

SUB-COMMITTEE REPORT

FINANCE, CAPITAL, BUSINESS PLANNING AND FARM TOURS

Following represents the results of the breakout meeting held on September 17, 2002.

Participants: Approximately 18 people from financial, educational and state institutions and agribusiness.

Goal (Mission): To increase milk production and farm profitability in SW Wisconsin.

Key Action Items Resulting From the Session

1. Under the leadership of UW-Extension, one-day workshops will be held at 2-3 sites in SW Wisconsin in January. Panels will include producers and technical experts.
2. Farm tours will be conducted in March.
3. Subsequent to this "short" program a formalized business planning curriculum and farm tour series may be offered to those producers wanting a more intensive program.

Minutes

Mike Wetter (FCS) explained that in April and May of 2002, a small group of people within the regional coalition met to form the Dairy Modernization Team. The DMT was founded on the premise that producers may want to expand but do not know how to go about it. The initial recommendation was to organize farm tours and assemble a list of producers with an interest in modernizing. Bob Schatz asked if there is to be an educational component, i.e., workshops.

Kevin Bernhardt (UWP/UWEX) distributed a "straw man" proposal for a year-long curriculum with several educational modules to develop skills interspersed with illustrative farms tours for networking and experience. On completion of the curriculum, producers should be prepared to write a business plan. An intensive program also gives the producers an opportunity to commiserate and share business ideas. The mission, according to Kevin, is to "do whatever we can to grease the skids for modernization." He learned from Mike Mee (UWP) that there have been programs like this and they have failed. Kevin suggested there be a substantial fee to encourage participation for the duration of the curriculum. Lenders may consider sponsoring farms or offering reduced interest rates as an incentive for participants. "This program is not for the faint of heart. This a big commitment for the producers but that is what you want." Kevin's proposal is attached.

Bruce Bullamore (Richland Co. Economic Development Corporation) presented a very thoughtful and comprehensive plan addressing producer education, technology transfer, land use planning, finance and other topics. His recommendations are based on experiences with the West Coast dairy industry and on conversations with farmers and veterinarians in SW Wisconsin. Kent Fryenland, a Richland Co. veterinarian, has collaborated with Bruce to analyze the situation. Bruce believes modernization is not occurring because farmers have difficulty visualizing the financial impact and have limited time to investigate this strategy. A plan for modernization in SW Wisconsin needs to touch upon Smart Growth and agricultural land use planning. In Racine and Kenosha, there is such community reaction that it is almost impossible to get above 80 cows. There must be multiple zoning. Perhaps the Dairy Modernization Team can prepare theoretical business plans for different size operations. Assistance could be provided directly to farmers to help them write business plans. The DNR should be engaged as a partner in providing such assistance. [A comment was made about legislation. People, such as milk truck drivers, that want to see modernization, can help]

Several people commented that it might be difficult to enroll Ag producers in the intensive programs recommended by Bruce Bullamore and Kevin Bernhardt. Kevin suggested that the objective is to identify those producers with sufficient commitment. A sign-up and fee for the first tour may be one way to "sort the wheat from the chaff."

Mark Mayer (Green Co. Extension) stated the proposals are way too in-depth. In his experience, most producers will not stick with such programs. Producers prefer a brief introduction and then high-touch, one-on-one follow up. He hasn't surveyed the biggest operations. [Mark made a comment about getting 10 follow-ups out of 60, of which 6 are doing something. The 60 is probably the number of producers attending some program.] The large producers get plenty of help, from sources other than UW-Extension. It is the 80% of the farms that aren't going large scale that need the help.

Bruce Bullamore suggested we need models. Mark Mayer said everyone is different. Bruce responded, "But there are ranges." Bob Schatz asked whether there are two market segments, 1) operations, looking to make small incremental changes or transitions and 2) producers intending to invest in large-scale operations. Perhaps the latter are more complex operations with a demand for more sophisticated business plans. Tim Griswold (Dairy 2020) said, "All businesses benefit from business plans." Another participant stated that it takes more attention to help a producer with a 150-cow operation

than a producer with a 2,500-cow operation. The small operation is not used to TMR, dry cows, labor issues, etc. Bruce added, "They may not even have a computer. Whether we touch 100 farmers or 10 farmers a year, it will be progress."

Gary Dryzwiecki (WHEDA) remarked there has to be a consensus that the objective is to increase milk production. The rest are action items. It seems that we are already into the process of how to do it.

Kevin Bernhardt said he is not sure he likes the goal of increasing milk production as a mission statement. The mission of the coalition is to create economic activity in SW Wisconsin—so the goal should be to unleash entrepreneurial activity and spirit. A participant expanded on this observation. "The mission is to help Ag producers to recognize their goals and help them fulfill their goals." Bruce Bullamore then said, "Maybe there are new producers and new types of farming operations." Bob Schatz asked whether the priority is to protect the industry or the farmers. Mark Mayer stated, "We have to do both." Bruce Bullamore observed that processors in the region are not dependent on SW Wisconsin milk production—they go outside the region for milk. Mark Mayer responded, "They do it because they have to do it—they want local production."

Gary Dryzwiecki announced, "It is time to pull the trigger." Mark Mayer offered UW-Extension services for workshops and tours. "Dave Kammel has a dairy modernization program. There is no need to reinvent the wheel." Lenders, producers, vets, equipment dealers and other have helped to plan it. Dave Kammel said, "It has been a positive Kevin Bernhardt mentioned the Ag Ventures component of other UW-Extension programs. Mark recommended that each seminar be offered in an area of no larger than two counties. Bruce requested a seminar for Crawford and Richland Counties. Tim Hubbard suggested 3 sites. Mark proposed the best times are the first ten days of December or January and February. Use the program canned by UWEX and coordinate producer panelists.

Kevin Bernhardt asked, "What's next? Do we need to do something after the seminar and tour? Can we get commitments from some of the producers at the seminar to go through a curriculum?" Dave Wachter said, "There is a range of people. One size does not fit all." One participant though just having a positive peer group will help the producers.