



Profiles of Successful Strategies for Small Farm Dairies

A project of the Northern New York Agricultural Development Program

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Homestead Fields, Jefferson County — Dairy Changes Ownership & Style

The Transition

Ed and Ann Walldroff bought the family's dairy after being in farming for 20 years with Ed's parents, five brothers and a brother-in-law. Upon taking over ownership, the Walldroffs made several changes, which included converting to grazing.

Homestead Fields, as Ed and Anne Walldroff call their dairy, has been in the Walldroff family for more than 100 years, making Ed the fifth generation to work this farm. During the 1970s, Ed's parents ran a 200-cow dairy, a 1,500-acre crop operation and a farm equipment business with Ed, his five brothers and a brother-in-law.

Each family member had specific responsibilities, with Ed managing the dairy. After 20 years of doing business together, the family decided to sell the dairy, move the equipment business to Watertown and get out of the cash-crop business.

There were conflicts along the way, but for the most part the family was able to separate business from family. The Walldroff family always held Monday night business meetings to discuss all parts of the business. Family members were able to agree to the terms of the sale without involving a third party.

With his knowledge of the dairy, Ed felt it could be profitable. He knew there was still a future in dairying, but the Walldroff dairy could only support one family. With that knowledge, the couple decided to buy the dairy from the other family members and exit the family's equipment business in 1995.

Mechanics, Management & Resources

Today, the Walldroffs milk 125 cows and have approximately 400 acres, with 375 tillable. The Walldroffs house their Holsteins, Jerseys and crossbreds in a freestall barn and milk in a double-seven swing (highline) parlor.

Once they took over as sole proprietors of the dairy, the Walldroffs converted to grazing. The Walldroffs made a conscious decision to give up operations that generated the least amount of profit, such as raising heifers and growing crops, to concentrate on their dairy herd.

Instead of doing their own cropping, the couple leases land to Ed's brother Larry and buys back the forages. The Walldroffs feed a mix of haylage and high moisture corn, which they buy in the fall and store in upright, sealed silos. The total cost of buying forages is less than a 125-cow dairy spends on machinery and its repair and maintenance, as shown in the Cornell Dairy Farm Business Summary, Ed pointed out.

Larry has use of the dairy manure and Ed does not have to pay to have it spread.

A contract grower raises the Walldroffs' heifers beginning at approximately four to five months of age.

The herd maintains 60 pounds of milk per cow all year. Costs are much lower during summer months when the herd is grazed. Though he could make more milk with conventional dairying, Ed, who carefully tracks his costs, feels his cows are healthier and his costs are lower with grazing.

Homestead Fields employs one full-time person. Ed handles the day-to-day operations of the dairy, and Anne works off the farm. They own all the assets together as sole proprietors.

Upon making the decision to buy the dairy, the Walldroffs first had to get financing. Based on Ed's 20 years of experience, they got a loan from the Farm Service Agency through its Beginning Farming Program. Charles Colbert of the Farm Service Agency in Canton was also instrumental in securing that loan.

At that point, the couple had to ensure the business cash flowed. Though they didn't do a financial analysis to determine the dairy's viability, Ed, a business graduate of Canton Agricultural Technical College with accounting savvy, knew the business' inputs, outputs and costs.

For the first three years of ownership, the Walldroffs put every dollar back into the business to help renovate the barn. Ed created a drive-through feed alley and a completely automated AO Smith Harvester System specifically for haylage and high moisture corn. He can feed 120 cows in 20 minutes and never leave the barn.

He bought a new bulk tank and put in manure storage. Because Ed culled heavily, he had to buy replacement heifers.

In the beginning, the couple was 100% leveraged. By the end of the fourth year, the Walldroffs could see an improvement in cash flow.

Resources the couple used included Sonny Golden from Golden Associates who helped the Walldroffs implement their rotational grazing program. Ed often attends Cornell Cooperative Extension workshops and reads many farm publications. He tracks the business' finances with One Write Plus accounting program.

The Future

Ed, who is happy with how he runs the dairy, plans to keep the business at its current size. The Walldroffs feel they have the right resources – land, buildings and labor – to milk the number of cows they currently do. Ed feels his most valuable resource is his abundant supply of natural spring water. There is room to become more efficient, Ed said, but he isn't interested in growing his business.

The couple's goal is to make \$1 more per cwt. than the Boston Blend price. Ed's goal is to make 60 pounds of high component milk per cow and do it as cheaply as possible. The Walldroffs hope to be debt free in five years, expecting the business to take Ed to retirement in approximately 10 years.

The couple keeps an up-to-date will and carries sufficient life insurance. An attorney familiar with dairy operations reviewed the business transfer.

The Walldroff families get along better since the separation of the enterprises. Since the sale of the dairy, the family has created a transition plan for the rest of the businesses. Ed's brother Larry runs the cropping business, and his other brothers run the equipment business.

The Walldroffs have three children who are pursuing careers outside the family business. Maria, age 24, a graduate of the Fashion Institute of Technology, worked for FAO Schwartz in New York City and is a May 2005 graduate with a Degree in Elementary Education. Ben, 23, earned a degree from Clarkson University and works for an engineering firm in the Baltimore, Maryland, area. Monica is a junior at Lafargeville Central School and is looking at St. Lawrence University as a political science major.

Family and community are important to the Walldroffs. They're involved in many agricultural and civic organizations as well as their children's activities. By grazing his cows, boarding out heifers and buying all his forages, Ed has time for both his cows and his family. He still sees dairy farming as a viable business and is happy to have the opportunity to be involved in milk production.

Transition Tips

- If you are not going to do the cropping yourself, make sure you have a good reliable person to do this for you.
- Keep good records, and know your cost of production.

- Especially when working with family, keep the lines of communication open.
- It helps when going through a transition process, if you have off-farm income and benefits to help with the family living.
- If you are going to be 80 to 100 percent leveraged, be sure to have an exit plan in place.

Northern New York Agricultural Development Program

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