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 2nd/3rd 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

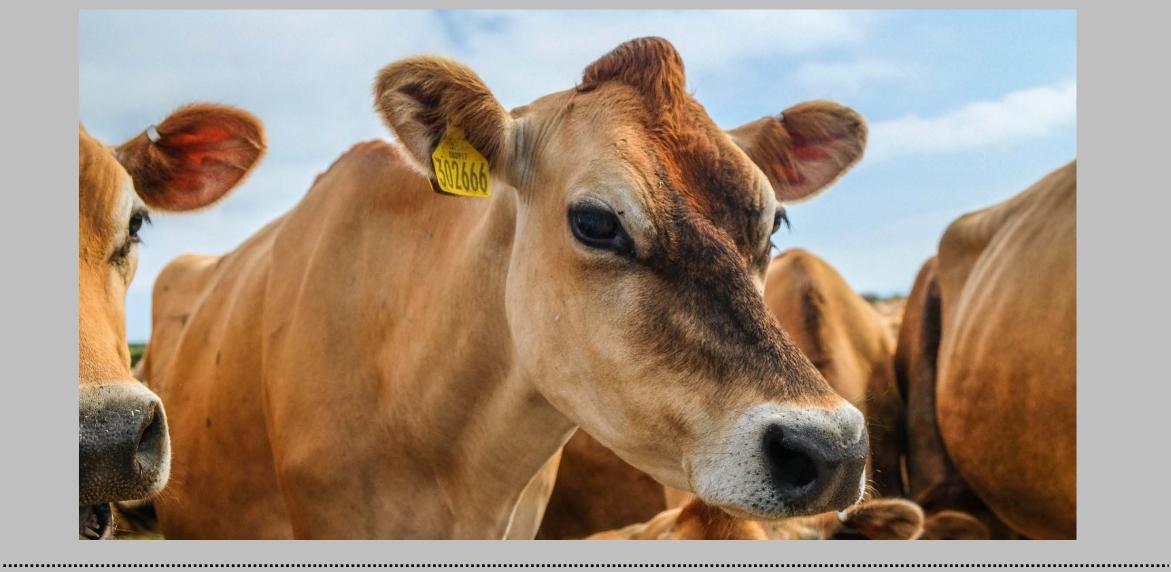
Stick with the scale you're at RIGHT NOW

YOUR HOMEWORK

Module 1B Worksheet

Next up:

Module 1C: How many shares can I offer?



See you in module 1c!