

“You can't protect a margin without locking in your costs. Feed and interest rates are key inputs that should be examined as part of a big picture.”

with their adviser several times a week, asking questions and discussing goals. Early on, they intend to meet face-to-face with their lender at the same table, discussing the farm's approach to marketing in 2010.

Schwoerer says a hedge line of credit will be on the agenda for that meeting. Keeping the line of credit separate from the day-to-day checkbook aids marketing decision-making, he says.

Much decision-making awaits Deb and Dave in the months ahead. “We have to learn and get up to speed quickly,” Deb says. “The rest of our workload hasn't changed, and we're adding on a whole new management function here.”

Adviser's turn

All good business relationships are based on trust. Where markets and financial matters are concerned, trust and communication from the get-go are vitally important, says Matt Mattkke, Deb and Dave's market adviser from Stewart-Peterson.

“In my experience, if we set up the working relationship correctly from the beginning, we have more open and honest communication, and that brings a better chance of success,” Mattkke says.

Mattkke describes the key areas of the working relationship the trio discussed on their very first conference call:

1. Communication preferences. It's important for the client to know that this relationship is more than applying a blanket set of recommendations and without respect to their individual needs. Two-way communication is important. I explain the communication structure

we use, which includes:

- Daily and weekly e-mails
- Broadcast alerts when there is a strategy change
- Scheduled phone calls to ensure regular communication

2. Operation profile. We ask questions on both the milk and the feed side, such as:

- Current and expected milk production
- Whether their milk plant offers forward contracting and at what price
- How much of their production they have contracted in the past
- Feed usage numbers, typical purchases, and what current contracts are in place

• Expectations for where the adviser can and can't help with feed recommendations. Certain products, such as distillers grains, glutens and hay, may have local supply and demand issues that overrule what the markets are doing.

• Business goals, such as break-evens, return on equity goals (especially when multiple business partners are involved), expansion plans, lender or credit concerns and other business issues that could help customize recommendations to their operation's needs. While these aspects of the business are not necessarily tied to marketing, they play into how and why a client makes decisions.

3. Level of market knowledge.

- We ask questions about the client's experiences, successes, failures, risk tolerance and comfort level with various positions.
- We go over common terms so we can be sure they understand the language we will be using.
- We talk about their comfort level



The road to better marketing



Deb Reinhart and Dave Geiser
Gold Star Farms
Chilton, Wisconsin

Milking: 270 cows

Feed: Purchase all feed from neighboring farms

Why they say it's time to address marketing:

- Gain control of our business rather than it controlling us.
- More price consistency – protect against lower prices and gain when prices are high.
- Address feed costs – like many others, we bought expensive feed and sold cheap milk.

Deb and Dave's road to better marketing:

- Make decision to focus on better marketing.
- Make time to pursue resources.
- Talk to potential advisers about what they offer.
- Talk to other producers who use advisers.
- Ask lender's advice.
- Choose a consulting firm; check firm's references.
- Initial discussions with adviser. (See “Adviser's Turn” for checklist of discussion items.)
- Meet with lender and adviser together.
- Agree upon goals and strategies for Gold Star Farms.

with setting up a hedge line of credit. We explain the advantages of having one, which include: a) more flexibility for using marketing tools beyond forward contracts, such as futures and options and b) better decision-making because marketing decisions can be made independent of current cash flow. Our clients who use a hedge account tend to net a better price for their milk; however, it is often difficult for a producer to wrap their arms around while getting started. Deb had those same initial concerns.

Willing to learn

Deb and Dave gracefully shrug off any accolades they've received for their dairy skills and industry leadership through the years. The two are always willing to help dairy producers learn, which is why they agreed to be profiled in this series.

“No producer wants to look like they do not know something,” Deb says. “Yet there are others in this same boat, and we owe it to each other to teach and learn.” **PD**

POLYDOME ANNOUNCES NEW IMPROVED CALF HOUSING



Warm Climate for warm environments



Convertible Hut for indoor use



High Door for use with fence panels



PolyDome has the right hut to fit your needs from the Mini Dome to the Mega Hut. Plus, products that out-perform the competition.



Poly Dome



Poly Square



Super Hut



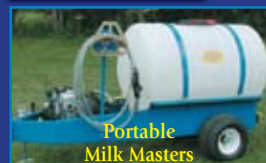
Calf Warmer



Footbaths



Super Duty Bulk Bins



Portable Milk Masters



Milk Master™

polydome

Call for the dealer nearest you.

Contact us for Aqua Farming Tanks

Many other farm products available.

Visit www.polydome.com for more details.

1-800-328-7659 email: dan@polydome.com