

Northwest Veterinary Associates, Inc.

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January 2018 Newsletter – Where will we be in 10 years? *Prepared by Dr. Tom Linden*

Firstly, a quick thank you to all those who took the time to fill out our recent survey. Your feedback was greatly appreciated and we will be using the responses to help improve our services.

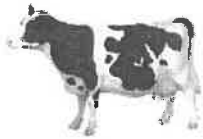
The U.S. dairy industry is undergoing a period of rapid change. In 2006, professionals from Pfizer Animal Health and UPenn School of Vet Med hosted a gathering of dairy producers and asked them to clearly state assumptions held as true about the industry. Compare these responses to some realities today:

<u>2006</u>	<u>Present</u>
Milk is nature's most perfect food	Some consumers don't like how milk and dairy products are made
There will always be a market for our product	Consumers continue to buy less fluid milk
Dairy is a lifestyle, not a business	Business discipline and efficiencies are necessary to survive tough times
We can count on cheap, illegal immigrant labor	Access to migrant workers is a polarizing, political issue
There is no rest of the world	The rest of the world needs dairy, and will get it from other exporting markets if needed

So, what will the industry look like in another 10 years? And how do we plan for the seemingly unknown? Professionals from Zoetis recently created a report based on research and methodologies of Heidrick & Struggles, an internationally recognized expert in scenario/futures planning and created 4 potential scenarios of what our industry will look like 10 years from now. This was done with the hopes that we can plan ahead in order to be in the best possible position for success, regardless of what the future may be.

Without going into great detail about their process, the 4 “futures” were constructed by considering the impact of technology on production (minimal or great) and consumer acceptance of technology (acceptance or rejection), and are as follows:

1. “Day by Day” – Pace of change is relatively limited. Dairy remains well integrated in diets but demand is relatively flat. Production processes haven't changed significantly, and a weak economy drives price-conscious consumers to buy traditional dairy rather than niche products.
2. “The Milky Way” – The dairy industry is growing and profitable. Improvements in genetics and animal health boost cow production. Technological advancements allow less reliance on manual labor. Consumers are concerned about animal welfare and appreciate the industry's focus in this area. Better consumer awareness dampens enthusiasm for all-natural products, but demand for green technology forces focus on sustainability.



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3. “Dry Period” – Consumers reject technologies and there is widespread decline in demand for traditional dairy products. This is compounded by misleading marketing campaigns that question the health benefits of dairy. Low demand halts investment in new technology. Production becomes exceedingly expensive and immigration reform decreases access to migrant workers.
4. “New Horizons” – New technology is king, which leads to highly efficient production. Consumers prefer locally produced milk, with a growing appetite for organic products. Agriculture continues to be a target for environmentalists and animal welfare activists. There is rising global demand for dairy due to an emergent middle class in developing nations.

The dairies considered to be most successful, regardless of what “future” will become reality, shared the same so called winning capabilities. Here are a few that I believe Northwest Vets is well positioned to help you achieve.

1. Data analysis/scientific savvy
Data will need to be collected and analyzed to identify areas of opportunity, and those insights translated into meaningful decisions to increase efficiencies and margins. Think about having us review your reproduction, health, and/or milk quality records. Hold regular team meetings to set goals and identify areas of opportunity.
2. Strong operating procedures/policies
To stay ahead of scrutiny by both consumers and the government, clear policies of transparency and compliance will be needed. Maintain a current VCPR, keep good records, and work with your vet to enroll in voluntary programs such as Food Armor.
3. Talent focus/employee orientation
Producers need to attract and retain talented employees, especially in management positions. They need to be identified using effective hiring procedures, and trained across multiple areas of the dairy. Invite us to instruct/train employees on how to perform a good physical exam, move cattle calmly, perform milking procedures, etc.
4. PR savvy/image consciousness
Producers will need to continue portraying themselves as compassionate, science minded stewards of their cows and farms, emphasizing animal welfare and environmental sustainability to shift public perceptions in a positive direction. Have your herd veterinarian assess lameness, perform body condition scoring, hygiene scoring, etc. This information will count doubly as collection of data to be used for management decisions

The Zoetis Future of Dairy 2026 Report: Scenarios for U.S. Dairy Farmers was referenced with permission from Zoetis.