MANAGING AN EUROPEAN DAIRY FARM INTO THE 21TH CENTURY

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In the first place I like to introduce myself as practical dairy farmer on a 2 LBU farm of 150 cows in The Netherlands. This is a more than average farm.
In the second place I am President of European Dairy Farmers.

European Dairy Farmers (EDF) is an Association of 150 leading farmers in the EU.
The goals of EDF are:

- To cultivate the European idea.
- To exchange experience and information.
- To compare structure and economic efficiency of production systems.

We are scientifically supported by a network of leading institutes all over the European Union (EU). This is under supervision of Prof.Dr. Folhard Isermeijer from Braunschweig, Germany.

Yearly we are producing a Cost of Production comparison of our farms and together with a worldwide network we are producing studies not only for ourselves but also for politicians.
We are not a political club but deliver good arguments for political and farm decisions.
We are discussing this every year on a Congres somewhere in Europe, this year in

Belgium.

Managing an European Dairy Farm in the 21th Century

In the next years management on farm level is changing totally. This will be caused by a changing dairy market in the EU. Today the goals of a dairy farmer have to be:

- Producing for a market with claims of consumers
- Producing milk in an economic and profitable way.

Claims of the consumers are:

- A safe, honest and reliable product.
- Produced under openly accepted conditions.

This means farmers has to produce in Controlled Chain Production.

If my information is right, a controlled chain in the USA is quite different with the one in Europe.

In Europe a controlled chain has as goal to assure that the consumer gets a product that meets the just named consumer's claims. To produce in the most profitable way is not on the way of the consumer, but the task of the farmer himself.

Also the dairy market has changed from a local market to a market on world level. Furtheron the environmental conditions are causing a changement in farmer's way of producing milk.

This all means that profits are under pressure for the moment and the next years. This is caused by rising costs as well by sinking milk prices. So farmer's strategy has to change now and this needs a good and other farmmanagement support. A farmmanagement system which is meeting the goals of a manager to the year 2000.

Farmers need management support with the next conditions:

- Simple, reliable and clear products, developed with the help of practical farmers and not produced behind a desk only.
- Make use as much as possible of standardised external data.
- A farmer's job has to be among the cows and not feeding computers. He is interested in the analysed results only.

- Regard environmental and consumers wishes and laws.

The main points of a good management system are:

- Modules supporting the definition of the strategical, tactical and operational planning of the dairy farmers.
- Planning of the costs and returns for the next periods.
- Registrating of the costs and returns all over the year.
- Analysis of the results, not based on averages but based on the optimal possibilities of his own situation. We are calling these Farm specialysed Standards.
- Expert systems giving advices to the farmers based on the Farm specialysed Standards.
- More detailed planning, analysis and advisory systems for animal, feed and grassland management.
- Procedures to the exchange of data in the whole dairy chain.
- Good definitions for linking with quality control systems in the dairy chain.

To give answers on these questions, you are needing farm management on three levels.

- Strategic level : this is on long term and far from farmer's bed until now.
- Tactical level : this is in the time from monthly to yearly decisions.
- Operational level : you need this especially for your daily management.

It is not without reason that I mentioned these levels in this order.

From now on it is important for farmers to have an worldwideview and not only a local view.

So first of all, at certain moments you have to know what is happening in the world.

This is for making strategic decisions, just as:

- Why am I dairy farmer ?
- Do I farming on the right place and conditions ?
- What are the conditions ?
- What is meaning this for my tactical decisions ?

When you know as farmer the strategy, you can make strategic choices and translate this finally in your operational and daily management.

Furtheron in my paper I like to tell you the possibilities in Europe to realise these types of management support.

First I like to tell you something about the network IFCN (International Farm Comparison Network) and the simulation model TIPI-CAL (Tecnology Impact and Policy Impact Calculations for Typical farms around the world)

The Network IFCN

IFCN is a permantly working, international network of scientists, advisors and farmers. It is designed to carry out farm-oriented, economic studies for policy-makers, the agribusiness and agricultural organisations.

TIPI-CAL

Within this network FAL (Prof.Dr. Isermeijer) in Braunschweig is developing an international harmonised simulation model for typical farms, which will be used to:

- calculate and compare cost of production
- identify the reasons for differences in production costs and farmer performance
- asses and compare farmers reaction on different changements.

This program can be used from farm to policy level and this with good underpined arguments.
The network of EDF-farmers is used in this model too.

This can be the first step in a management model from strategic to operational level.
It has the possibility to give you an answer on your own questions and to compare your situation with your colleagues from other production regions all over the world.
The Tipi-cal model can be used from a world-wide level to farm level and for strategic to tactical decisions.

European Dairy Farmers

The second Network and management support we use on our farm is on European level and is the membership of European Dairy Farmers. This can mainly be used for strategic

farmmanagement support.

Yearly EDF farmers fill in a Questionaire, together with the help of important institutes. This questionaire is used for an annual analysis of Profitability in an international context.

This analysis is done by FAL in Braunschweig and discussed in EDF-STAR.EDF-STAR is a network of leading institutes in the EU.

It is important that data from farms all over Europe are comparable and interpreted in the same way. This is also a hard but succesfull job done by EDF-STAR.

This analysis gives me as farmer the possibility to compare my own farm with other farms in their own specific situation. It gives my position in an European context.

We discuss this analysis in annual meetings somewhere in Europe. We do this with good arguments and data at all the three levels.

Furtheron EDF and EDF-STAR are making studies on strategic level, this with data from EDF farmers.

For example in the EU the discussion starts around the Milkquota after the year 2000. With the EDF network and TIPI-CAL different scenarios of dairy policy are produced. It is for me interesting what are the consequences on strategic level. EDF farmers gives their reaction on it and we discuss this in September in Belgium.

With this contacts you can learn from your markets also and it gives you new ideas for strategic farm management and good arguments for politicians.

From a world and European level I like to come to a more local and farm level.

For strategic and operational decisions I make use of the network of KINFORA.

KINFORA

Together with partners through the whole chain from grass to consumer the members of EDF in Holland are developing a total integrated management system for strategic and operational use. The partners from EDF in this project are feed companies, dairy industry, accountancy and farm economic institutes.

The basic for this system is the financial administration. This is completed with supplements for technical and economic results. The basicmodule consists of :

- Planning

- Administration (Realisation)
- Analysis
- Optimalisation

This all in periods of months, half-years and years. This all happens on strategic levels. Of course this is very important, but the plus of the system can be the translation from strategic level to operational level.

For example the system tells me: my feed costs are to high.

For me the question is what do I have to do ?

Therefor the system can be supplied with modules for animal administration, feeding modules and modules for grasslandmanagement. The surplus value of the system is the total integration of all, because a management problem on my farm depends of several parts. Furtheron it is uniform and reliable for all users of the system. Besides the farmer it can easyly be used for all the different advisors of the farmer, because it is simple and uniform to use and to interpret. It is important that the system only gives answers on the farmer's questions and no more. The analysis of the system compares my situation to the most optimum situation and gives advice how to reach that situation. Also avoiding problems belongs to the possibilities, because signal points and warnings are built in it. The system gives answers on questions from other partners in chain management, just like the dairy industry, govermental policy and the market of our products.

The system uses as much as possible consisting databanks and electronic transfer possibilities. So the farmer has to do a minimum of work.

For me as a farmer it is important that all these three described systems are integrated in each other. Only in that way I receive the right information in the right time and on the right place.

Until now we are succesfull in handling these tasks and I am hopeful for the future, because it gives me possibilities to control the cost price and my dairy industry to become the highest possible milk price for me.

Of course I want to serve the consumer market with their wishes, but that is only possible with sufficient profits on my farm.