Leveraging your Dairy Financial Team
Outline:

• Set the Stage - Trends in the Industry
• What is Leverage?
• Why the need for a Dairy Financial Team?
• What should your Dairy Financial Team provide?
• What does a high functioning Dairy Financial Team look like?
• How do you Leverage your Dairy Financial Team?
Set the Stage - Trends in the Industry

- Input and Output prices are volatile
  - Trade Agreements, Domestic Supply, Foreign Demand, Market Liquidity, Speed of Information, Logistics

- Consolidating Dairy Value Chain
  - Retail → Distribution → Processing → **Production** ↔ Inputs

- Transition On-Farm is in Full Swing
  - Ownership
  - Management
  - Support Infrastructure
  - Technology
  - Labor
  - Production Method Differentiation

- Multi-Site / Multi-State Dairy Production Operations
  - Economies of Scale, Cost of Production, Management Expertise, Market Diversification, Asset Pricing

- Dairy Production/Processing Partnerships
  - Risk/Reward sharing, Supply Traceability, Product Marketing

- Multi-Country Processors
  - Market/Geopolitical/Supply Chain Diversity
What is Lev – er – age:

**Common**

- the power to **influence** a person or **situation** to **achieve a particular outcome**
- the use of resources to maximum advantage

**Financial**

- the ratio of a company’s debt to its equity
- the use of borrowed capital expecting profits made to be greater than the interest payable
Why the need for a Dairy Financial Team?

- Perspective
- Specialized Expertise
- Contingency Planning and Training
- Objectivity
- Process
What should your Dairy Financial Team Provide?

- Collective guidance and counsel
- Dissenting opinions
- Non-biased feedback on the Business
- Relationships within and outside your network
- Financial decision making structure
- Improved financial performance
What does a high functioning Dairy Financial Team look like?

- Multi-generational
- Multi-gender
- Multi-disciplinary – knowledgeable in:
  - Accounting & Financial Reporting
  - Tax
  - Risk Management – Commodities and Insurance
  - Banking
  - Dairy Production
- Engaged
- Candid
How do you Leverage your Dairy Financial Team?

- **Be Intentional** - recruit and engage specific people with specific financial skillsets

- **Be Transparent** – openly share information about and encourage active discussion of the business

- **Set Targets** – have a set of common financial goals and a defined purpose from which to guide team discussions

- **Insist on Team** – set the precedent insisting on cooperation and collaboration in support of the business

- **Demand Discretion** – open debate, open discussion, and teamwork requires participation in confidence
• Are you as intentional about monitoring and managing your finances as you are about monitoring and managing your cows and crops?

• Think of all the improvements that you’ve made to operations and production over the last few decades….have you made similar progress in the financial and administration functions of your business?

• On a monthly basis, do you know if you’re making money, how much, and in what areas?