

# A profitable experience

By RACHEL SCRIMGEOUR

**T**HE Supreme winners of the inaugural Dairy Business of the Year Competition thoroughly recommend the experience to contestants of the 2008 competition.

Morrinsville couple Graeme and Sharon Martin said winning the competition showed them that what they were doing they were doing well, and it gave them the confidence to grow their business further.

"It made us realise all the hard work we had put in was worth it. When our costs were compared to the others we saw that it actually did pay - it made us more profitable and helped us to win the competition," Mrs Martin said. "We try hard to keep costs down by doing a lot ourselves."

Mr Martin said it proved to them you don't have to do massive production per hectare with excessive inputs to have a profitable business.

A Dexcel Mark and Measure course made the couple start to think and analyse their business.

When they entered the competition the Martins owned two farms, the 96ha effective

## DAIRY BUSINESS PERFORMANCE AWARDS



property milking 300 cows and the other 91 effective farm milking 280 cows with the help of two trainee herd managers.

"One of the reasons we entered the competition was because we thought it a cost effective way to have a Red Sky analysis done on our business as this was part of the assessment procedure," said Mrs Martin. "Everyone talks about productivity but profitability is important as well."

The Martins are achieving high production at low cost, \$1.69kg MS for the 2005-06 season, which were the figures used for the competition. This compares with almost half the average Waikato cost of \$3.44 and well under the top 10% total of \$2.58.

They always look to see if there will be a return on a cost and that they are not just spending for spending's sake.

Their return on asset was 5.9% and operating profit \$3066/ha, which was well ahead

of the Waikato average of \$780/ha and higher than the top 10% of farms \$2121/ha.

Pasture harvest was 14.4 ton DM/ha and production per ha was 1261kg MS, which was 90% ahead of the regional average. Pasture as feed consumed came out at 96%.

Profit per cow came out to just under \$1000.

The Red Sky Analysis also revealed that in the 2005-06 season their core per cow cost was \$235/cow and core per hectare cost was \$585/hectare and they were running 171 cows per fulltime staff equivalent.

Meal is fed through an in-shed system, in stainless steel feeding troughs during milking, enabling lactation to extend to May.

The Martins say their employees are key figures and they would not be able to run their business without them.

"It is hard for them to progress to farm ownership but I believe there are still a lot of opportunities out there for them in the industry," Mr Martin said.

"It is all about teamwork. Our system is simple, we manage our grass well and make sure our cows are well fed and we dry off appropriately so the cows are right for calv

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Last year's supreme winners Graeme and Sharon Martin with grandson Issac and one of their highly productive Friesian cows.

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ing," said Mr Martin. "We are enthusiastic about what we do."

The nine finalist of the competition spent a weekend together at Brooklands Country Estate.

"There was a lot of sharing and learning from each other. It highlighted that there are different ways to achieve a similar outcome as everyone was using a different system yet they were all in the top 10%," said Mrs Martin.

Mr Martin said it stood out that all of the finalists were couple partnerships and not just individuals driving their businesses forward.

Since winning the competition the Martins have bought another 67ha property just out of Morrinsville, which is also operating well and on target to achieve the forecasted 1800kg MS/ha.

"We have also employed another fulltime person for relief milking and to reduce the work load and day-to-day management of the farms so we can focus more on the business and not in the business," Mrs Martin said.

"The added advantage of knowing where we are financially in the business combined with the higher payout increased our confidence in our dairy business and in Fonterra



Graeme and Sharon relaxing pre-Christmas at their Matamata home.

and the long-term future of the dairy industry," Mr Martin said.

A family occasion in Australia gave the Martins the opportunity to visit one of the regional winners in the Australian competition, along with another two farms.

"One of the best things about the competition was all the positive and exciting people we met - then we went to Australia and met some more over there," Mr Martin said.

"The Australians were like the New Zealand finalists - all hardworking motivated couples driving their businesses forward and expanding."

The Martins thought the New Zealand versus Australian component of next year's competition would be interesting and exciting to see the comparisons.

Still undecided as to whether they will enter that competition because of a strong belief that as many people as possible should have the opportunity to experience what they did, the Martins, however, will have Red Sky analyse their books again.

"We recommend everyone who has a dairy business enter this competition."

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