

## Managing Dairy Labor

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Managing employees is probably the most important job in a dairy. These tips will make it easier.

Perhaps the most important decision in the dairy operation is hiring and keeping the right employee. Hiring a person not suited to a particular operation can be catastrophic. It does not take long for an employee to start a flare-up of mastitis, ruin equipment or harm livestock. When hiring new employees, spend time with them; thoroughly interview each applicant; find out what expectations they have for the position, and ask about their experiences to see how they will fit as a part of the management team.

In most dairy operations labor accounts for 15 percent to 20 percent of total costs. When looking for employees, spend time talking with other individuals about prospective employees. Advertise in local newspapers, local cooperative newsletters and national dairy magazines. Use the network in place – call friends, other dairy producers and individuals in affiliated industries. Once a list of potential employees is made, ask for references and then check them out. One good question to ask is, “Would you hire this employee again?”

Even before hiring an employee, look objectively at the operation. First of all, ask these questions: “Would I want to work on this dairy? Is it well cared for? Does it look as if the owner takes pride in the operation? Is the machinery clean and well cared for? Are there nails, wires, tools, etc., laying around the barn?” The goal is to make a good impression. Remember, the operation is being scrutinized by the future employee. There’s never get a second chance to make a good first impression!

Explain work rules and define the hours the employee is expected to work. Allow employees compensatory time off if they work longer than planned. Explain what happens if the rules are broken. Be consistent and fair with all employees. Define expectations for night work, emergency calls and off hours. Get everything on the table so employee and employer know what is expected. Indicate the amount of notice expected if an employee quits. Two weeks is reasonable.

Set a six-month probationary period to be certain the employee-employer arrangement will work. During this six-month period allow either individual to terminate the employment with no advance notice. Everyone realizes that

sometimes things just are not what they seem and everyone should be allowed to terminate employment during this time period without recrimination.

Set up job goals. Be certain that the responsibilities are realistic. Don’t expect too much from employees. Extra duties may be added after there is a better idea of the worker’s abilities. Explain the chain of command. Don’t have employees report to two or more bosses. This only causes confusion and disorder.

Assign specific tasks, such as checking for heat two hours per day. Don’t assign important tasks, such as heat detection to all employees — make one person responsible for the heat detection program. If possible, rotate shifts so that everyone has a chance to work the good shifts. When assigning days off, try to make them consecutive and if possible try to have them fall on a weekend, such as Friday-Saturday, Saturday-Sunday, or Sunday-Monday. Your employees will be happier if they have time to spend with their families. Be sure to build in vacation time for both employer and employees.

To foster a good working relationship, put rules and job responsibilities in print. Always have a written job description so the new employee knows what is expected. No employee wants to be the “gopher.” They want real job responsibilities and they want to be a part of the team. Try to reduce the repetitious work assigned to an employee.

Training is the single most important job undertaken when hiring. Spend two or three days with the new employee, thoroughly explaining all the fine points about the job. Make certain the employee understands how the job is to be done. Show how the machinery works; allow running it while you are there. Give ample opportunity to ask questions.

It is important to set aside a time each week when all employees meet with management to talk over what has happened and what needs to be done. This is a good time to review the DHI records, milk plant test results, veterinarian reports, weather reports, etc. Let employees brainstorm ideas on ways to improve the operation. If they think they are part of a management team, they will work better and perform up to expectations. Let them get involved in short- and long-range planning. This is especially important if there is an heir apparent, such as a son or daughter working on the farm. Show employees the budget projections so they understand why certain decisions have or will be made.

## Wages

An hourly wage is perhaps the most equitable for farm workers, but can be more costly in the long run than straight monthly wage. Decide what is reasonable in your area. Employees will always talk with others about wages. So, to have satisfied employees, be certain wages are competitive.

Will benefits be offered? Insurance, especially health insurance, is expensive and few employers can cover the entire cost, but try to place some money into their plan to help defray the costs. Life insurance is a good benefit and for most workers is not that costly. Supplemental retirement in addition to Social Security is a fringe benefit that can be set up as a percentage of wages and invested in one of many retirement funds. Some employees will opt for fringe benefits rather than wage increases since they are in many cases not taxed.

Some benefits that may be offered to dairy employees that off-farm employers cannot supply are:

- housing and utilities;
- milk and/or meat;
- garden space;
- lunch;
- personal use of equipment;
- use of tools;
- pasture for employee's livestock; and
- payment in commodities.

Employees may not consider these of value, therefore, it is a good idea to remind them about these added fringe benefits. Total all fringe benefits once a year, let the employees know what these amount to in dollars. A good time to do this is when the W-2 forms are written.

## Incentive Programs

An incentive program for job performance above the basic requirement is a way for employees to excel in their job and assume more individual responsibility. There are a few basics to follow when setting up an incentive program.

1. Make the incentives realistic and easily measured, such as lowering SCC by 10 percent or lowering bacteria count, increasing conception by 10 percent, lowering days open by 10 percent or increasing production by 10 percent.
2. Make the incentive payment high enough that it can be seen in the check. Presenting the incentive check as a bonus monthly or quarterly is a good way to make it seem larger.
3. Do not have incentives that can decrease income, such as finishing milking earlier — this can lead to sloppy work and cause serious problems.
4. Do not change incentive programs or payments too often. Develop reasonable incentives. It is far better to increase incentives than to lower them.

5. Avoid group incentives. Group incentives can lead to problems since there is usually one person in the group that does not fully participate, yet gets the same reward. The milking crew may be an exception unless you can monitor individual milking amounts.

There are several very well-written publications on Dairy Incentive Plans that relate to improving pregnancy rates, calf raising practices, milk quality, feeding management, and hoof and health care. These publications on incentive programs, labor management, resolving employee differences, wage surveys, why workers leave dairies and other dairy information can be found at the following Web sites:

[www.cnr.berkeley.edu/ucce50/ag-labor/7dairy/7dairy.htm](http://www.cnr.berkeley.edu/ucce50/ag-labor/7dairy/7dairy.htm)

At the same Web site is a complete, 18-chapter book on how to manage farm personnel, a book on working through conflicts and other resources of interest to the dairy producer.

Agricultural Labor Management: Cultivating Personnel Productivity

[www.cnr.berkeley.edu/ucce50/ag-labor/7labor/001.htm](http://www.cnr.berkeley.edu/ucce50/ag-labor/7labor/001.htm)

Helping Others Resolve Differences: Empowering Stakeholders

[www.cnr.berkeley.edu/ucce50/ag-labor/7conflict/](http://www.cnr.berkeley.edu/ucce50/ag-labor/7conflict/)

2003 Dairy Wage Survey

[www.cnr.berkeley.edu/ucce50/ag-labor/7research/7res05.htm](http://www.cnr.berkeley.edu/ucce50/ag-labor/7research/7res05.htm)

Top reasons why workers leave dairies

[www.cnr.berkeley.edu/ucce50/ag-labor/7research/7calag01.htm](http://www.cnr.berkeley.edu/ucce50/ag-labor/7research/7calag01.htm)

Dairy size and pay

[www.cnr.berkeley.edu/ucce50/ag-labor/7research/7res01.htm](http://www.cnr.berkeley.edu/ucce50/ag-labor/7research/7res01.htm)

Dairy workers love their jobs

[www.cnr.berkeley.edu/ucce50/ag-labor/7research/7calag09.htm](http://www.cnr.berkeley.edu/ucce50/ag-labor/7research/7calag09.htm)

Is there such a thing as good discrimination? Yes, in hiring effective workers.

[www.cnr.berkeley.edu/ucce50/ag-labor/7article/article05.htm](http://www.cnr.berkeley.edu/ucce50/ag-labor/7article/article05.htm)

Milk quality incentives at one dairy pays off big

[www.cnr.berkeley.edu/ucce50/ag-labor/7article/article16.htm](http://www.cnr.berkeley.edu/ucce50/ag-labor/7article/article16.htm)

The most difficult task the producer has is to manage employees well. Poor employee management causes more problems than any other factor. Remember: it takes time, commitment, a sense of fair play and viable rewards to make the system work.

#### References

For additional information, please refer to:

- Examples of Job Description for Major Positions on Dairy Farms
- Hiring Non-Farm Dairy Personnel
- Should You Consider Expanding Your Dairy Herd?
- Managing Dairy Labor

To obtain these NebGuides, please contact:

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or by accessing the following Web site:

[www.nebraskadairy.unl.edu](http://www.nebraskadairy.unl.edu)

then click on: Dairy NebGuides and UNL Extension Publications.

**Index: Dairy, Business  
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