

Forecasting the Future

2009 MMPA District 6 OYDC Leroy and Stephanie Schafer

For the past decade, Leroy and Stephanie Schafer have worked with Michigan State University Extension on an annual basis to perform a full farm business analysis on their operation. The Schafers say doing so has helped them weather the current storm of low milk prices.

“Earlier in the process, we pinpointed areas where we could cut back, which is likely helping us now,” Stephanie says.

The couple uses the assistance of MSUE farm business manager Dennis Stein to perform a full farm

business analysis at least once a year. Since the Schafers have been working with Dennis to analyze their farming operation for the past 10 years, they have a good deal of historical data, which allows them to track business trends.

“We saw milk prices tanking and we decided to go to three times per day milking, which increased production without adding more cows,” Leroy says. “Our rolling herd average is up 2,200 pounds because of it.”

To make the three times per day milking logistically feasible, the Schafers had to increase paid labor by about an hour per day. They sat down and ran the numbers to figure out how much additional milk the cows had to produce to offset the additional labor and feed costs.

“We needed to see an increase of 3.5 pounds of milk per cow per day to make three times per day milking work for us to break even at the low milk prices,” Leroy explains. “Right now we are averaging an 8 pound increase per cow per day.”

The Schafers say they will continue with the additional

daily milking, as they’ve found it increases their bottom line without additional cows and it has benefited herd health. Both Leroy and Stephanie milk the cows at least once per day so they know what is going on with the cows.

“It’s a lot better for the cows,” Leroy says. “We don’t have cows dripping anymore and it’s also helped lower the herd’s somatic cell count (SCC) by about 25,000-30,000.” The Schafers’ herd SCC now consistently runs under 150,000.

Plus, say the Schafers, the extra milking puts the cows in front of people a few more hours each day, which enables those milking to pick up on any changes in the cows’ health.

Diversification has also helped Leroy and Stephanie keep a strong bottom line during one of the longest consecutive periods of low milk prices in a decade. The Schafers own a large square baler that they custom bale straw and hay for local farmers.

“The baling business helped in the time of low milk prices,” Stephanie says. “Our customers were great at keeping their bills up to date, and nearly three quarters of them are dairy farmers.”

Leroy and Stephanie’s baler has a set of knives which processes the straw and hay so that their dairy farmer customers can use it directly in their cows’ rations, eliminating the need to run it through a bale chopper.



Top: The Schafer family: Back: Stephanie and Leroy, Front: Kyle, 10, Keith, 9 and Allison, 12.

Bottom: The Jem-Lot milking herd.



Ironically, Leroy and Stephanie don't grow any of their own hay, instead, they purchase it from a broker who ships it from Kansas to Jem-Lot Dairy. That decision was also financially analyzed. The Schafers say with the 210 acres they farm, it's more economical to purchase hay and grow soybeans and corn than to grow their own alfalfa.

"We grow soybeans and sell them," Leroy says. "That pays for the corn and bean seed."

Even though the Schafers live in a relatively rural area with several nearby farms, the couple needs to be more cognizant than some other farms in the area because Jem-Lot Dairy is located a half-mile away from the local high school.

"Having the high school down the road causes us to watch when we haul manure," Leroy says.

"We try to follow the rule to work the manure in within 48 hours of applying it."

Particularly during the fall, the Schafers say they keep track of the high school's football schedule and try not to apply

manure nearby when there is a home football game.

"We're good stewards of the land, and we try to be considerate to our neighbors," Stephanie says.



Jem-Lot Dairy Facts:

MMPA Members of:
District 6 and the Mid-Michigan Local

Herd size: 133 milking and dry, 110 replacements

Acres farmed: 210

Milking set-up: Double-8 herringbone parlor

Ag and community involvement: Leroy is the MMPA District 6 Chairman. He also serves on the District Nominating Committee and is a delegate for the local. He is a past member of MMPA's State Credentials Committee. Leroy is a director on the boards of the Clinton County Farm Bureau, Indiana State Dairy Assoc., and Universal Labs. Stephanie is the current vice-chair of Michigan Farm Bureau's State Young Farmer Committee, has served on the State Farm Bureau Policy Development Committee, and is a former Clinton County Farm Bureau board member. She is also a 4-H leader and chairs the Clinton County Livestock Committee.

"One thing that makes a difference on our farm is... We spend time analyzing our financial records, which helps us make it through difficult times."