

## **Great People, Great Cows, Great Returns – Part 1**

---

Welcome to Part 1 of the January edition of the Douglas Green Consulting Ltd newsletter. With the start of a New Year and decade, now is a good time to reflect on your business. What challenges have you overcome and what challenges do you foresee going forwards?

As with any business, having a strong team in place will help you overcome the challenges you face. In this newsletter we look at some of the key points the American dairy farmer, Lloyd Hotlerman discussed during an AHDB meeting Janice attended, to develop a cohesive and supportive team of staff.



Lloyd and Daphne run 1,100 dairy cows plus followers on their 732ha farm in Wisconsin, USA. During this fascinating meeting Lloyd outlined his philosophy on successfully running a large dairy business and in Part 1 of this newsletter, we have outlined his key messages surrounding managing staff and the importance of individuals in your business.



**Great People and Great Cows lead  
to Great Returns!**

Lloyd Holterman, Rosy Lane Holsteins LLC, Wisconsin

## **'The greatest asset of a company is its people'**

Lloyd's philosophy starts with great people. The farm employs 24 people in total including own labour, which equates to **62 livestock units per employee** (if youngstock are converted into cow equivalents). In the UK, the equivalent would be **80 – 100 livestock units per employee!**

Half of their workforce are Mexican, and they expect to train their workforce from scratch – little or no knowledge is not a barrier in this business as the emphasis is put on **training**. Lloyd suggested that some of their best employees came from non – farming backgrounds. He believes that if you find a person with a natural love of animals, combined with a good work ethic, the necessary farming skills can easily be taught.

## **'Don't be disheartened if the first person you hire doesn't fit the system'**

On average Lloyd will end up employing 3 people before he finds one that fits the team and the system and stays long term.



### **'In diversity there is strength'**

Lloyd is keen to have a diverse workforce as he believes you are more likely to have a range of skills and can find the right role for the right person, however he recognised this is easier on a larger unit. If everyone has a role/responsibility and is aware of how it blends with others, then this will make for a successful team. Be sure to resolve any differences promptly to ensure all employees work as a team.

### **How do you run a successful team?**

1. **Safety is number one!** – no shortcuts, invest in PPE and regular maintenance of equipment, everyone **must** be safe.
2. **Have written standard operating protocols** – ensure there are protocols for all key tasks, have them written up and visible for all staff to see. Follow them or change them!
3. **Keep moving people up** – promoting from within makes staff realise they have a chance to improve and feel they are appreciated for their efforts.
4. **Knowledge is power** - teach new skills and cross train within departments so people respect what others do and you have good back up if the key team members are away. Learning will empower and motivate employees, showing you value them as a team member.
5. **Say Thank You!** – simple but effective.
6. **Give your staff the right tools to do their job** – give them tools to make it easier to reach their targets (for example LED lights at teat level so staff can see dirt on the teats – more effective teat cleaning resulted in a drop in SCC by 25,000 in just 3 months).
7. **Upskill and invest in your staff** – teaching key skills such as pregnancy scanning and foot trimming will motivate staff, make them feel valued and reduces vet bills.



With regards to pay, Lloyd's ethos is to pay people based on how easy they make his life. His calf manager is the highest paid person on the farm.

## Key Stats

- Milk sold per employee: 530,000 litres
- Current yield: 13,500 litres/cow
- Equivalent of 62 LSU/employee

## Measure Everything!

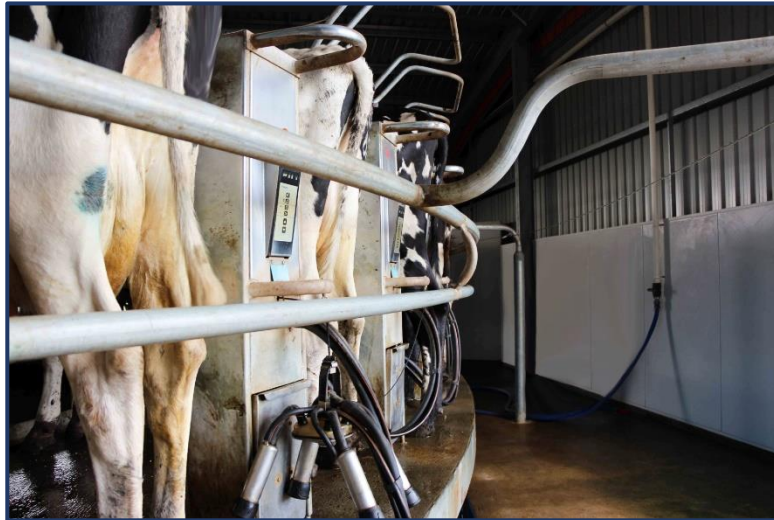
If you don't measure it, you can't improve it. Information is priceless and investing in technology to give you a better understand of your current position and improve the efficiency of existing operations is crucial.

At Rosy Lane Holsteins the milk meters record milking speed and the team found that by grouping cows according to milking speed (< 4 minutes or 4 – 7 minutes. > 8 minutes = cull!) parlour capacity improved by 25% and staff felt they were more efficient.

Another example of beneficial technology is ScaleHawk. This technology downloads data from your weigh cells so that cropping yields from each field can be accurately recorded and analysed. This allows the team to ascertain which fields need reseeding and it also confirms total tonnage of each crop in each clamp.

The recently purchased self-propelled TMR machine has allowed the business to consolidate some of their existing equipment and has resulted in cost savings with regards to the equipment it has replaced as well as saving money on the cost of one full time worker.





## **A structured financial plan**

A clear business plan and good discipline when dealing with debt are key factors when driving a business forward.

There are many ways that farmers can sharpen their business acumen, for example:

- Attend classes, seminars or open days to look at businesses which are non-agricultural – the principles of business management are the same
- Read a variety of publications daily – particularly focus on financial ones
- Attend peer group meetings facilitated by professionals (Lloyd is involved with a Cornell University lead group)
- Use agricultural consultants with strong business skills
- Benchmark – both financial and technical
- Get a good accountant – make sure you are **operating as tax efficiently** as possible
- Talk to your lender! – the relationship must be transparent, built on trust and pre-planned so you are able to take advantage of opportunities as they arise.

Lloyd stated that they use a financial consultant 4 times a year, with visits lasting for 4 hours each time. This costs the business £30k/annum, but he believes it is the most worthwhile use of





money to review and progress the business. Their consultant highlighted the cost of running additional heifers on the farm and they have reduced from 1,040 to 790 heifers and sell more beef calves. This change in replacement policy has improved profitability and cashflow as well as justifying the cost spent on business consultancy advice.

Lloyd values the relationship he has with his current lender and he is open and honest about their situation and aspirations. As a result, it is easier for them to implement financial planning and the business has secured a long term loan which is in place 5 years ahead. This doesn't cost the business anything until the money is drawn down, but the funds are available to be drawn down immediately if a piece of land etc. comes up.



## What is it all for?

Succession is often a real challenge in many farming businesses and Rosy Lane Holsteins is no exception. Lloyd and Daphne have set up a partnership agreement with two of their employees. The partnership owns the cattle, machinery and buildings but not the land. They do a full balance sheet every month, which allows the employees to purchase stock on a monthly basis if they wish. This flexible format has enabled the employees to increase their stake in the business, so they now have a real sense of ownership of the business – an incredibly powerful people motivator!



Should the employees wish to withdraw from the business in future, they can take equal payments over the average number of years they have been in the business. In addition to this, there will be 3% interest on the money paid. This safeguards against someone making the business severely cash deficient at any one time.

### **What does this mean for your business?**

Lloyd and Daphne have shown that a simple, but focused system can yield excellent results both financially and technically. They value their staff and the skills they bring to the business, understanding that each person is an individual and their ideas can help drive the business forwards.

The ability to review and question your business strategy is important if you want to continue driving the business forwards.

### **Want a structured approach to your business, but not sure where to start?**

Taking your system back to basics and setting clear objectives can often help focus the business and highlight how best to grow and improve it long term.

If you would like support on how to de-clutter and focus your farming system, please contact us and one of our consultants would be happy to advise you further.

Call our office on 01666 817278

Or email

[sarah@douglasgreenconsulting.co.uk](mailto:sarah@douglasgreenconsulting.co.uk)

