

DAIRY BUSINESS OF THE YEAR



2019 Regional Optimisation Day

Best BOP/Central Plateau Farm Performance

Scott & Larissa Anderson
Hanze Farms Ltd

322 Rehi Road, Rotorua

Tuesday 12 November 2019



2019 GOLD
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Ministry for Primary Industries
Manatū Ahu Matua



DAIRY BUSINESS
OF THE YEAR



2019 SILVER SPONSOR



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Key Performance Indicators Summary

Please Note: benchmarks used in this report should be considered as indicative only and may or may not precisely reflect the regional average.



Farm System	Hanze Farms 2017/18	Central Plateau Average	Central Plateau Top 10%
Total Hectares	143	-	-
Effective Hectares	105	173	167
Effective Milking Hectares	105	170	164
Peak Milking Cows	385	503	534



People Productivity	Hanze Farms 2017/18	DBOY National Average	Central Plateau Average	Central Plateau Top 10%
People Investment per Cow (\$)	\$355	\$391	\$398	\$339
Cows per Full Time Equivalent (50hr FTE)	5.19	166	152	182
Training spend per FTE in Dollars (\$)	\$261	\$385	-	-
Training spend per FTE in Time (hrs)	46.50	33.33	-	-
Unplanned Costs per FTE (\$)	\$0	\$169	-	-
Unbudgeted Days Lost per FTE	0.00	1.21	-	-
Labour Turnover - Management Staff (%)	0%	15%	-	-
Labour Turnover - Non-Management Staff	50%	31%	-	-



Environmental Management	Hanze Farms 2017/18	DBOY National Average
Effluent Pond	Unlined	Lined
% of Farm Irrigated with Effluent	32%	41%
N Loading on Effluent Area (kg/ha)	136	105
KgMS/ha per KgN Loss/ha	27	30
N Leached (kg/ha)	67	52
N Conversion Efficiency (%)	27	28
Soluble N Use (kg/ha)	115	150
P Loss (kg/ha)	1.4	1.8
Olsen P Levels	Above & Decreasing	At Optimum
Winter Cropping % of Farm	0%	2.8%
Winter Soil Management	Cows Stood off on Yard	Formal Standoff
Green House Gases (Total CO ₂ Equivalents)	12,329	16,268



Livestock Management	Hanze Farms 2017/18	Central Plateau Average	Central Plateau Top 10%
Peak Milking Cow Numbers	385	503	534
Stocking Rate (Cows/ha)	3.68	2.97	3.28
Stocking Rate (Kg Live weight/ha)	1,692	1,435	1,575
Core Costs per Cow (\$)	\$702	\$602	\$549
Milk Production per Hectare (kgMS/ha)	1,842	1,131	1,393
Milk Production per Cow (kgMS/cow)	501	383	429
Milk Production as % of Live weight	109%	79%	88%



Feed Management	Hanze Farms 2017/18	Central Plateau Average	Central Plateau Top 10%
Stocking Rate (cows/ha)	3.68	2.97	3.28
Stocking Rate (kgLW/ha)	1,692	1,435	1,575
Pasture Harvested (PH) (tDM/ha)	10.7	11.0	13.0
Pasture as % of Diet	53%	75%	75%
Core Costs/ha per tDM PH (\$)	\$135	\$122	\$107
Feed Conversion Efficiency (kgDM/kgMS)	10.74	12.29	11.70
Total Consumed per Cow (tDM)	5.50	4.86	5.19
Pasture Consumed per Cow (tDM)	3.04	3.81	4.17
Forage Consumed per Cow (tDM)	1.38	0.81	0.83
Concentrate Consumed per Cow (tDM)	1.38	0.50	0.57
Average Feed Cost (/tDM)	\$332	\$341	\$304
Pasture Costs (/tDM)	\$342	\$325	\$283
Forage Costs (/tDM)	\$335	\$392	\$373
Concentrate Costs (/tDM)	\$308	\$380	\$358



Profitability	Hanze Farms 2017/18	Central Plateau Average	Central Plateau Top 10%
Return on Capital (%)	8.5%	5.0%	7.8%
Return on Assets (%)	8.7%	5.0%	7.8%
Operating Profit Margin (%)	41%	31%	43%
Operating Profit per Hectare (\$)	\$5,936	\$2,579	\$4,379
Gross Operating Revenue per Hectare (\$)	\$14,462	\$8,275	\$10,252
Gross Operating Expenses per Hectare (\$)	\$8,526	\$5,695	\$5,873
Milk Price per kgMS (\$)	\$6.87	\$6.63	\$6.67
Gross Revenue per kgMS (\$)	\$7.85	\$7.32	\$7.36
Farm Working Expenses per kgMS (\$)	\$3.78	\$4.30	\$3.64
Operating Expenses per kgMS (\$)	\$4.63	\$5.04	\$4.22

Definitions of KPIs

UNDERSTAND WHAT YOU'RE COMPARING

It is important to have an understanding of how your physical and financial Key Performance Indicators (KPIs), and the benchmarks you are comparing, are calculated. See www.dboy.co.nz for more detail.

Gross Revenue calculations for the DBOY competition are determined using an accrual basis, which means that the gross revenue is calculated on the milk produced in the season that is being analysed, times (multiplied by) the amount paid for the milk that was produced in that same season. It is important to note that this differs from the actual gross revenue that is received within the dairy farming enterprise, as income received in the season being analysed includes last year's deferred payments and a portion of the payments received for the season being analysed.

When measuring financial performance within a production season to determine business profitability, using non-accrual gross revenue is somewhat misleading when there is significant season to season variation in payout, and/or above normal variability in weather conditions, i.e. if the season prior to the production season being analysed had a higher payout it would bump up the gross revenue received in the production season being analysed. Because DBOY uses accrued revenue when calculating gross revenue, it provides a truer representation of the income generated in the season being analysed, so cost, production, and revenue, are more aligned.

Gross Expenses is the total operating expenses that are incurred during the production season being analysed and adjusted for feed/supplements on hand at opening and closing of the season, imputed (unpaid) labour and management, depreciation, and other expense adjustments. Gross Expenses does not include financing costs. This includes adjustments for expenses paid in the year being analysed that relate to production from the previous or coming year, such as prepaid fertiliser.

Operating Profit per hectare is gross revenue minus gross expenses or operating surplus +/- adjustments divided by effective hectares. Operating Profit per hectare excludes all financing expenses.

Farm Working Expenses per kgMS (FWE/kgMS) is all physically paid expenses (real cash payments). This gives an indication of cashflow but is not a comparable figure between businesses. Adding financing cost to FWE/kgMS will provide the break-even point in terms of cashflow, indicating the revenue required from milk and livestock sales to ensure there is cash in the bank.

Operating Expenses per kgMS (OE/kgMS) is the FWE +/- non-cash adjustments including depreciation and imputed labour. This indicates the overall expense of the business on a per kgMS basis. Adding financing costs to OE/kgMS provides the break-even point for the full business or the revenue required from milk and livestock profit (gross revenue per kgMS).

Operating Profit Margin represents the percentage of gross revenue retained as profit for interest payments, principal repayments, tax and true 'profit' (e.g. a 25% margin would mean \$0.25 for every dollar is available for paying interest, principal and tax). The higher the OPM the more secure and resilient the business is. OPM target levels should be relative to the farm system being operated, with high feed-input systems generally achieving lower operating profit margins than low feed-input systems.

Cost of Production of a kgMS (COP/kgMS) is the OE less non-milk revenue which shows the cost to produce the milksolids alone. Calculated from manufacturing milk sales (less operating profit) divided by total milksolids sold or gross operating expenses less non-milk revenue / total milk solids. This calculation provides an estimation of the net cost of producing one kilogram of milksolid. This is a key indicator of resilience, as having a low COP will enable a business to withstand fluctuations in milk payouts. The cost of production/kg milksolids plus financing is effectively the milksolids price the business requires to break even, as it combines both COP/kgMS and debt servicing costs.

Return on Capital (ROC) equals operating profit divided by total assets FARMED. The most important measure of profitability is Return on Capital (ROC). This is calculated by dividing operating profit by the total value of all assets (both owned and leased). The operating profit calculation includes an assigned lease fee on support blocks utilised in the business. This generates a profitability value which can be compared across all business types, and accounts for farms with a lower milk production capability against those with a high milk production capability. To maximise ROC it is important not to over-capitalise, as this in turn would require an increase in operating profit to achieve the same ROC. The capital includes; all land (milking and support), livestock, vehicles, plant and machinery, and dairy company shares and other farm related shares.

Return on Asset (ROA) is operating profit minus lease fees divided by total assets OWNED. This is all farm assets owned by the business, meaning it includes all assets whether financed or owned outright and excludes all leases.

Return on Equity (ROE) is operating profit, less lease fees, less interest, divided by equity. ROE includes all assets that are owned outright and excludes all leases and the financed portion of assets, providing a comparison to money invested in the bank. ROE provides the most important indicator of net wealth growth.

Pasture, Concentrate & Forage Cost includes direct purchase (or production) costs, variable expenses (the costs associated with feeding out including repairs and maintenance on machinery), and capital cost (the cost of owning land and any infrastructure such as silage pits, in-shed feeding systems or Herd Homes). This calculation is also adjusted for a wastage value on feed lost during storage and feeding.

Effective Milking Hectares is the true area over which the milking cows graze. When young stock graze even briefly on farm, the grass they consume is no longer available for milking cows, hence the milking platform is effectively reduced. This makes the KPIs comparable between farms that graze heifers on-farm and those who graze off-farm.

Agenda & Table of Contents

9.50am - Introductions

Welcome.....	1
Health and Safety – Emergency Plan.....	2
Sponsors Introduction	4
Objectives of the Day	6

10.00am - The 2017/18 Production Season in Review

The 2017/18 Production Season in Review	7
2017/18 Rainfall Summary	7
2017/18 Milk Production Summary	7

10.10am - Overview of the Farm System

Farm System and Farmers History	8
---------------------------------------	---

10.30am - Sustainability Measures

People Leadership and Productivity.....	10
Environmental Management.....	12

11.00am - Livestock and Pasture Farm Walk

Livestock and Production.....	13
Feed Management.....	15

11.40am - Profitability and Resilience Discussion

Profitability of the Business.....	16
Farm Business Assessment.....	17
Discussion.....	18

12.10pm - How Does Your Business Compare?

How Does Your Business Compare?	19
---------------------------------------	----

Analysing Your Business

Entering DBOY 2020	24
--------------------------	----

12.30pm - Lunch Break

Lunch Break.....	20
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1.15pm - Informal Discussions with our Sponsor Partners

Progressing Your Business – Where to Start	21
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Welcome

Regional Optimisation Days are held on the DBOY19 Regional Winners' farms throughout New Zealand during October and November. These field day events are a great day out and an excellent opportunity to hear and learn from some of New Zealand's most resilient, sustainable and innovative dairy farmers. Attending these events provide the opportunity to see first-hand those farming principles that are applied on these profitable and resilient farms, and a perfect time to ask questions, share ideas, and to expand your own farm knowledge that could then be applied to your farming system.

As outlined in the DBOY purpose statement, there is also a focus on the environmental management and people productivity at these events, which, along with the financial performance, demonstrates why and how these farming enterprises are sustainable businesses that perform year on year.

Remaining profitable during years of volatile milk payouts, while staying focused on environmental good practice, and supporting the people on your farm to perform at their best for themselves and for your business, are critical factors in operating a sustainable and resilient business.

Benchmarking across a number of Key Performance Indicators (KPIs) is the only way to objectively assess your business performance against your peers. While focusing on farm performance, this field day also places an emphasis on the use of benchmarking to continually refine and modify business performance.

DBOY's Vision & Purpose Statement

The strategic purpose of Dairy Business of the Year is to contribute to dairy farmers and the dairy industry in New Zealand by:

- 1. challenging paradigms to bring about ongoing improvements in farm profitability;*
- 2. developing resilient and sustainable farming systems;*
- 3. recognising and reinforcing the value of motivated and innovative people within farming enterprises;*
- 4. increasing the awareness of dairy farming practices that minimise dairy farming impact on the environment;*

To bring about positive change across these four core objectives Dairy Business of the Year activities and events encourage dairy farmers of every scale and business model to benchmark profit, people management and environmental practices to identify gaps and implement solutions.

Health and Safety – Emergency Plan

General Information

Property Address: 322 Rehi Road, Ngakuru, Rotorua – Supply No. 78634

DBOY Officer: David Densley **Phone:** 027 748 2327

Hosts Names: Scott & Larissa Anderson **Phone:** 027 249 2239

Evacuation Procedures

Evacuation Signal	Safe Assembly Area Location
Air Horn and/or Verbal Instruction	Tanker Track Roundabout

Accident Procedures

1. **Stay Calm.**
2. **Shut Down** any plant or equipment.
3. Provide first aid if someone is injured.
4. **Dial 111** and ask for the appropriate emergency Services.
5. **Arrange** for someone to meet them at the front of the site when they arrive.

Earthquake Procedures

1. **Seek Shelter** under a table or solid object that will provide protection from falling debris.
2. **Keep Clear** of collapsible structures.

Other Emergencies Procedures:

In the event of a Fire, Chemical Spill, Gas Leak, Electrical Event or any other Emergency:

1. **Evacuate the Site** to a Safe Assembly Area.
2. **Dial 111** and ask for FIRE.
3. **Report** to the Officer or Host.

Health and Safety Kit

"Red Box" located prominently at the event meeting place contains:

- ✓ First Aid Kit(s).
 - ✓ Fire Extinguisher or Fire Blanket.
 - ✓ Air Horn.
 - ✓ Sun Block.
-

Emergency Contacts

First Aider on Site:	Monique Stewart 027 438 8085
Nearest Medical Centre/ Hospital:	Rotorua Hospital 07 348 1199
Police / Fire / Ambulance:	Dial 111

Hazardous and Restricted Areas

This is a working farm so please follow the below:

1. Stay clear of tanker tracks.
2. Do not touch electric fences as they may be live.
3. Stay clear of any drains and culverts - these will be pointed out to you.
4. Watch for bulls on farm, do not aggravate.
5. Do not enter paddocks or cross fences unless instructed to do so.
6. When in a paddock tread carefully and watch for rabbit holes and uneven surfaces.
7. Stay clear of effluent ponds, do not pass fences or climb structures.
8. Where children have been brought along, please supervise at all times in locations.

Sponsors Introduction

Gold Sponsors



David Densley, Consulting Manager
027 748 2327
david.densley@headlands.co

Please call Headlands on 0800 73 55 88 to ask which consultant will best suit your farm and location.



Pearce Watson, Head of Assets
021 779 855
pearce.watson@thelandfarmgroup.com

Ministry for Primary Industries
Manatū Ahu Matua



0800 00 83 33
info@mpi.govt.nz

Silver Sponsor



Nutrinza Representatives here today;

Chrissy Alexander, TSR – 021 761 363
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Wouter ten Haaf, TSR – 027 245 5433
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Stacey Cuthbert, TSR – 027 333 0330
stacey.cuthbert@nutrinza.com

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Bronze Sponsors



Dairy Farmer Representatives here today;

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Steve Sutherland, Marketing Manager
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ssutherland@genetic.co.nz



Jon Watson, National Manager – Rural
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CRV Ambreed Representatives here today;

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Dairy Exporter Representatives here today;

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Supporting Sponsors



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Neil Prior 027 886 6452
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Objectives of the Day

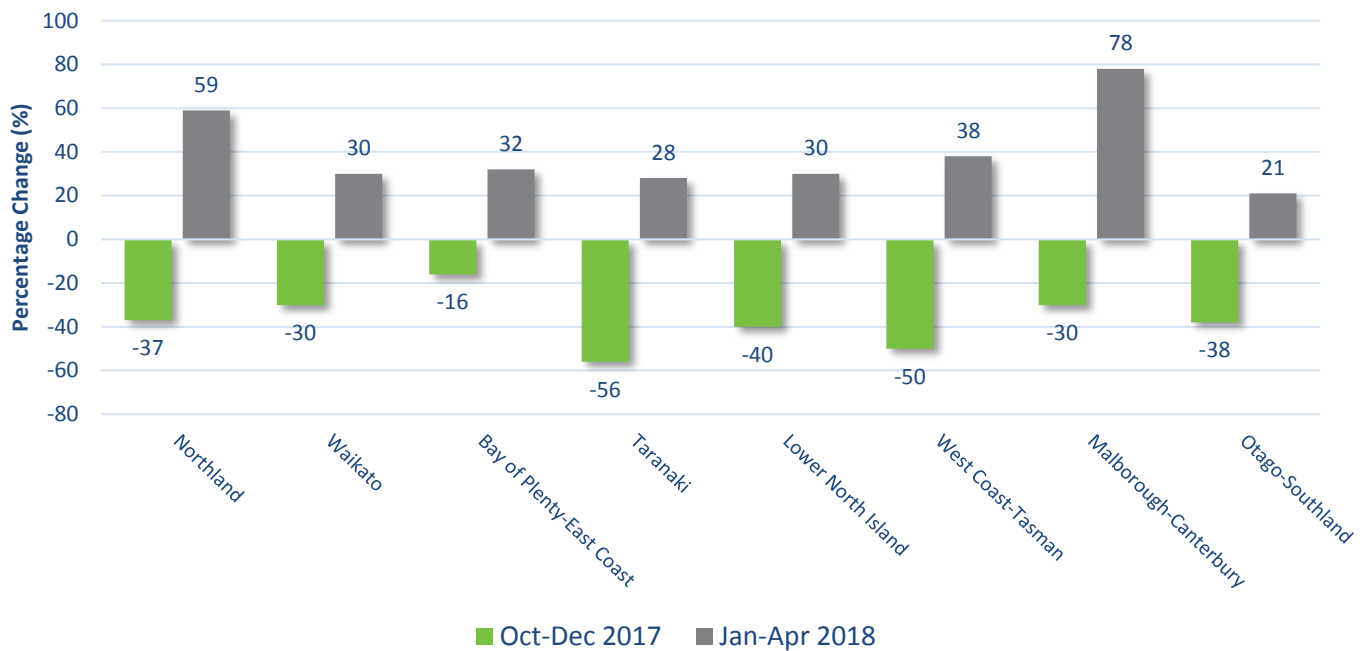
- ✓ Gain an understanding of how this farm has achieved top performance across financial, environmental and human resources management
- ✓ Increase awareness of the critical Key Performance Indicators (KPIs) that influence resilience and sustainability within a successful dairy system
- ✓ Recognise the value of benchmarking and identify potential growth opportunities within your dairy system
- ✓ Review the Return on Capital (ROC) achieved by DBOY finalists at various milk payouts with the purpose of asking this important question – how does your business compare?
- ✓ Address all queries and comments

What areas of your business do you need to spend more time in or on?

The 2017/18 Production Season in Review

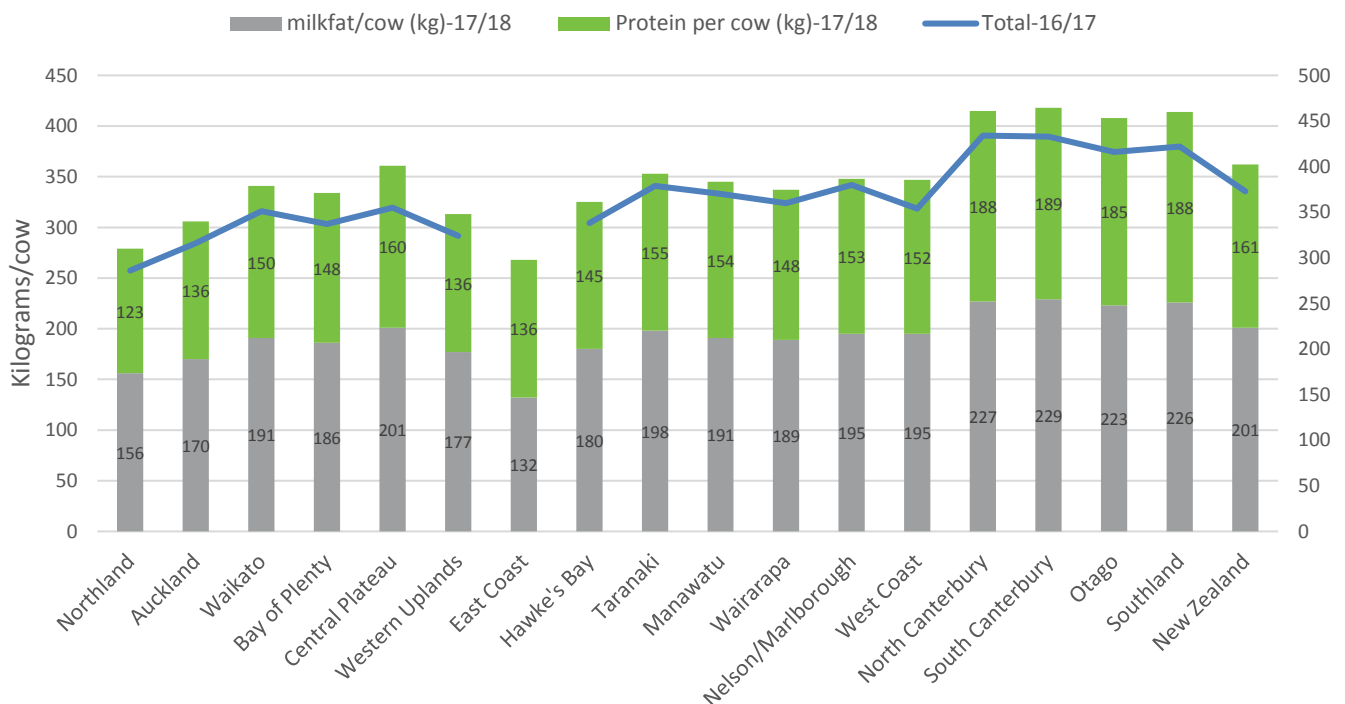
2017/18 Rainfall Summary¹

2017-18 Variation in Rainfall from Ten-Year-Weighted Regional Averages



2017/18 Milk Production Summary²

Ave. milkfat & protein production per cow by region in 2017/18 compared to 16/17



¹ Source: NIWA, DairyNZ Economics Group, New Zealand Dairy Statistics

² Source: New Zealand Dairy Statistics 2017/18 and 2016/17



Farm System and Farmers History

Farm System	Hanze Farms 2017/18	Central Plateau Average	Central Plateau Top 10%
Total Hectares	143	-	-
Effective Hectares	105	173	167
Effective Milking Hectares	105	170	164
Peak Milking Cows	385	503	534

Farm and Personal History

- Scott grew up on a dairy farm and though he loved farming he didn't seem to have the passion for dairy cows.
- Larissa grew up in communist Germany. After leaving school she did an apprenticeship in animal production followed by a 5 ½ year University course.
- Scott and Larissa met while traveling in Australia.
- After immigrating to NZ, Larissa worked for wages for Scott's parents for two years before progressing to a LOSM job with 93 cows down the road. After 12 months they leased the farm which Larissa ran, as well as being an AB Technician, while Scott worked off farm.
- After one year managing a 300-cow farm in the Waikato together they purchased this farm as an equity partnership with Scott's parents in 2004.
- Since they have purchased an extra 28 ha, increasing the herd from 330 to 390-400 cows and increasing production from 110,000 MS to 190,000-200,000 MS

Farm Philosophy and Systems

- Treat anyone and anything with respect, the way you would like to be treated yourself.
- Be appreciative of what you have. Try to make the best out of opportunities put in front of you.
- What makes the business what it is? Attention to detail at all times! Do your homework! Think things through, ask yourself why you are doing this and what the benefit would be for you rather than just copying someone else.
- Do the basics first and then right. Set yourself up to only having to do a job once and do it well.

- We have close relationships with our farm advisor, vets, bank and accountant. We keep them in the loop to make sure they know what is going on. The closest relationship we have would probably be with our farm advisor. At his visits we discuss a plan and try to stick to it as closely as we can. No one needs an advisor to come and just record what you have done over the past 6-8 weeks! Get your advisor to challenge you! Don't draw up a plan you are only going to put in a drawer and not act on – that would truly be a waste of money. Make things achievable and workable for your system!
- We started out with a System 2 and evolved to a System 5. At the start our equity was 27% but after utilising the DBOY analysis and competition to benchmark our business this has risen over the years to approx. 56%. This gives us peace of mind that we are advancing.
- We are also split calving. It seems to work for us very well. We have little animal wastage with very short calvings, and we are able to source cheap supplements to be able to fully feed our cows all year around.
- Happy cows - happy wife - happy life! We are always watching the bottom line though!



People Leadership and Productivity

People Productivity	Hanze Farms 2017/18	DBOY National Average	Central Plateau Average	Central Plateau Top 10%
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Unplanned Costs per FTE (\$)	\$0	\$169	-	-
Unbudgeted Days Lost per FTE	0.00	1.21	-	-
Labour Turnover - Management Staff (%)	0%	15%	-	-
Labour Turnover – Non-Management Staff	50%	31%	-	-

Key Concepts

- Our philosophy is: It is hard to get good staff – it is just as hard to get good bosses! We like to treat staff how we like to be treated ourselves.
- We employ staff by personality – you need to be able to get on well with each other, it makes working so much easier.
- We try to get to know our staff well and assess their strengths and areas that they may find a bit harder. An area that might be a weakness for one person might be an area that is the strength of another person in our team.
- In the past we have run a 12 on / 2 off roster with all stats off as well. Over the last six months we have had younger staff and changed it to a 11 on / 3 off. We just added another labour unit and will be looking at a different system again to be able to have more time off for everyone, including ourselves this time.
- We are always encouraging our staff to undergo training with Primary ITO to advance themselves.

This section of the DBOY Farm Performance Report is managed by No8HR. For further information on the people leadership scorecard or for advice with your own staffing, please contact No8HR on 07 870 4901 or visit www.no8hr.co.nz



HUMAN RESOURCES METRICS

Hanze Farm

No.8  HR

SECTIONS	MEASURED BY	Lower Score		Median	Good performance		Your Farm Results	Group Average	Your Score
BUDGETED SPEND	People Investment per Cow			■			\$354.77	\$390.69	1.53
UTILISATION	Cows per FTE	■					5.19	165.73	0.00
	Milk Solids per worked hour			■			23.00	27.43	0.49
TRAINING SPEND	Training spend per FTE in \$\$		■				\$260.69	\$385.32	0.55
	Training spend per FTE in hrs				■		46.50	33.33	0.88
UNPLANNED COSTS	Costs per FTE (milk co fines, employment disputes costs etc)					■	\$0.00	\$168.64	1.25
	Unbudgeted Days Lost per FTE (i.e. sick / grievance/ suspension / breavement)					■	0.00	1.21	1.25
LABOUR TURNOVER	Management Staff					■	0%	15%	1.25
	Non Management Staff		■				50%	31%	0.34
HEALTH, SAFETY & WELLBEING	% days lost due to injury per FTE					■	0%	0%	1.25
	Rostered Days off per annum per FTE		■				31.31	55.21	0.30

OVERALL SCORE
(out of 15)

9.09



Environmental Management













Environmental Management	Hanze Farms 2017/18	DBOY National Average
Effluent Pond	Unlined	Lined
% of Farm Irrigated with Effluent	32%	41%
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KgMS/ha per KgN Loss/ha	27	30
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Olsen P Levels	Above & Decreasing	At Optimum
Winter Cropping % of Farm	0%	2.8%
Winter Soil Management	Cows Stood off on Yard	Formal Standoff
Green House Gases (Total CO ₂ Equivalents)	12,329	16,268

Key Concepts

- We only have one earth, look after it! It is not ours to exploit, it has been entrusted to us to look after for our future generations.
- The environment has always been important to us. The first thing we did when we arrived in 2004 was to extend the effluent area from 10ha to 40ha as well as buying a travelling irrigator which was a big improvement from having to shift the stationary one after every milking!
- Only in recent years have we been able to financially invest in it more and finally built a lined pond with a 120-day storage capacity, holding 10 million litres. A lot of thought went into it before we picked the design.
- Our next step will be to increase the effluent area by another 40ha.
- All our waterways are fenced off and we have retired all steep areas over the last couple of years. About 4000 natives and 600 poplars have been planted.
- We still haven't finished with the project yet.

Headlands Environmental Impact Assessment

Hanze Farms Ltd - Central Plateau - Non Irrigated

Category	Best Management Practice Criteria	High Risk	Med-high Risk	Medium Risk	Med-Low Risk	Low Risk	Your Result	Your Score ²
Effluent	Lined/sealed effluent pond						Unlined/ No Storage	1
	% of farm irrigated with effluent						32	4
	N loading on the effluent area _{kgN/ha}						136	2
	Application rate 10mm or less						10 - 25mm	3
Nitrogen	KgMS/ha per kgN Loss/ha						27	1
	KgN Leached ¹						67	1
	N Conversion Efficiency ¹ %						27	2
	Soluble N Use ¹ _{kgN/ha}						115	3
Phosphorus	P Loss per ha ¹						1.4	2
	Olsen P Levels						Above optimum and decreasing	3
Soil Protection	Winter Cropping Area ¹						0	5
	Winter Soil Management						Cows stood off on yard	4
Greenhouse Gas	Total CO ₂ Equivalents						12329	-
							Your Total Score (out of 60)	31
							Your weighted DBOY Score (out of 15)	8

¹ As defined by Overseer V6.3.0 ² Refer to appendices for criteria



Livestock and Production

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Key Concepts

- Fully feed the cows at all times, we don't like skinny cows.
- High BW/PW seems to be working for us really well to maximise production per cow, but still it's 20% breeding and 80% feeding.
- We like our cows calm and quiet as it makes it a lot easier to handle them.

Cows

- BW 104/46 PW 154/64 Ancestry 99%
- $\frac{3}{4}$ herd is F11 or higher.
- Split calving.
- Mating all AB for the last two years, Spring 20/10 - 5/12, last week SG Herford only; Winter 4 weeks AB, spring yearlings are run with the bull, winter yearlings are getting AB at home as there are not as many and it is less hassle.
- Culling on high SSC, low production, temperament, MTs are getting recycled into the winter or spring mob depending on their production and previous MT status (we are not using any CIDRs anymore and there is only a short window for them to get in calf).
- Herd testing six times a year to make informed decisions on culling.

Young Stock

- About 80-100 replacement calves from spring and autumn calvers combined.
- Calves weaned at 90kg off milk, meal fed to at least 100kg.
- Weaned calves are taken off the milking platform.
- Calves are weighed regularly.
- Spring yearlings are grazed with VetPlus.



Feed Management

Feed Management	Hanze Farms 2017/18	Central Plateau Average	Central Plateau Top 10%
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Core Costs/ha per tDM PH (\$)	\$135	\$122	\$107
Feed Conversion Efficiency (kgDM/kgMS)	10.74	12.29	11.70
Total Consumed per Cow (tDM)	5.50	4.86	5.19
Pasture Consumed per Cow (tDM)	3.04	3.81	4.17
Forage Consumed per Cow (tDM)	1.38	0.81	0.83
Concentrate Consumed per Cow (tDM)	1.38	0.50	0.57
Average Feed Cost (/tDM)	\$332	\$341	\$304
Pasture Costs (/tDM)	\$342	\$325	\$283
Forage Costs (/tDM)	\$335	\$392	\$373
Concentrate Costs (/tDM)	\$308	\$380	\$358

Key Concepts

- We are using our Headlands consultants and developing a feed plan at each visit for the next period.
- The UDDER program has been very vital for our decision making, we are running different scenarios before we make a decision.
- We have a good relationship with our supplement feed providers.
- Monitor your feed and the weather at all times and be proactive.

Pasture

- Stick to our feed budget but monitor it at all times as we might have to adjust it depending on weather conditions.
- Pasture quality is vital for milk production, we monitor the growth and what is ahead of us as pasture will always be our cheapest feed available.
- We are growing summer crops on the home farm and winter crops at the runoff.

Supplements

- PKE all year around, but not too much. We normally price around for the best contract.
- PROLIQ all year around.
- Squash, pumpkin, grape mash put into silage. Apple pomace.
- Maize is grown at the runoff and brought home.
- Swedes and kale as winter crops at the runoff.
- Supplements are used to add extra sugars at certain times of the year or to compensate for not having enough grass.



Profitability of the Business

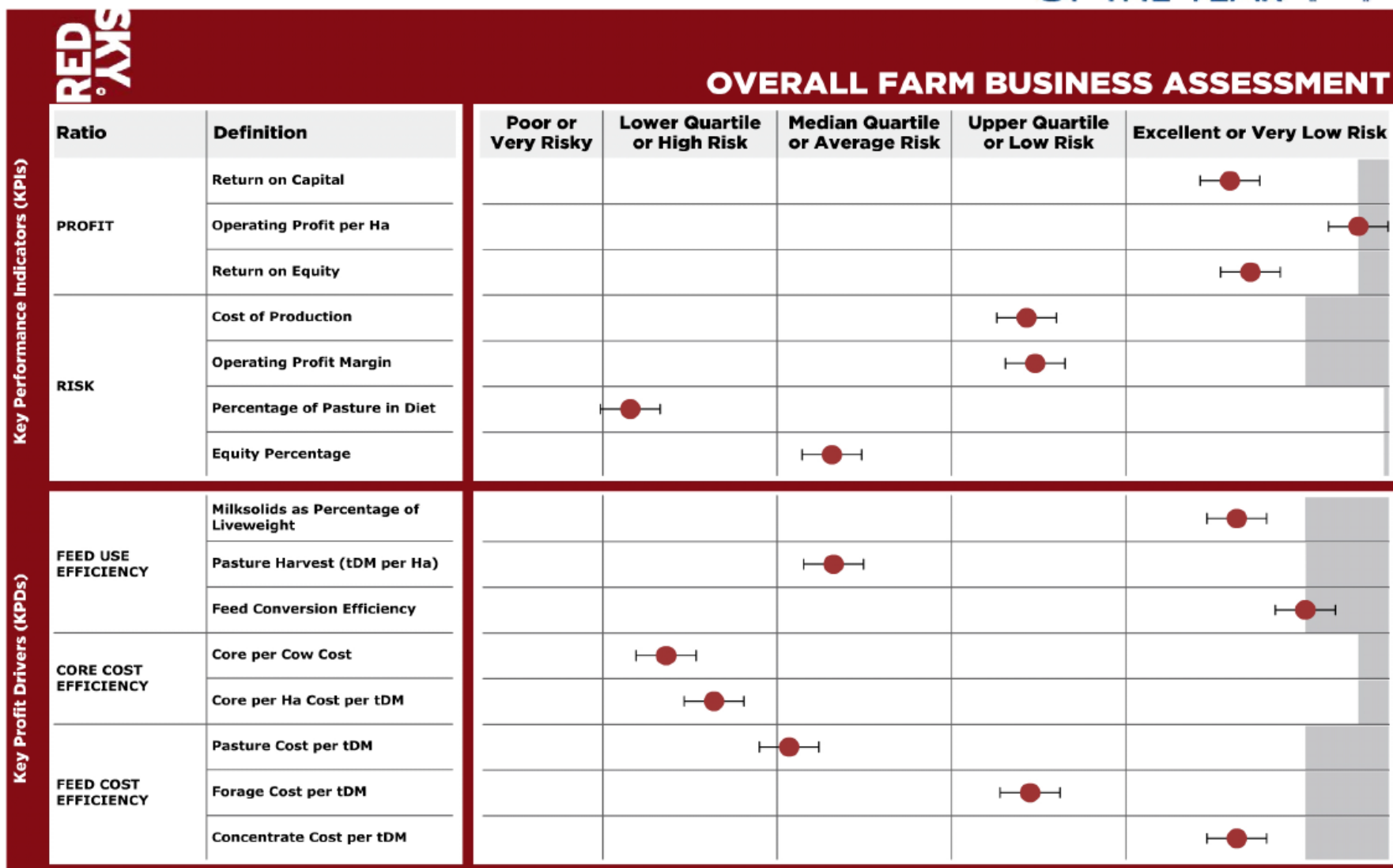
Profitability	Hanze Farms 2017/18	Central Plateau Average	Central Plateau Top 10%
Return on Capital (%)	8.5%	5.0%	7.8%
Return on Assets (%)	8.7%	5.0%	7.8%
Operating Profit Margin (%)	41%	31%	43%
Operating Profit per Hectare (\$)	\$5,936	\$2,579	\$4,379
Gross Operating Revenue per Hectare (\$)	\$14,462	\$8,275	\$10,252
Gross Operating Expenses per Hectare (\$)	\$8,526	\$5,695	\$5,873
Milk Price per kgMS (\$)	\$6.87	\$6.63	\$6.67
Gross Revenue per kgMS (\$)	\$7.85	\$7.32	\$7.36
Farm Working Expenses per kgMS (\$)	\$3.78	\$4.30	\$3.64
Operating Expenses per kgMS (\$)	\$4.63	\$5.04	\$4.22

Key Concepts

- First of all, tell the spender in the relationship that there is no money and keep reinforcing it!
- Sometimes you have to spend money to make money.
- Do your homework before you spend – is it a want or a need?
- Price around, know your prices when you have to spend.
- Look after your assets, be it cows or machinery, the better they are looked after the more you will get out of them.
- Benchmark yourself.

Cost Control Techniques

- Keep reinforcing the no money policy.





Current and Future Strategies

- Current strategies...
- Future plan. Where too next?

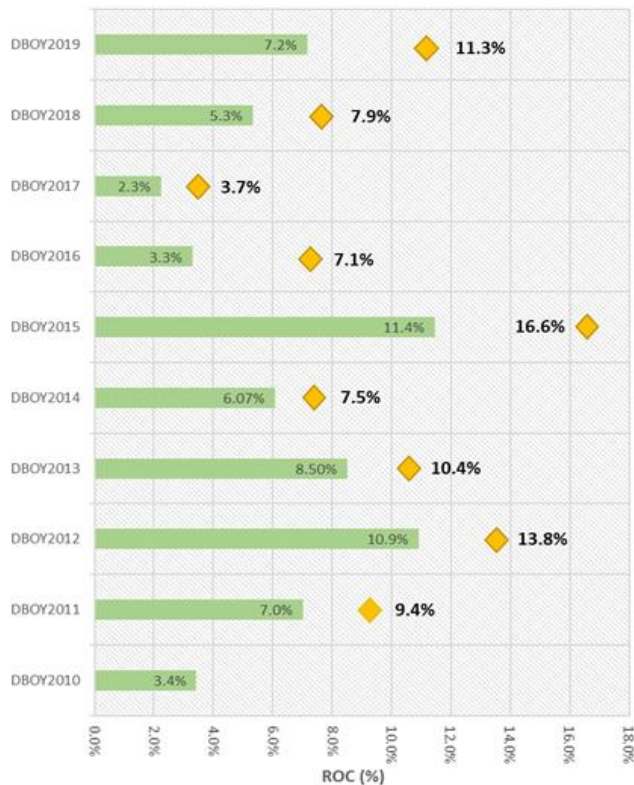
Discussion Notes

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There are no margins, text, or other markings on the paper.

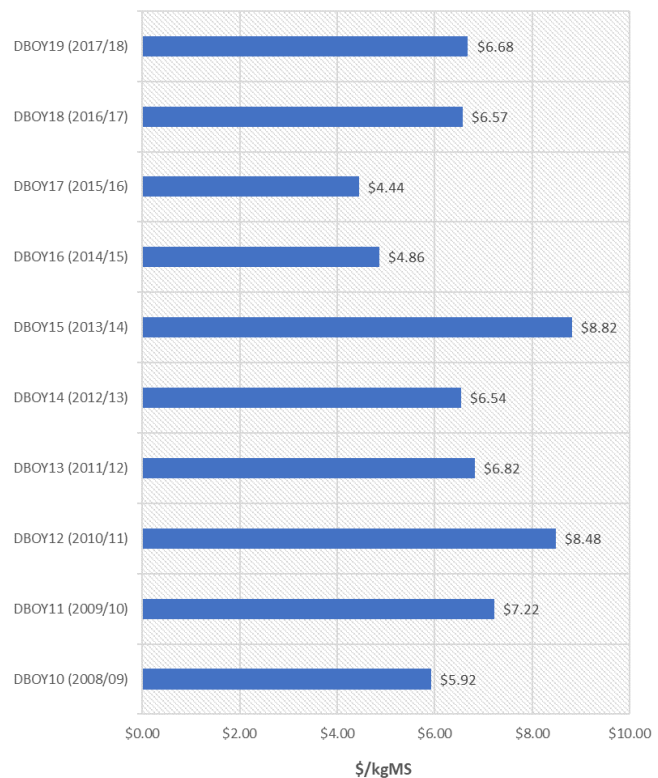


How Does your Business Compare?

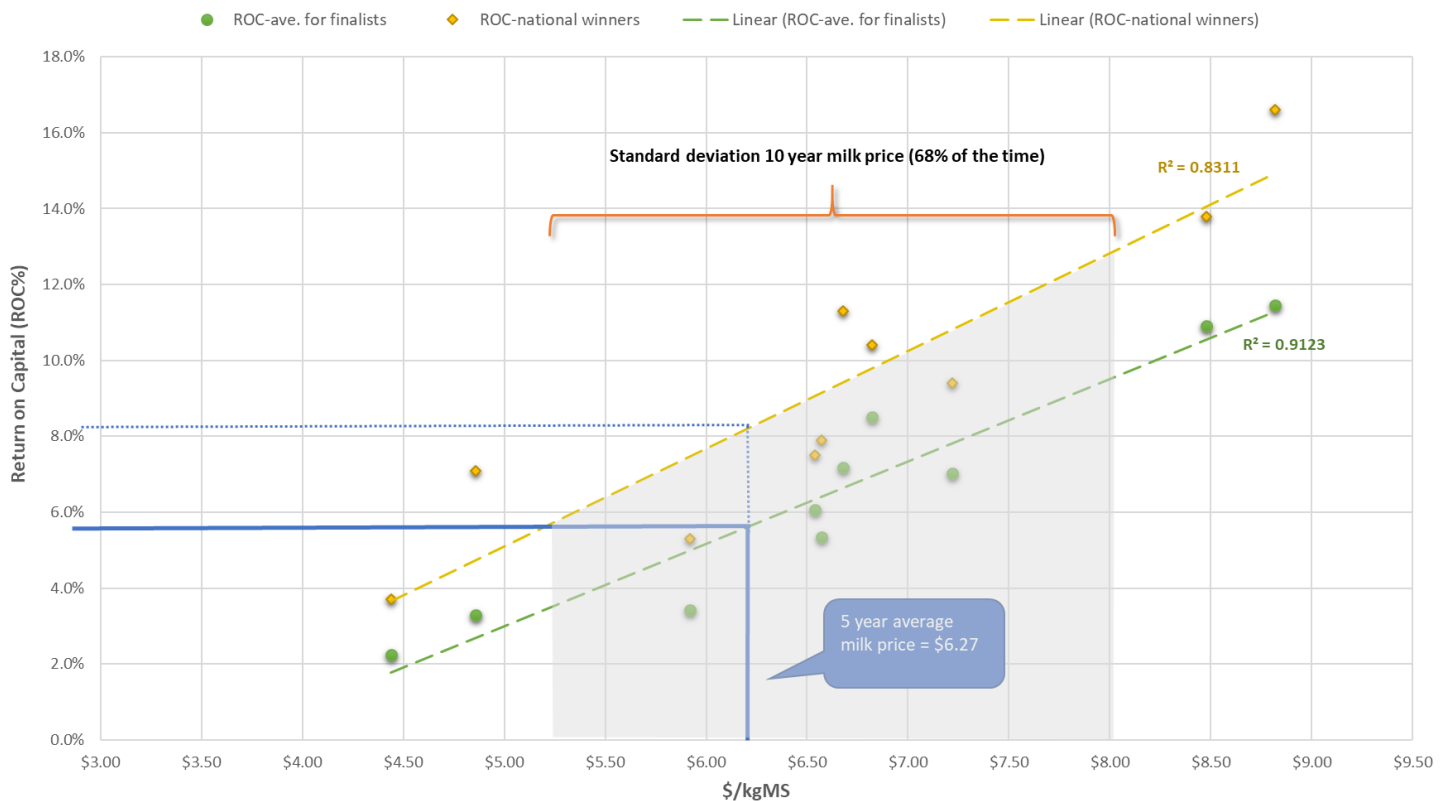
Average ROC across DBOY Finalists & Supreme Winner



Inflation Adjusted Milk Payouts³



Return on Capital vs. Milk Payout - DBOY FINALISTS & SUPREME WINNERS (2008/09 to 2017/18)



³ Source: New Zealand Dairy Statistics. Average dairy co-operative payout (Fonterra, Tatua, Westland). This includes Fonterra dividend payments.

Lunch Break

Lunch break is a great opportunity to network. You may wish to record details of those you talk to so you can contact them later for further discussions.

<u>Name</u>	<u>Phone</u>	<u>Email</u>	<u>Discuss more about</u>

Lunch Kindly Sponsored by Dairy Exporter



The Dairy Exporter magazine is New Zealand's oldest dairy farming title, with a proud history of helping dairy farmers Learn, Grow and Excel for the past 95 years. The magazine is delivered each month into 4000 subscribers letterboxes, and we at NZ Farm Life Media pride ourselves on delivering the latest 'inside the farmgate' information, best practice and profitable farming strategies, through on-farm case studies, expert commentary and the latest science and technology to add to farmers' bottom line. We drill down into the detail of NZ's top-performing dairy farmers, helping farmers learn from each other. Hence our proud sponsorship of the Dairy Business of the Year contest where benchmarking identifies profitability, resilience and sustainability to define dairy excellence. The benchmarking also drives continual improvement, benchmarking farm businesses with each other and with themselves between years, and The Dairy Exporter magazine is the title to drill down into the detail and transfer that best practice to other farmers.

Jackie Harrigan

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Exploring Business Growth Opportunities

Informal Discussion with our Sponsor Partners - Use the space below to brainstorm your ideas.

PROGRESSING YOUR BUSINESS - WHERE TO START

FARM SYSTEM – PHYSICAL OR FINANCIAL

PEOPLE

ENVIRONMENT

WHAT DO YOU THINK?

FIVE CORE STRENGTHS OF THE BUSINESS

1.

2.

3.

4.

5.

FIVE OPPORTUNITIES FOR IMPROVEMENT OR BUSINESS GROWTH

1.

2.

3.

4.

5.

Entering DBOY 2020

Why Enter

- ✓ **Detailed Analysis Report for all Entrants.** The report highlights strengths and opportunities to fine-tune the business by reviewing Profit (financials and farm system management), People Leadership and Planet (environmental and nutrient management). Example report can be viewed at www.dboy.co.nz.
 - Profit: analysis of financial and physical performance, including farm system management and financial performance.
 - People: an assessment of labour management, staff engagement and overall performance. With people management being one of the leading areas of a successful business.
 - Planet: a review of nutrient management and environmental preservation. The assessment not only assesses the environmental impact, but how you could use nutrients more effectively which can also be financially beneficial.
- ✓ **Quick and Easy to Enter.** The data forms are simple to complete, and no interviews are required, analysis is based on performance results, so the hard work is already done.
- ✓ **Huge Value for a Small Entry Cost.** Thanks to the subsidies provided by our generous sponsors you receive over \$2,000 of information for only \$450+GST for full analysis.
- ✓ **Great Benefits for Top Performers.** Along with the Award prizes there is an exclusive Leaders Optimisation Day where all finalists have the opportunity to assess each other's businesses and learn from other top performers from around the country.

"The detailed physical and financial analysis and report from DBOY provided us with a better understanding of the KPIs in our business. The report reinforced our low-cost structure and identified areas that we could tweak to gain even greater efficiencies. Winning the Regional and Supreme has put us in good stead with our bank, and they have greater confidence in us and see us as a low risk which is really important, especially for any future developments or opportunities we may want to pursue." Andrew & Sibylle Sulzberger



"We have entered DBOY three times now as the data gained via the Farm Performance Assessment Report is invaluable in assisting us make evidence-based decisions for our business. DBOY allows us to benchmark ourselves with other top-end businesses and provides an accurate "warts and all" critique of our business. The report also helps us set KPIs that ensure relevance for our goals. We now have a comprehensive set of data that we use to not only assess performance, but also assist with planning/modelling future strategies." Tim Montgomerie



How to Enter

All forms can be completed online at www.dboy.co.nz, or by contacting DBOY via email at team@dboy.co.nz, or phone 0800 735 588 and request an electronic entry form that can be completed within Excel.

STEP ONE - ENTRY FORM

1. Can we enter?

Any business entity can enter (owner operators, sharemilkers with property owners, lease farms, equity partnership, companies). As long as we receive the season's financial information for the whole business system, we can combine them into one business for the competition, e.g. owner and sharemilker.

2. Do I have to be in the competition?

No - You can choose to opt out of "competing" and you will still receive all the same comprehensive analysis and report. All sections of the entry form must still be completed; you cannot choose to drop sections out. NOTE that only businesses that comply with regional council regulations are eligible to compete.

3. Red Sky

View DBOY Example Report online at www.dboy.co.nz

- i. Red Sky \$450+GST for a full analysis; physical data forms must be completed

4. Complete Entry Form / Client Authority Form

- i. Complete online or request a form or complete overleaf (~5 minutes)

STEP TWO - COMPETE DATA COLLECTION

1. People Productivity Form

- i. Complete online or request a form (~10 minutes)

2. Environmental Form

- i. Complete online or request a form (~10 minutes)

3. Financial/Physical Forms

- i. Red Sky – Complete online or request a form (~30 minutes)

STEP THREE - PROVIDE REQUIRED INFORMATION

- 1.** Where required, ensure you have requested further information ahead of time from either your accountant and/or nutrient advisor (for an updated Overseer) in order to provide all the information required by DBOY.
- 2.** Answer any questions the DBOY team may have that will allow your business to be analysed promptly and accurately.

Client Details and Authority				
ENTRANT DETAILS				
Farm Name:				
Names	<i>First Name</i>	<i>Last Name</i>	<i>Position e.g. Owner</i>	<i>Main Contact (✓)</i>
Person One				
Person Two				
Person Three				
Contact Details	<i>Contact</i>	<i>Person</i>	<i>Contact</i>	<i>Person</i>
Email:				
Landline Phone:				
Mobile Phone:				
Address	<i>Farm Address</i>		<i>Postal Address</i>	
Street				
Area /RD				
Town, PostCode				
How did you hear about DBOY?				
<input type="checkbox"/> Google <input type="checkbox"/> Facebook <input type="checkbox"/> Read an Article <input type="checkbox"/> Word of Mouth <input type="checkbox"/> Sponsor				
Please detail:				
ENTRY				
Entry Level				
	Yes I am willing to participate in the competition and confirm my farm is compliant with all regional council compliance requirements			
	No I do not want to be in the competition but would like a Dairy Business of the Year full farm analysis. I understand I will need to complete the three areas of the assesment and cannot choose to leave sections			
Entry Type				
	FULL ANALYSIS - I have not had anlysis seasons financials analysed and I would like a full DBOY Report using Red Sky. I understand I will need to provide physical data about my farm			
	RED SKY USER - I have already had the analysis seasons financials analysed in Red Sky already and want to use this to enter			
DATA COLLECTION AUTHORITY				
Consultant (if applicable)				
	I am in agreement for my consultant to be contacted in order to confirm any information that may be required			
Company			Name	
Milk Company Details				
	I am in agreement for Dairy Business of the Year to be provided with my milk production and payment			
Milk Supply Company			Supply Number:	
Accountant Contacts				
	I am in agreement for DBOY to be sent a copy of my accounts that relate to this Dairy Farm Business			
Firm:			Accountants Name:	
Email:			Phone:	
Nutrient Management				
To enter the competition side the farm has to be compliant with regional council rules				
	I grant Dairy Business of the Year the authority to request and access any information from local/regional authorities regarding the compliance of my farm with local and regional regulations related to dairy effluent management and the taking of ground/surface water.			
	I grant Dairy Business of the Year permission to request and access my Overseer File, Fertiliser data, soil tests results, and a nutrient management plan from my representative fertiliser/nutrient provider. I will also provide Dairy Business of the Year access to the relevant year end Overseer assessment for my farm as it relates to the DBOY competition.			
	I permit Dairy Business of the Year to request access to my Sustainable Milk Plan and/or Farm Environment Plan from the relvant holding authorities			
Nutrient Advisor Company:			Advisors Name:	
Advisors Email:			Advisors Phone:	
CONFIRMATION OF AUTHORITY TO COLLECT DATA				
	I confirm I am in agreement for Dairy Business of the Year to contact my service providers listed above to collect the information required for my Analysis Report to be produced.			
	I understand I must complete and return the written forms before my entry is complete			
	I will ensure all parties have the information required from me as soon as possible			
	I have read and understood the terms and condition found on www.dboy.co.nz			
Signed		Date		

Feedback Form

We would appreciate if you could complete this form and hand it to the DBOY presenter.

Name _____

1. Where did you hear about the field day? (tick box)

- ☐ Flyer in mailbox
- ☐ Ad in the paper
- ☐ Facebook
- ☐ DBOY website – www.dboy.co.nz
- ☐ Word of mouth – friend or co-worker
- ☐ Word of mouth – through one of the sponsors
- ☐ Word of mouth – local store or other rural professionals
- ☐ Other, please specify

2. Please rate how satisfied you were with the event
(1= disappointed, 10= very satisfied)

1 2 3 4 5 6 7 8 9 10

3. What did you find of particular interest during the day and would like to see again on another farm next year?

4. Is there anything you were hoping to get out of the day which was not covered?

5. Is there anything you felt didn't need to be covered, or you did not enjoy?

6. Will you be coming to the Regional Optimisation Days in your region next year? Yes / No
If no, why not?

7. How aware are you of DBOY's analysis and reporting on your own business?
- ☐ This is the first time I knew that DBOY completed a business analysis and report
 - ☐ A friend or neighbour had mentioned that DBOY prepared an analysis and report
 - ☐ My consultant/bank manager/other had mentioned that DBOY completes a business analysis and report, but I haven't taken it further
 - ☐ I have entered in the past
 - ☐ I have entered in the last few years, and am very familiar with a DBOY report
 - ☐ I have recently reviewed the DBOY webpage
 - ☐ I am aware of the analysis and report through the DBOY Facebook page
 - ☐ Other

8. Would you be interested in having DBOY analyse your farm business? Yes / No
If no, why not?

Please contact me regarding entry/analysis

Name:

Email:

Phone:

Thank you!