

## The Trouble With Comparisons

By: Jay Thurman

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Practically all businesses, no matter how similar, have subtle differences that make them unique. Sports teams come to mind as an excellent example. Each team has the same number of players, plays on the same size field, plays by the same rules, so theoretically the differences come down to skill of the players and coaching ability.

In the dairy industry it is very common for one operation to try and compare its performance with a neighbor's or family members and inevitably wonder why they seem to do better or worse in a particular area as compared to someone else. I would like to caution the dairymen when making these comparisons. I do think it is helpful to have benchmarks for production, reproduction, labor, feed cost, etc... However, it is very rare when the absolute comparisons are "true" because of all the variables that must be accounted for. It is perhaps more valuable to compare where you are with where you have been. The dairyman has knowledge of many of the variable factors that have affected that parameter, and it is much more likely that there is documentation that might help verify the differences that are observed.

We have found it very helpful in our consulting business to routinely document numerous factors associated with the cows, feed, production and economics of the business. Each month body condition scores, ration length and consistency, manure characteristics through scoring and screening, feed quality through laboratory analysis, milk component production, feed ingredient cost, reproductive measures, etc. are all documented. In as many ways as possible we objectively measure what we can each month so changes relative to what those measurements were in the past are recorded and tracked. It is important that these measurements be objective, measurable and routine for them to be helpful in realizing true differences.

The timeframe that is used to compare differences is also very important. All too often we want to take a very small snapshot in time and compare to last month or last year, when the fact is the chance for making a poor comparison goes up greatly when that is done. Typically, variation and error is reduced when the denominator of whatever is measured is larger. Pounds of milk, pounds of feed, man hours, whatever. The downside to that logic is we become slower in making decisions. This is the point where experience comes into play; to be able to discern the quality of the information gathered, how quickly, and how sharply to make a decision.

Understanding where each operation is compared to others is often difficult to ascertain accurately. Benchmarks are helpful, averages can be useful, but overreacting positively or negatively when comparing to the next guy can be very frustrating. Remember, dairies are not sports teams that have to beat the competition in order to be a winner. Each dairy and their neighbor can both be winners. The goal is to be as profitable as possible – and that has absolutely nothing to do with how well or how poorly things are going for down the road. Understand where the current operation is, take steps to improve it, and the results will go Straight to Your Bottom Line.