

A person is pouring a thick, white liquid, likely milk or cream, from a large, shiny metal can into a metal bucket. The liquid is captured mid-pour, creating a dynamic splash. The person's arm, wearing a grey t-shirt and a colorful beaded bracelet, is visible on the right. The background is slightly blurred, showing some outdoor equipment.

Herdshare School Module 1B

Define the purpose & scale of your program

MODULE OBJECTIVES

1. Identify the type of herdshare program that works best for you
2. Determine the scale that you can effectively manage

What do you want out of a herdshare program?

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



NO. 01

What type of herdshare works best for you?



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

More on the Hybrid B model

- ▶ 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

More on the Hybrid B model

- ▶ 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

NO. 02

What scale can you effectively manage?



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?

Module 1B: Scale and type of herdshare



See you in module 1c!
