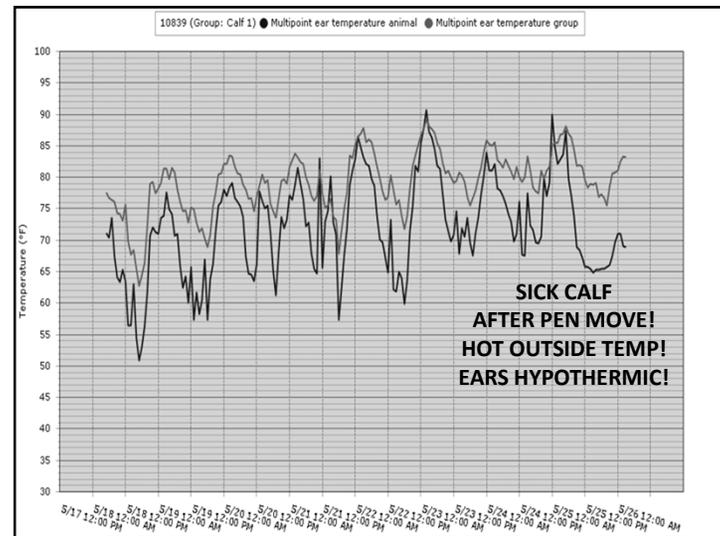
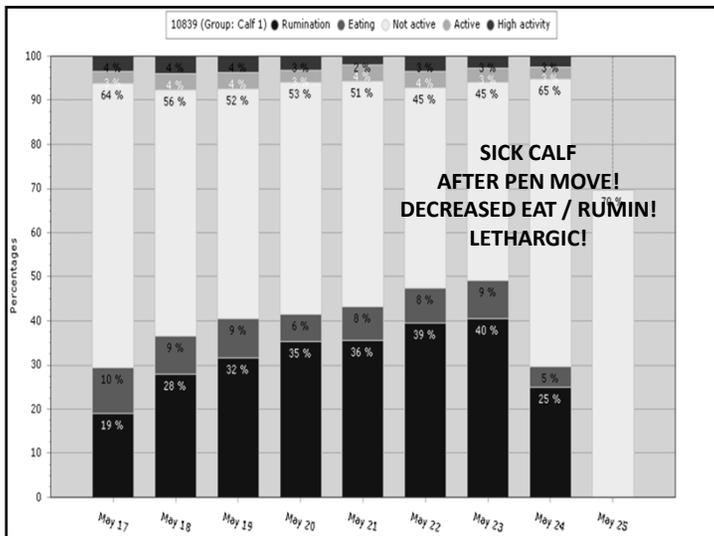
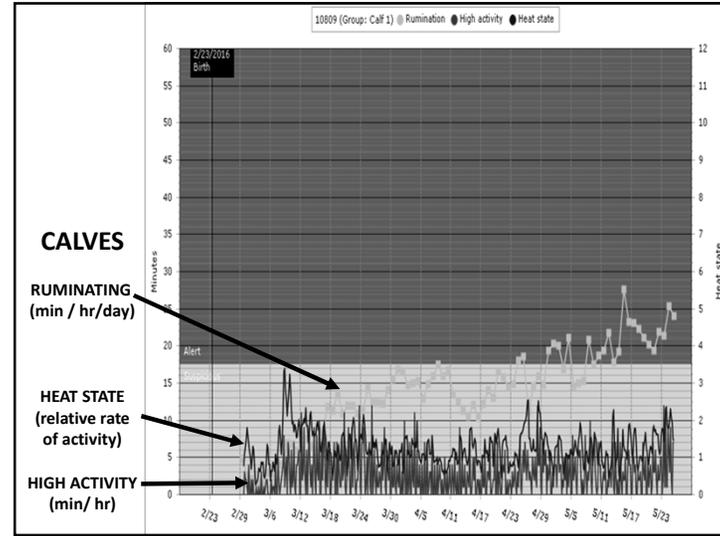
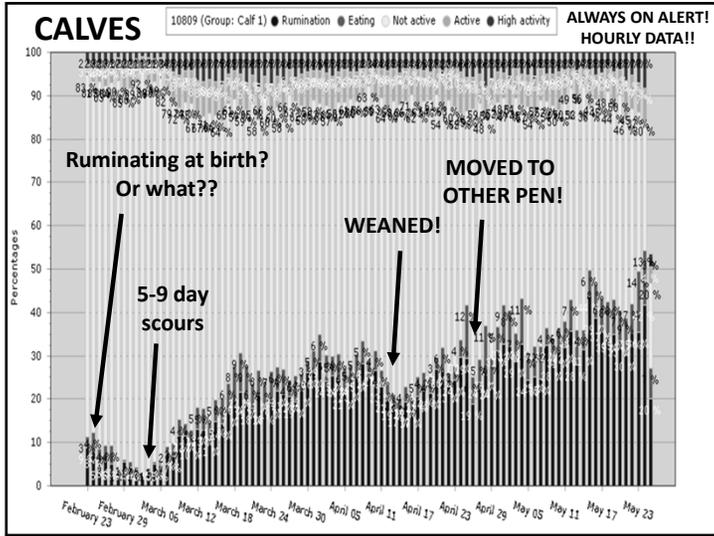
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Understanding Food Marketing

An Industry Perspective

By: Betty Berning, University of Minnesota &
Kim Clark, University of Nebraska-Lincoln
January 2017






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Dannon Announces Breakthrough Sweeping Commitment for Sustainable Agriculture, More Natural Ingredients and Greater Transparency

Innovative Pledge redefines how the company works with dairy farmers to change its business and farming practices

ORVILLE PLAINS, NY (April 27, 2016) – The nation's leading yogurt maker, Dannon, today announced a pledge to its farmers, retail customers and consumers to further improve sustainable agriculture practices for its milk supply, to increase transparency for its portfolio of products and evolve to more natural and fewer ingredients for Flagship brands.

Dannon's Pledge key components:

- Dannon commits to offer products coming from a more sustainable agriculture by working with its dairy farmer partners and their suppliers to progressively implement the use of sustainable agriculture practices and technology that leads to better soil health, better water management, an increase in biodiversity, and a decrease in carbon emission.
- Dannon commits to bring all products from three Flagship brands (Dannon®, Oikos® and Danone®) towards the use of fewer and more natural ingredients that are not synthetic and non-GMO. Importantly, Dannon also commits that for these brands the best of its farmer's cows will be non-GMO, with a transition period of 3 years. The ambition is to evolve the remaining brands over time.
- To ensure full transparency for consumers, Dannon also commits to declare by December 2017 nationwide on label the presence of GMO ingredients in its products. In the meantime, if one state implements a GMO labeling requirement, since Dannon keeps a nationwide labeling system, it will label the presence of GMOs nationwide according to the state requirements.

The first impact of these changes will be visible starting July 2016, when the company will move to more natural ingredients which do not contain genetically modified ingredients for its Flagship brands Oikos, Danone® and Dannon. These brands represent 50 percent of the company's current volume. For the company's foundation ingredient – milk – Dannon is going one big step further. Starting in 2017 and completing the transformation by the end of 2018, Dannon will work with its farmer partners to ensure that the cows that supply Dannon's milk for these Flagship products will be fed non-GMO feed, a first for a leading non-organic yogurt maker. To further improve transparency, by December 2017, Dannon's labels will note the presence of GMO ingredients in all products in which such ingredients remain. Looking further into the future...



From: Dannon



FORTUNE

Inside McDonald's Bold Decision to Go Cage Free

Changing a system that produces 2 billion eggs a year is tricky. Will that, and antibiotic-free chickens, revive the fast-food giant?

Steve Easterbrook doesn't seem like the sloganeering type. He's cool, a rational technocrat rather than a fiery head coach. Yet Easterbrook has two slogans he regularly employs. The phrases—"Act first, talk later" and "Progress over perfection"—hint that beneath his reserved exterior he's aiming for real change.

Easterbrook, 49, has been McDonald's (Change the World list, No. 25) CEO since March 2015, and he has clearly delivered on the first of his maxims. In a year and a half at the helm he has begun paring costs and decided to move McDonald's (MCD - 0.33%) headquarters from the suburbs back to Chicago. More important, in the U.S. market he launched McDonald's successful All Day Breakfast, removed high-fructose corn syrup from the company's buns, ended the use of key antibiotics in the company's chickens.



From: Fortune



BUSINESS DAY | McDonald's Tweaks Its Recipes: Now, Real Butter in the McMuffin

McDonald's Tweaks Its Recipes: Now, Real Butter in the McMuffin

By STEPHANIE STROM | AUG 1, 2016



RELATED COVERAGE

The Same Healthy Food, but It's Cheaper Across Town | JUL 27, 2016

All Day Breakfast Helps Lift McDonald's Out of Its Slump | APRIL 23, 2016

McDonald's is making changes to menu items in response to pressure from consumers concerned about artificial ingredients. Stephanie Kuhn, Bloomberg

From: New York Times




Food companies are telling lots of stories about dairy

Local Sourcing

As a global food company, we source ingredients from around the world to deliver high-quality, flavorful and nutritious products. Though our supply chain is composed of business partners with locations throughout the U.S. and the world, local sourcing is a consideration in our purchasing strategy. Local sourcing can help reduce the food-miles in our transportation and logistics network, while providing convenient access to our raw ingredients and packaging. The following highlights a few examples where primary ingredients are sourced close to our facilities.



Dairy
 Located in the heart of Wisconsin dairy country, our Swiss Miss facility in Menomonie, Wis., buys about 25 million gallons of milk annually from a local network of dairy farms located less than 100 miles from our facility.

WATCH IT:
 Swiss Miss facilities in Menomonie, Wis.



From ConAgra



"General Mills recognizes the significant impact that dairy has on our environment and on our business. We are focused on advancing the sustainability of our dairy supply chain to reduce greenhouse gas emissions, improve water quality and promote better animal welfare." - Mary Muldowney, Sourcing Director, Dairy, General Mills



Animal welfare
 Our customers worldwide care about the animals used in the production of General Mills products. We share this concern and are committed to continually advancing the humane treatment of animals in agriculture across our supply chain. During 2015, we made significant updates to our Animal Welfare Policy. Key enhancements include:
 • Expanding our commitment to provide the "five freedoms" beyond dairy cows to all animals across our supply chain.

Dairy
Commitment: General Mills will purchase 100 percent of our U.S. directly sourced fluid milk by 2020 from producing regions that demonstrate continuous improvement as measured by the Dairy Sustainability Framework in the U.S. and other comparable environmental metrics (globally).
Status: 20 percent of the U.S. directly sourced fluid milk General Mills purchased was sustainably sourced in fiscal 2015.



Challenges: Dairy sustainability challenges include the need to reduce



From: General Mills

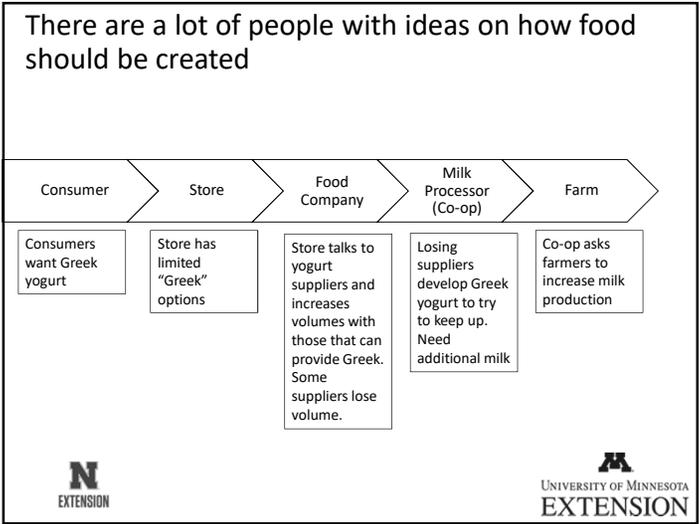
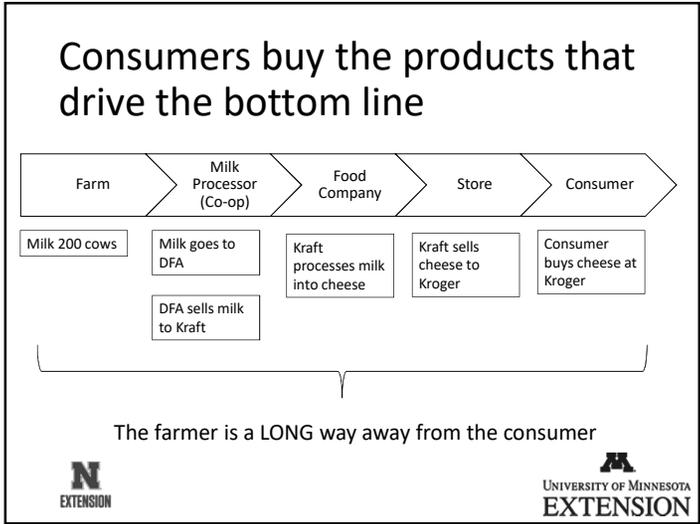


- 19 "Thank You Farmers" Corn Mazes
- 48,000 "Scoops of Thanks"
- 2,500 coloring pages completed
- 153 FFA Jackets Donated
- Three FFA Chapters Sent to National Convention



WHY?!





N EXTENSION UNIVERSITY OF MINNESOTA EXTENSION

Evolving drivers of the consumer value equation

Driver	What consumers include:	Key consumer insight:	Key industry opportunity:
Health & Wellness	The definition of Health & Wellness varies and includes attributes ranging from nutritional content to organic production to all-natural ingredients to fewer artificial ingredients.	Health & Wellness is the most important and complex of the evolving drivers. Consumers' considerations are broad and tend to vary at the category level.	Companies must decode and dissect the nuances of consumer preferences around Health & Wellness, and then act quickly to respond.
Safety	Safety applies to both product attributes such as absence of allergens and fewer ingredients, and company attributes like detailed accurate labeling.	Safety is considered both in the short-term (e.g., toxin free) as well as long-term (e.g., no carcinogens) and, as a result, has interplay with Health & Wellness.	Companies should broaden their definition of "safety" to manage and satisfy an expanded set of consumer expectations.
Social Impact	Social impact encompasses company attributes such as local sourcing, sustainability, animal welfare, and fair treatment of employees.	The number of consumers reporting strong Social Impact preferences is small, but represents a trust and vocal group that can sway public opinion.	Companies must identify which issues have the most opportunity or represent the greatest risk, and when to lead vs. follow.
Experience	Experience includes retail store layout and services, channel innovation, brand interaction, and personalized engagement spanning pre, during, and post-purchase.	As consumer expectations increase, experience beyond the actual product or service can elevate satisfaction, trust and loyalty.	Manufacturers must authentically engage with consumers, both directly and in partnership with retailers.
Transparency (an overarching driver)	Transparency requires product attributes such as clear labeling, certification by trusted third parties, and company attributes like access and trust.	Consumers want access to many types of product/brand information and want to access it across mediums (e.g., website, in-store, apps, etc.) in real time.	Companies should gather and provide access to all relevant information, and be prepared for two-way engagement to promote trust.

N EXTENSION UNIVERSITY OF MINNESOTA EXTENSION

You decide

- You are part of the leadership board at a snack manufacturer that makes crackers and potato chips sold at retail outlets. Your products' main ingredients are flour, potatoes, and oil. An environmental group asks for a meeting and you oblige. At the meeting, they inform you that they are concerned about your palm oil sourcing. Production of palm oil leads to deforestation of rainforests. This group shares they will stage a protest at your headquarters and shareholder meeting if you don't come up with a plan to source oil that does not lead to deforestation.



What do you do?

Option 1: Explain that your practices are fine. Everyone buys oil from these suppliers.

Option 2: Tell them you'll look into it and meet again in six months.

Option 3: Commit to changing your buying practices.



Divide into three groups

- Pick an option- what are the pros and cons to the company?
- What are the social, environmental, and financial impacts?
- What is the impact on the farmer?



How can I advocate?



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FAMILY FARM WIFE WHO WOULD BELIEVE?

in

WHAT'S YOUR STORY?

ADVOCATES
for
AGRICULTURE

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CORN * BEANS * PIGS
KIDS

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Understanding Food Marketing

An Industry Perspective

By: Betty Berning, University of Minnesota &
Kim Clark, University of Nebraska-Lincoln

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Solutions for Cow Health and Profitability

Phibro Animal Health Corporation provides solutions for your **Vaccine, Medicated Feed Additive, Mineral and Specialty Nutrition** needs.

Animate[®]

Anionic Mineral Supplement

Animate[®] is a new generation anionic mineral supplement that helps to optimize calcium metabolism in the pre- and postpartum transition cow and may help reduce the incidence and negative impact hypocalcemia has on health, milk production and fertility.

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OmniGen-AF[®] is a unique and patented product, that is recommended to be fed to dry, pre-fresh and lactating cows every day to help support healthy immune function in the face of expected and unexpected stress events.

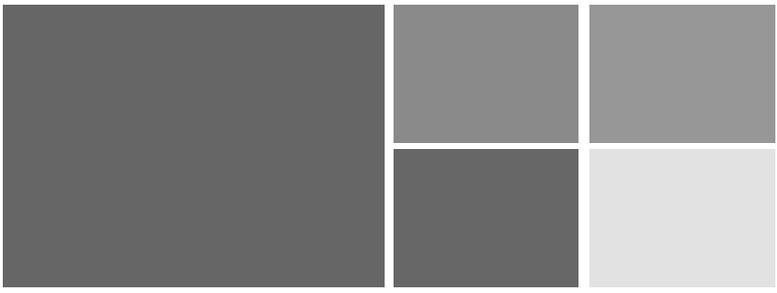
(800) 677-4623

www.Animate-Dairy.com

www.TheOmniGenDifference.com

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Phibro[™]
ANIMAL HEALTH CORPORATION



SDSU Extension

Cultural Communication and Managing Hispanic Labor

Tracey Erickson, Extension Dairy Field Specialist
Alvaro García, SDSU ANR Program Leader

Food for thought

- Immigrant labor allows U.S. to compete globally.
- Losing workforce = losing domestic food sources.
- What's at stake? Food security? Prices?
- We should control our own food supply.

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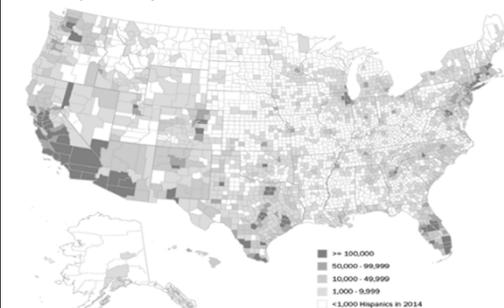
Current dairy trends

- Consolidation into larger operations
- More time spent managing workers
- Less time spent dealing with cows
- Local workers are hard to come by.
- Migrant labor critical for dairy sustainability.

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Nearly all Latinos lived in half of the nation's more than 3,000 counties in 2014

The number of Latinos residing in counties with at least 1,000 Latinos



Latino Population in U.S. – 7/1/15

- ☐ 56.6 million total people, 17.6% of the total population
- ☐ 2.8 % Hispanic population growth rate 2007-2014 Asian population growth 3.4% for same period.
- ☐ ↓ immigration rates and ↓ birth rates in Hispanic women
- ☐ 2014 – Hispanic/Latino breakdown
 - ✓ 63.9% of Latino's were of Mexican origin.
 - ✓ 9.5% Puerto Rican
 - ✓ 3.7% Cuban
 - ✓ 3.8% Salvadoran
 - ✓ 3.2% Dominican
 - ✓ 2.4% Guatemalan
 - ✓ Remainder Central American, South American or other Hispanic/Latino origin.

~U.S. Census Bureau & Pew Research Center

Source: Pew Research Center tabulations of U.S. Census Bureau population estimates.
"U.S. Latino Population Growth and Dispersion Has Slowed Since Onset of the Great Recession"
PEW RESEARCH CENTER *Pew Research Center, 9.8.16. <http://www.pewresearch.org/fact-tank/2016/09/08/key-facts-about-how-the-u-s-hispanic-population-is-changing/>

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Hispanic Population Trends Continued...

- Despite slowing growth rates, Latinos still accounted for more than 54% of total U.S. population growth 2000-2014.
- Dispersion of Latino population has slowed since the Great Recession
- Fastest Latino population growth areas tended to come in areas with low traditional Latino population density – (ND Bakken Oil Fields)
- Hispanic population not growing in every county in U.S. (38 counties, majority in Texas, Colorado, New Mexico)
- 53% (half) of nation's Hispanics live in 15 metropolitan areas.

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Hiring and Retaining Employees

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Before posting an opening

- Consider family ties
- Are there family members available?
- Show appreciation for their family and work.

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The hiring process

- Hire the right person for the job.
- Write bilingual job descriptions.
- Clear and concise expectations.

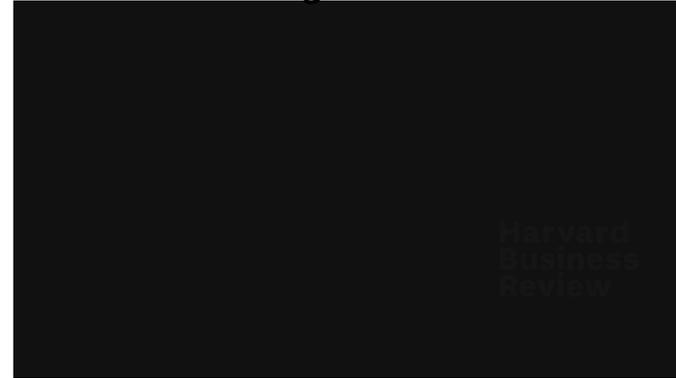
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Hire the right person

- Don't hire or keep people who don't fit.
- Coworkers may not openly complain.
- Solve any problems right away.
- Things don't take care by themselves...

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Building Your Team



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Training

- Short sessions
- Small groups



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Language

- Owner/manager learns Spanish
- Employees learn English
- Using an interpreter

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Training

- Show
- Practice
- Observe
- Praise
- Retrain

Modified from: Blanchard, 1994
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Training

- Show what to do or what not to do!
 - Encourage discussion
 - Explain “why” we do what we “do”
- Have them demonstrate what you just trained them on.
- Follow-up
- Feedback

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Hold regular meetings

- Have at least one monthly meeting.
- Hold meetings even if everything is OK!
- Meetings and trainings: Pay for their time!
- Start the meetings by “Breaking the Ice”

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Addressing an issue

- Encourage participation!
- Avoid passive audiences.
- Consider literacy of the group.
- Use visual aids as possible.



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Addressing an issue

- Employees take pride in their work!
- What's right? What needs improvement?
- Praise what you see well done.
- Ask why they are doing it that way.

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Promotion to higher positions.

- Few like to be corrected by their peers.
- Make clear to all who is in charge.
- Explain why the need for a person in charge.

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Who's ready for the challenge?

- How do they relate to co-workers?
- Excellent worker = good supervisor?
- Will they report problems to you?

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Post-training

- Write bilingual standard operating procedures (SOP)
- Post SOP's in areas frequented by employees.
- Keep SOP's to the point: consider literacy.
- Lengthy SOP's will not be read.
- Drawings or pictures when appropriate.



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Why SOP's fail?

- You establish SOP's, now provide them with the means to accomplish them!



- Examples: gloves, clean towels, etc.

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Why SOP's fail?

One training is often not enough!

- Retrain if there's recurring old habits.
- Have them explain in their own words the right way to do things and why.
- If they don't speak up it is out of respect.

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Building the team

- Proud of their heritage
- Learn about their nationality



- Break the communication barrier!

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Building the team

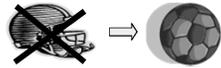
- Discuss goals periodically. Keep it Simple
- Conduct bilingual meetings.
- Visit periodically to avoid procedural drifts.
- Help them with difficult tasks (ex. Insurance, Drivers License)
- Holiday parties with food from both cultures.



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Building the team

- Fun activities such as “fútbol” matches.
- Treat them all equally.
- Post pictures and events on bulletin board.
- News from their country of origin?



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Throw “success parties”

- Give incentives; celebrate accomplishments.
- Set measurable objectives
- Once achieved celebrate with them!
- Throw a pizza party, share premiums, or do both!



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Incentives?

- Quality premiums are pennies compared to:
 - Explain difference in base pay vs. incentive
 - increased milk production,
 - decreased mastitis treatment costs,
 - lower veterinary expenses,
 - reduced culling rates,
 - more replacement heifers available.

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Share their concerns

- Pay attention to what's important to them
- Help them when problems arise.
- Take the time to get to know them

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Final comments

- Migrant labor has become critical for dairies
- Learning should not be all one-sided!
- Overcome language and cultural barriers

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Retention

- Is their family with them?
- Be prepared for turnover when you hire
- Vacation? Will you need replacements?

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Factors for success

- Extended family concept
- Country and traditions
- Respect for their beliefs
- Provide support and resources

Mino, 2005.
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Evaluation

- Question 1.
- Hispanics place a high importance on family and relationships?
 - True
 - False

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Evaluation



- Question 2.
- When training Hispanic workers it is important to utilize the following training methods: 1. Show them how 2. Practice the desired task 3. Observe them doing the task. 4. Praise them when they perform the task correctly. 5. Retrain them if they do not follow protocols?
 - True
 - False

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Evaluation



- Question 3.
 - When communicating with Hispanic employees it is important to first “break the ice” and start on a positive note before getting down to business?
 - True
 - False

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Evaluation



- Question 4.
 - When building your Hispanic workforce team, which is NOT a recommended practice?
 - Conducting a bi-lingual meeting
 - Posting notices in both English & Spanish
 - Incorporating a fun activity such as American Football into a celebration.
 - Recognizing cultural Holidays.
 - Helping Employees with tasks such as getting a drivers license, obtaining insurance, knowing how to access medical help, etc..

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Evaluation



- Question 5.
 - When training Hispanic workers on Standard Operating Procedures (SOP's) what are the best practices to follow?
 - Post the SOP in both English & Spanish
 - Post the SOP where it is easily accessible & visible
 - Keep the steps clear and simple
 - Use pictures if necessary
 - All of the above

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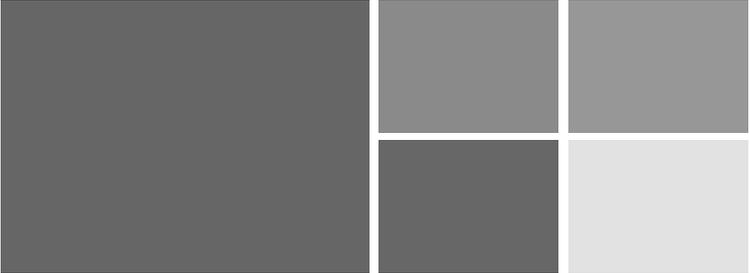


Feeding QLF molasses based liquid supplements delivers a consistent, high quality sugar source and enhances fiber digestion while reducing TMR sorting.

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**Farm Transitions-Everyone
Needs a Plan**
Heather Gessner-Livestock Business
Management Field Specialist

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**More Info Leads to More
Questions!**

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1st- What is a transition plan?

2nd-Does everyone's look the same?

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**Why is it important to have a
transition plan?**

- Wealth distribution
- Policies in place for all 'sorts' of situations
- Understanding by all members of the family

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Wealth distribution

- Salaries and benefits
 - Who is getting paid, how is that being funded
- Retirement planning
 - Where will your retirement funds come from
- Estate planning
 - Many components

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- Salaries
 - How much are you getting paid?

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■ Retirement planning

- When
- How funded

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- Estate planning
 - What about non-farm kids?
 - What about farming with uncles/grandparents?

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Policy

- Employment policies
 - Just because you are family, should you work here?
 - Job descriptions to full open positions
 - Prior experience required to work for us
 - Advancement opportunities

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- Supervision and reporting protocols
- Policies on pre-nuptial agreements
- Evaluation
- Investments in the business

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- Exit strategies
- Buyout agreements
- Early death considerations

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Write these policies down!

- Discussing them, in the cab of the pickup IS NOT enough.
- Intentional conversations, followed by hard work.

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Without intentional
conversations and hard
work?

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Depends on the situations

- Misunderstandings
- Business failure
- Loss of family

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- Misunderstandings
 - Job duties
 - Expectations
 - Future responsibilities
 - Future inheritance

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- Failure of business
 - Death of owner and division of property
 - Lawsuit against partner
 - Divorce

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- **Loss of family**
 - **All stressors lead to decline in family harmony.**

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Do I need a transition plan?

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- **Do you own assets?**
- **Are you farming with family?**

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When should a transition plan begin?

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■ Before you need it.

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How do you begin a transition plan?

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Break-It- Down

- Five Steps to Effective Planning
 1. Initiate the discussion
 2. Develop your objectives
 3. Compile information
 4. Seek professional advice
 5. Keep things updated

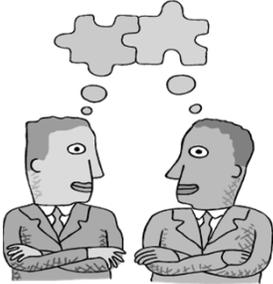


1) Initiate the Discussion

- Family Meeting
 - Hard topics to discuss, but is **MUST** be done if you want to have input on how everything you have worked for your whole life goes



- **Goals of family meetings:**
 - Prevention of Problems
 - Solve current problem before it gets out of hand
 - Learn about each other's feelings and expectations
 - Role clarification
 - Assign and accept family chores and responsibilities



The illustration shows two men in suits standing and talking. Above them are two thought bubbles, each containing a puzzle piece, symbolizing the process of solving problems or reaching a goal through family meetings.

2) List Your Objectives

- **Your Goals Will Be Unique To Your Family (and they may change with time)**
- **Talk to your family and get their ideas and goals**



A vertical decorative bar consisting of a thin grey line and a wider dark grey rectangle.

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3) Compile your Information



- **Background Information**
- **Review your financial situation**
- **List people you want as beneficiaries and personal representatives.**

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Why organize your important papers?



- **Natural disasters**
- **Fire**
- **Transitions in life**
- **Any potential emergency**

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Information Needed

- Personal
- You and Spouse
- Family members
- Bank Accounts
- Life Insurance
- Trusts
- Stocks and Bonds
- Notes, Mortgages and Accounts Receivables
- Real Transfer
- Retirement Benefits
- Other Financial Info
- Personal Property
- Liens against property



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Where are your special papers kept?

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Replacing Documents



Where do you find them?

4) Choose Professional Advisors

- Make a solid team working for

YOU!



Team Members

- Attorney
- Life insurance agent
- Accountant or tax adviser
- Trust officer
- Financial planner

An illustration of five black stick figures celebrating. One figure in the center is holding a large trophy high above their head. The other four figures are around them, some with arms raised in celebration. The trophy is a classic cup with a base and a handle.

Advisory Board

- Group of individuals to provide input and feedback
 - Extension
 - Top producers
 - Other industries

A small logo for iGrow.org, consisting of the text "iGrow.org" in a simple sans-serif font.

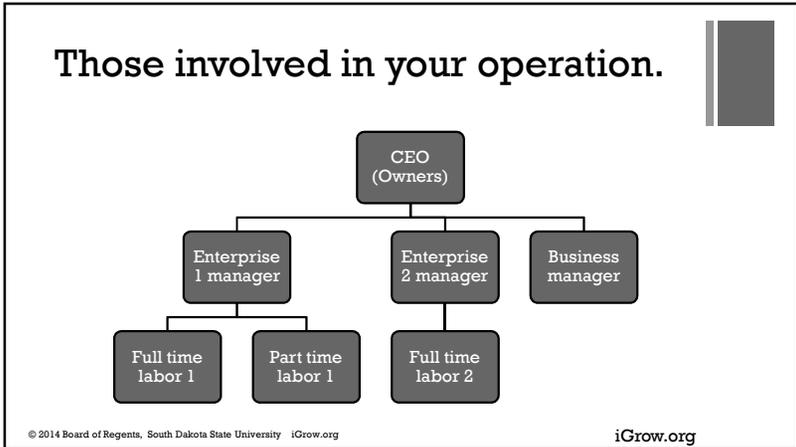
5) Keep Things Updated

- Periodic Updates Should Be Done
 - Three times to change your will
 - When there has been a change in your life.
 - When there has been a change in the law.
 - When you change your mind.

A small logo for iGrow.org, consisting of the text "iGrow.org" in a simple sans-serif font.

Who needs to be part of a transition plan?

A small logo for iGrow.org, consisting of the text "iGrow.org" in a simple sans-serif font.



Does a lawyer need to be involved?

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- ### Probably. But not at first.
- First you need to know your goals.
 - You need to have conversations with family and employees about the goals.
 - You need to compile all your information and data to determine if feasible.
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- Will need lawyers for:
 - Business creation: Partnerships, LLC, Corporations etc.
 - Ensure legality of processes
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Take home messages:

- You can't start too early
- Get started

- Who is in your business?

- Who advises you?

- Success isn't going to happen without some hard work.

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