



11 Steps for Dairy Success

Step 1: Create a solid financial foundation

It's important to understand what has—and is currently—happening inside your business, financially. Utilize accrual-based accounting, track finances through programs like Quickbooks, and maintain a clean P&L and balance sheet for at least the past 2 years.

Step 2: Know your enterprises

You could be running multiple enterprises within one business (ex: retail, farm, crops, etc.) Identify those enterprises and orient your bookkeeping system to track them separately.

Step 3: Understand what drives profits


Identify what the key income and cost drivers are in your dairy, and know what you can control to drive profits. Review your financial statements (P&L, balance sheet, AR/AP) monthly at a minimum. Identify key drivers by line item, set goals for them, and monitor closely.

Step 4: Document your herd

You can't manage what you don't measure. Track key herd metrics every month, including herd composition (% active milking cows) and herd productivity (avg. lbs milk/day).

Step 5: Have a vision for your dairy

Develop short, medium, and long-term goals for your dairy so that you have a firm grasp of why you are farming. What do you want your business to do for you and your family? Gather your key staff, stakeholders, and your family to collectively envision your farm's future. Write it down!



Step 6: Know your customer

How do you truly satisfy, delight, and surprise your customers? This is key to growing your revenue and business. Know how to serve them better through customer surveys, competitive analysis, ongoing marketing initiatives, and a defined value proposition.

Step 7: Determine your financial future

Your vision becomes actionable and accountable through budgeting. Develop a 3-year budget for your operation; identify key metrics and establish measurable goals for each one.

Step 8: Optimize your herd

Once you know your herd metrics and have defined your goals, determine how those metrics need to evolve to meet those goals. Tip: Get rid of cows that you don't need asap.

Step 9: Hold yourself accountable

Don't let your budget sit on the shelf and get dusty. Use it! It is your guidepost to achieving your financial goals. Not only should you be reviewing financial statements monthly, but also sharing them with your staff and analyzing them to identify issues and opportunities in real-time.

Step 10: Get knowledgeable support

It takes a village to raise a dairy. Surround yourself with people and expertise to fill in your gaps. Experts to keep in your corner: nutritionists, agronomists, veterinarians and financial advisors.

Step 11: Value your people

People realize your budget and plans; build a team to execute your vision while actively cultivating a resilient, positive environment. Be financially transparent to build trust and deepen the 'why' behind your business. Remember the 5 E's: engage, empower, excite, enrich, educate.

