

# Norm-E-Lane - 4<sup>th</sup> generation dairy farm

- ▶ Started in 1940 as a modest farm with a couple handfuls of cows and 80 acres
- ▶ Grew to a 400 cow farm in the early 70's, parlor built in 1965
- ▶ Grandpa said he was “land poor”, always being in a position to buy more
- ▶ Generation 3 entered in the late 90's and business was to grow also
- ▶ Double 25 milking parlor and 1500 cows added in 2000
- ▶ More barns, transition facility over next few years
- ▶ 2500 cows, 5000 acres and 40 employees for a number of years
- ▶ Enter generation 4 and growth opportunity with 2<sup>nd</sup> site
- ▶ 4000 cows, 60 team members and positioned for the next step





**We continuously advance our enterprises through passionate people, meaningful relationships, leading edge farming and exceptional animal care.**

*Purpose:*

- *Create opportunities for dynamic relationships, teamwork and growth*
- *Grow our legacy of family, community and stewardship*
- *Serve as an influencer in the industry, and the future, of farming*
- *Provide a foundation for strong work ethic, character and integrity*

# Dairy farming is capital intensive

Google AI defines “capital decisions” as:

The **balance** of profitability, cash flow, and the need to maintain and upgrade facilities and equipment

## 3 types of capital utilization

1. Asset replacement
  - If, when and how
2. Business expansion
  - Scale or scope
3. Build working capital
  - Increase short term assets
  - Decrease short term liabilities

# What has Norm-E-Lane done to stay in the growth phase?

## Make smart decisions!

- ▶ Need good record-keeping
  - Accurate financials to base decisions from
  - Enterprise accounting - how is the bottom line affected?
- ▶ Need good partners to ask tough questions
  - per Steve - “do we really need all this equipment”?
- ▶ Know who we are - Mission

# Maximize use and efficiency of an asset

## Downsized the forage harvester

- ▶ Didn't need all that HP
- ▶ Optimize efficiency with summer crops, utilize custom operator for silage
- ▶ Lower purchase price, lower operating costs
- ▶ Similar mindset with big tractors

# Utilize other people's assets

## Hire custom manure applicator

- ▶ Opportunity costs of equipment, labor and agronomy demands
  - Reduce equipment needed, become efficient
  - Reduce labor demands at certain times of year
  - Focus on taking care of the soil
- ▶ Sometimes it's just best to say no and let go - don't have the "scale"
- ▶ Fortunate to have a very good operator close by

# Calf and heifer raising - to do or not to do

- ▶ Always raised wet calves, but outgrew older heifer facility in early 2000's
  - Was supposed to be temporary, but we liked the idea and the heifers
  - 4 growers later we still are sending them out at 8 months
  - Again, allowed us to focus efforts and capital on cows and quality forage
- ▶ Hutches to calf barns
  - ▶ Wet calves are where we felt we had biggest opportunity to improve
  - ▶ Consistency with health events and calf comfort
  - ▶ Improve working conditions and labor efficiency
  - ▶ \$1.2 m investment for 256 calves

# Business growth - 2<sup>nd</sup> site, 2 hours away!

- ▶ Four Mile Creek Dairy - 1600 cows
  - ▶ Opportunity in January.. Is our team ready??
  - ▶ Profitable dairy and a good team in place
- ▶ Capture efficiencies with cow flow and labor
  - ▶ Central calving location
  - ▶ Transition management strength
- ▶ Capital outlay is low
  - ▶ Buy cows and equipment, lease facility
  - ▶ Tax mgt interests by both parties
- ▶ Partnership with owner
  - ▶ Expertise and history
  - ▶ Desire to not “go away”



# Human Capital - “Intangible” asset?

- ▶ Economic value of worker’s experience, skills and “give a damn”
- ▶ Invest in training, education, benefits and health
- ▶ Invest in your culture, make it “tangible”!
- ▶ Great “tangible” assets don’t equal profitability without the right team