## Herdshare School Module 1B

#### Define the purpose & scale of your program



1. Identify the type of herdshare program that works best for you

2. Determine the scale that you can effectively manage

MODULE 1B: SCALE AND TYPE OF HERDSHARE

## What do you want out of a herdshare program?

- pay their own way
- profitable business
- a gradual expansion





## What type of herdshare works best for you?

Module 1B: Scale and type of herdshare

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### Seasonal shares

- 9-10 months per year
- a break for you and the animals
- less \$\$ and customer demand/choice
- pricing can be tricky



### Year-round shares

- 12 months per year
- no break for you
- strategic breeding
- more \$\$, always meet customer demand/choice
- pricing is simpler (12 mos/yr)



## Hybrid A model

- Year-round for 1-2 years
- a break for you and the animals in the 2<sup>nd</sup>/3<sup>rd</sup> yr
- a little more customer empathy
- Cashflow better most years



## Hybrid B model

- Year-round, but with reduced volume in winter
- Somewhat of a break for you
- Cash flow still coming in, though reduced
- Less stress to maintain milk volumes when production is reduced

### <u>More on the Hybrid B model</u>

- Option 1: Offer 50% full shares (milking through the winter with full volume each month) and 50% seasonal shares (milk only during high production months)
  - Seasonal shareholders can pay a 'holding' fee, reduced service, or simply pause their membership during the off season
    - LEGAL POINT: make sure that the price they are paying during the milk receiving season covers the care of their animal/portion of the herd through the winter AND that it is addressed that way in your contract

## <u>More on the Hybrid B model</u>

- Option 2: All members go on half rations through specific months
  - Pay less for board/service during half ration months
  - Logistics
    - Delivery of half of the volume each week OR
    - Delivery of the full volume every other week



## What scale can you effectively manage?

Module 1B: Scale and type of herdshare

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#### Pay their own way

- Simple
- Practical first step

#### A profitable business

- Infrastructure and investment
- High Risk/High Reward

## MY RECOMMENDATION

# Stick with the scale you're at RIGHT NOW (or no more than a 25% increase)

In determining the scale of herdshare program you want, consider the following:

- Can your existing infrastructure handle the increase in scale?
  - Animal shelter and fencing
  - Hay and feed storage
  - Milking parlor
  - Bottling location



In determining the scale of herdshare program you want, consider the following:

- Do you have the cash flow to manage an increase in scale?
  - Improvements to infrastructure
  - Bottle washing & labeling
  - Animal increases
  - Marketing necessary for large-scale
  - Cash reserves to cover increased feed/hay costs

In determining the scale of herdshare program you want, consider the following:

- A rapid increase in scale WILL lead to problems with one or more:
  - Milk sanitation issues
  - Sick/injured animals
  - Rushed work resulting in lapses in quality

### • YOUR SANITY

# MY RECOMMENDATION

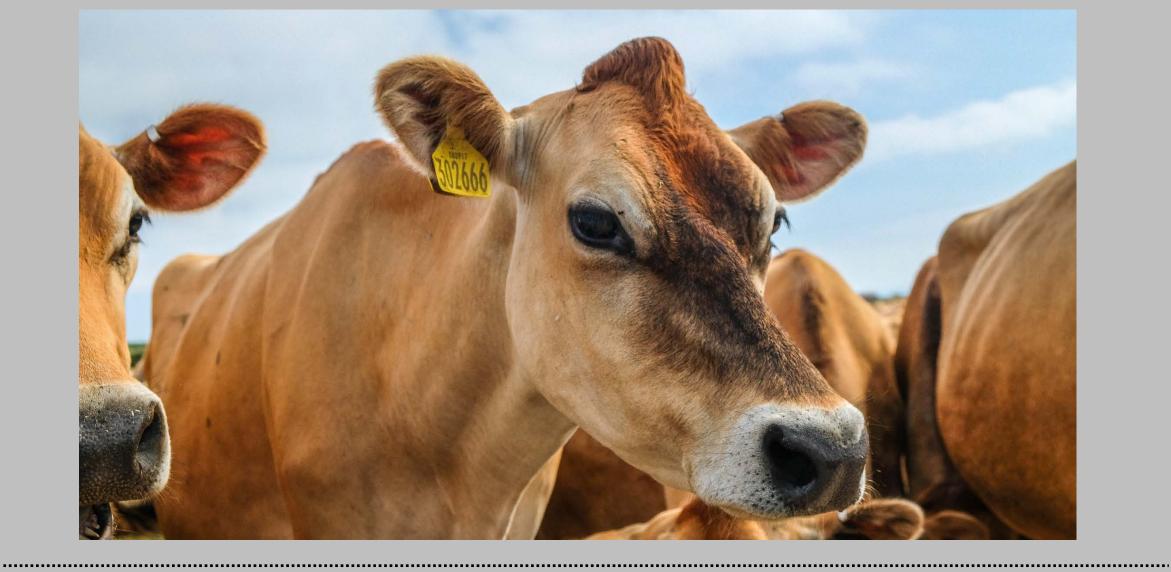
## Stick with the scale you're at RIGHT NOW

## YOUR HOMEWORK

## Module 1B Worksheet

Next up:

## Module 1C: How many shares can I offer?



## See you in module 1c!