

*Vermont Housing and Conservation Board
Vermont Farm Viability Enhancement Program*

MODEL BUSINESS PLAN - 1/06

**BUSINESS PLAN
for**

CATHY AND BILL JENKINS

WINDSWEPT FARM

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**Prepared with the assistance of:
Vermont Farm Organization, Inc.**

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Table of Contents

Summary.....	3
Basic Farm Description.....	3
Location	
Size	
Ownership	
History	
Farm Infrastructure	
Personnel	
Production	
Products and Market Description.....	4
Milk	
Livestock	
Breeding Stock	
Outline of Business Ideas and Strategy.....	4
SWOT Analysis	
Short Term Goals	
Long Term Goals	
Capital Needs	
Family Considerations	
Implementation Plan.....	5
Increase Production	
Improve Forage Quality	
Convert to Large Round Bales	
Add Pipeline Milking System	
Financial Statements.....	7
Balance Sheet 12-31-04	
Balance Sheet 12-31-05	
Income Statement for 2005	
Cash Flow Projection for 2005 and 2006	
Appendices.....	11
Farm Map	
Report of Dairy Nutritionist	
Report of Agricultural Engineer	
Estimate for Installing New Milking System	

Summary

Windswept Farm has been operating as a successful small dairy, but many costs such as fuel and energy, labor, and feed concentrates have been increasing, while milk prices have held steady or declined. Bill and Cathy Jenkins would like to increase production and cow comfort, improve forage quality, and reduce labor. There is no desire to increase the herd size. Cathy's off-farm employment helps with the family's finances, but the long term goal is to have the farm produce a net income that is commensurate with hers, while building equity in the farm and improving quality of life. The plan shows that this is possible, but only if production per cow is increased, expenses are held in check, and sales of breeding stock remain strong.

Basic Farm Description

Location: Windswept Farm is located at 312 Old Creamery Road, in Benson, Vermont.

Size: Windswept Farm is an operating dairy consisting of 255 acres of which 120 are tillable, 60 are pasture, 20 are alder swamp, 50 are hardwood forest, and 5 are farmstead.

Ownership: Windswept Farm is a sole proprietorship of Cathy and Bill Jenkins.

History: Cathy and Bill both graduated from UVM. They started farming on a rented farm in 1988, where they gradually built equity in a herd of cows and a line of machinery. Windswept Farm was acquired from Cathy's parents in 1998, at which time the farm's development rights were sold. Cathy's parents also helped finance the acquisition.

Farm Infrastructure: Windswept Farm has an older tiestall barn that holds 50 cows and young calves. The barn has overhead hay storage and a milkroom with a 800-gallon bulk tank. Adjacent to the barn is a wood stave silo and a metal grain bin. The barn has a manure storage area with a concrete pad and wooden sides. Yearlings and heifers are housed in a newer freestall that has its own manure storage area and an attached hay shed. Machinery includes three tractors, haying equipment, and manure spreader. Machinery is stored in a pole shed. There are two houses on the farm, the main farmhouse where Cathy and Bill and their two sons (ages 10 and 14), and a small ranch style house, which is reserved for farm labor. Two drilled wells supply all the farm's water needs.

Personnel: Cathy and Bill share in making all major management decisions, while Bill makes most of the day-to-day decisions. Bill has a degree in agriculture, and Cathy has a nursing degree. Bill works full time on the farm, while Cathy cares for the children, works full time as a school nurse during the school year, and helps out on the farm in the summer. Juan Guterrez, from Mexico, works full time for Windswept Farm and lives in the labor house with his wife Maria and daughter.

Production: The dairy herd consists of 50 Jersey cows, most of which are registered. The farm generally carries about 50 head of youngstock, of various ages. Excellent calf-raising success and participation in breed association programs has enabled Windswept to market surplus breeding stock as a second source of income. The farm produces dry hay for the winter and uses rotational grazing in season. Corn silage is sometimes purchased and blown into the silo. Concentrates are purchased.

Products and Markets Description

Milk: Milk is sold to Agrimark Cooperative. In 2005 the farm shipped 625,000 pounds of milk, with a 12,500 pound 305-day rolling herd average on 50 cows. Butterfat averaged 5.0% and protein 4.0%.

Livestock: Cull beef and calves are shipped through a local livestock dealer.

Breeding stock: Breeding stock is sold at consignment sales and by private party sales.

Outline of Business Ideas and Strategies

SWOT Analysis:

Strengths

- Farm is in a good agricultural area
- Good soils and land base for forage production
- Ideal layout for rotational grazing
- Growing reputation as registered Jersey breeder
- Very high level of success raising healthy calves and heifers
- Excellent herd reproductive efficiency

Weaknesses

- Barn is old and inefficient both for milking and feeding
- Heavy clay soil difficult to till when wet
- Reliance on dry hay makes winter feed quality too dependent on weather
- Lack of farm shop for machinery repair
- Production per cow hampered by forage quality
- Lack of family relaxation time, vacations

Opportunities

- A pipeline milker would improve labor efficiency
- Switching to large round bales would save labor and improve feed quality
- Big surplus of heifers; cattle prices are high
- Possibility of bottling milk under private label

Threats

- Volatile milk prices; Agrimark not paying enough for butterfat and protein
- May not be able to keep up with the pace of work forever
- Balloon payment due in 2008
- High fuel and energy costs
- Environmental regulations

Short Term Goals: The farm's short term goals are:

- To boost milk production to 13,000 lbs. per cow while holding butterfat and protein steady
- To install a pipeline milking system
- To switch to large round bales haying and feeding system
- To increase energy efficiency on the farm
- To use a custom manure spreading service

Long Term Goals: The farm's long term goals are:

- To have a net farm income of \$50,000 starting in 2007

- To pay off Cathy's parents in 2008
- To increase sales of breeding stock every year
- To have more time for family vacations
- To investigate alternative markets for milk

Capital Needs: Windswept Farm needs to borrow \$10,000 to purchase a round baler and \$10,000 to purchase a pipeline milking system, and \$10,000 to remodel the cow barn and construct a hay shed. Windswept farms will also be paying off Cathy's parents in 2008, and this will require some new financing on the real estate.

Family Considerations: Cathy's school job provides a good income and health insurance for the family, but it means she is away from the farm and the family more than she would like. In summer it is very busy on the farm, which means there is never a good time for a family vacation. So far the farm has been unable to provide adequate health insurance for the hired help, which is troubling. The boys are entering their teenage years, which means they are able to contribute more in terms of farm work, but Bill and Cathy also want them to be able to participate in all the extracurricular activities at school and hope that they will choose to go to college someday. For now, Cathy will continue at her school job, but the farm will have to be profitable as well, in order to achieve long term goals.

Implementation Plan

Increase Production: Susan Cadwaller, dairy nutritionist, did a complete assessment of the farm's feeding program. She examined DHIA records for the last year, took forage samples for analysis, and surveyed the body condition of the cows. Her report and recommendations are appended to this plan.

The 2005 hay crop was high in protein, but low in energy. Susan Cadwaller recommended purchasing some corn silage to boost energy and to reduce concentrate costs, but a good source of silage was not found, and instead some cornmeal was added to the ration.

Dry cow nutrition is being improved according to Susan's recommendations, and it is hoped that this will result in better production after freshening. Her recommendations were also integrated into a milk fever prevention plan worked out by the farm's veterinarian. This plan includes careful control of mineral uptake during the dry period and the feeding of grass rather than legume hay to dry cows.

Excellent heat detection and breeding efficiency combined with an excellent calf-raising program will result in surplus animals. An abnormally large crop of heifers the last two years bodes well for increased sales of breeding stock in 2006. The breeding program will continue to be 100 percent AI, with an emphasis on sound udders, feet and legs, butterfat and protein.

Improve Forage Quality: The farm hopes to improve forage quality in 2006 through the purchase of a round baler. This will enable more hay to be harvested in a day, taking advantage of weather, and reducing labor. Forages will also be improved by soil sampling, manure applications and liming where necessary. The farm owns no tillage equipment because the goal is to improve permanent sod through proper nutrient management and adjustment of

micronutrients, rather than by reseeded. Frost seeding of red clover and trefoil has been used successfully to increase protein yields. A round baler will allow for earlier and more efficient harvest.

Pasture management will continue unchanged with a goal of rotating milking cows as often as necessary to maintain proper re-growth and forage quality. This necessitates adding paddocks in summer and fall from fields where a first hay cut has been taken. Heifers and dry cow pastures will not be managed as intensively as for the cows.

Convert to Large Round Bales: Casey Watson looked at the feasibility of feeding round bales in the tie stall barn (see sketch in appendix). The cow stalls face out and there is ample room in front of the cows to roll out round bales, but one box stall will need to be eliminated and the endwall on the west side will have to be remodeled to accommodate sliding doors, allowing placing of round bales in each feed alley using a front end spear. Casey recommends constructing a pole shed on the west end of the barn for hay storage. Because this will affect airflow around the barn, a better system of ventilating fans will be necessary.

Add Pipeline Milking System: An estimate from DairyFlo for installing an around the barn pipeline milking system is in the appendix. A new system should allow one person to milk with four units, milking 50 cows in about an hour and a half.

It is hoped to finance all three improvements (baler, barn remodeling, and pipeline) by borrowing \$30,000 from VEDA, on a 10-year note at 4 percent interest. The baler would be purchased in May 30, 2006, the barn remodeling would be complete by June 30, 2006, and the pipeline installed by July 2006. The goal from these changes is to increase net income to \$50,000 in 2007.

Appendix A.