

## Forging a Partnership with a Custom Harvester

by Matthew Digman

### Introduction

In the interest of full-disclosure, I must confess that my family dairy chooses not to utilize the services of a custom harvester; however, my in-laws have been working with a custom harvester for the last eight years.

### Which one is right?

I'd argue both, given their specific situations. The Digmans have added the cropping enterprise to integrate my brother into the farm; consequently, complete the harvesting themselves. The Wepners, on the other hand, do not yet have the next generation working on the farm and, therefore, do not have the manpower to attend to both the dairying and the harvesting. Also, the Digmans have chosen to modernize their equipment fleet whereas the Wepners have focused on expanding their dairy facilities. Each farm has chosen to focus on the core interests and expertise of their workforce.

### So what's the outlook on your dairy? Are you more of a cow guy or an equipment guy? What are your interests?

These are just a few of the many questions that a producer needs to ask before building a partnership with a custom harvester. I say partnership because when you contract with a custom harvester, you entrust one of the profit-making enterprises of your dairy to the custom harvester. You are right to think that this could be risky if your custom harvester is not reliable. But if a good partnership is formed, the custom harvester can leverage their high-capacity equipment to harvest forage faster and at higher quality and uniformity, all without interrupting the daily activities necessary to maintain the profitability of your milking, calf, and/or heifer operations. This relationship could ultimately result in lower forage cost, more consistent work schedule for farm employees, and more timely response to the needs of the animals.

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### How can a custom harvester harvest forage at lower cost than I do right now?

Your first step should be to understand your harvesting costs. One way to assess this is to complete a partial budget analysis. The University of Wisconsin – Extension and others provide [worksheets](#) to help with this task. This is an important step and will help you better understand the equipment and timeliness costs of your operation. However, it's difficult to include all costs or benefits, such as the silage uniformity resulting from filling your bunker in a couple of days versus a couple of weeks, postponing response to your animals' needs during the harvest season, or missing your son or daughter's baseball game, to name a few examples.

### So what is timeliness cost?

Timeliness cost is the loss in crop value as the optimal harvest window is missed. For example, with alfalfa, this can be harvesting at the wrong stage of maturity or not being able to harvest hay lying in the field before it is too dry; both cases result in lower quality silage. Producers with larger, high-capacity equipment have a better chance of putting up more tons of optimally harvested material than a producer with smaller equipment. Unfortunately, the larger equipment has a higher investment cost. This is where the specialized capabilities of a custom harvester pay off.

The custom harvester doesn't determine the capacity of equipment based on the needs of your farm alone but on all of the farms they service. Thus, the equipment capacity and, therefore, timeliness of harvest is much different than that which the dairy could justify on their own. For instance, if an 80-cow dairy wanted to increase the capacity of their equipment, they'd have to absorb the higher production costs or add extra harvested acres (e.g. harvesting neighbor's forage) to lower the added investment cost. Although these scenarios are possible, especially if a family member or partner wants to take on this role, it is hard to compete with the number of acres that a well-established custom harvester can spread their costs over.

## All this is well and good, but what if a custom harvester is not available at the optimal time of harvest?

Simply put, you need to find one who can work on your schedule. The truth is that this arrangement is a partnership. Let's consider our alfalfa example. In alfalfa, some of the custom harvester's clients may focus on quality while others may wait for higher tonnage. It is important that you, as the producer, communicate your needs with the operator and that he or she integrates this information along with your harvested acres so clients can be properly scheduled. Remember, they might not start when you would have, but with proper management on their end, they'll finish before you would have. This brings up my final point: the success of this partnership is communication.

Communicating your acreage and crop maturity expectations will ensure a satisfactory partnership with your custom harvester. This will help them schedule your harvest along with their other clients. These conversations must take place early in the year, not two days before you want your first cutting started. It is critical that the custom harvester has a clear picture of the expectations from all of their clients well before the first tire hits the field. Continuing with the same operator over a number of years is also critical to the partnership. This will allow the operator to become familiar with your farm's fields, haul distances, and feed storage site. This will ensure timely harvest for you, allowing the operator to more accurately schedule clients. Hiring the lowest bidder will save you in the short run but could result in untimely harvest as they integrate you into their schedule. It will take time for you to build a working relationship with any new partner, and switching operators frequently can be risky.

When interviewing a custom harvester, ask about their other clients. How long have they worked with each of them? How many new clients do they expect to take on? This will give you an idea of customer loyalty and their ability to fit you into their schedule. Also, ask for references. Talk to their clients; ask them questions about their expectations and the dynamic of their relationship. Visit the custom harvester's shop. Look over their equipment. Is it well maintained? What is their maintenance program? Who are their employees? Are they seasonal or do they maintain them throughout the year? What is their training program? Expect the operator to interview you as well. Remember this is a partnership and businesses don't partner without all of the facts. Don't be surprised if they, too, ask for references or even a letter of credit from your bank. This protects not only their interests but also their other

clients' interests and the sustainability of their business.

All of this discussion is moot if harvesting forages is what keeps you excited about farming. That's ok. High quality forage is the raw material for milk production, and I'd argue it is just as important as some of the other cow needs. But if you're feeling overwhelmed or are unsure about labor, a partnership with a custom harvester could increase the profitability of your dairy and dramatically decrease your stress level. Take the time to do a cost-benefit analysis and see if a custom harvester fits your needs.

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