



Understanding the Basics of Managing Dairy Labor

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Hired and family labor costs on dairy farms vary from \$1 to \$3 per hundred-weight of milk produced, and they average nearly 15% of all costs of producing milk.

Reasonable goals for labor use are about 50 cows per full-time worker, including the owner, or about 850,000 pounds of production per worker annually.

Labor efficiency varies with herd size and production efficiency. Increased production per cow boosts efficiency because the cost of labor is spread over more production.

Facilities will influence farm labor requirements because faster milking parlors, flush manure handling, and automated feeding can reduce labor input. Even with the best cows and the most automated equipment, virtually every dairy operator must manage some labor.

Good employees make a difference. In this publication, we'll discuss how to attract good employees to your farm, keep them, and motivate them to help you make money.

Designing the workplace for the job

Working conditions affect both worker efficiency and satisfaction. Design the job and surroundings with the worker in mind.

Provide good buildings, equipment, and hand tools when possible. Older facilities may require remodeling. Herd owners may be content to work in situations unsatisfactory for employees.

Eliminate work hazards and dangerous work locations — it's your responsibility



to do so. You'll increase job satisfaction and prevent the accidents that lead to higher premiums for worker compensation insurance.

Reduce repetitive, "back-breaking" tasks. Make the job as easy as practical. Most people enjoy working toward challenging, achievable goals. Goals can come from DHI records. For example, if your calving interval is 14 months, involve employees in working toward a 13-month interval.

When possible, schedule work loads appropriate to individual workers. Many

employees won't be satisfied with too little time for personal needs, while others prefer longer hours for more money.

Rotate shifts whenever possible. Constant graveyard or swing shifts may destroy worker motivation. Many workers also appreciate a change in jobs (for example, calf feeder to milker, even temporarily).

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Finding employees

Once you have decided on the job to be done and you have provided the best working conditions possible, it's time to find that employee with the right abilities and temperament for your job.

Many farmers advertise for employees in local newspapers or regional farm publications. It may be an advantage to also look further. You can "advertise" in the "grapevine" by telling field representatives, suppliers, sales people, and Extension advisors about your job opening.

Consider people in the community or members of church organizations. Ask your current employees or family members. They may have friends or relatives in the job market. Consider teenagers. Some after-school or weekend work may help you out.

Let local technical schools or colleges know your needs, especially in the spring when courses are almost finished.

Finally, use your State employment service. If their people understand your requirements for hiring, they can screen out ineligible prospects.

Schedule an interview at your farm with each of the best candidates. Ask them to bring a list of qualifications, including work experiences, and references. During the interview, it will help you to select the best candidate if you ask them questions to reveal their knowledge of tasks they'll be responsible for on your farm.

Examples of appropriate questions are: "How can you tell if a cow's in heat?" or "What's a proper milking routine?" The questions you choose can relate to items you think most important in a specific job or in reaching a goal you've set.

After the interview, check with the references they supplied. Within 10 days, respond to each candidate: either offer the job or decline employment. This allows a candidate time to give notice to his or her current employer or to continue looking for a job.

It may help to design a working test to find out if applicants can really do the job—unless you prefer to train employees "from scratch." Pay them for work on the job, over a short trial period, before you add them to your regular crew. You'll know much more about them after this brief test.

Starting the new employee

How do you get new employees off to a good start? They need to understand what you expect and what they can expect from you. When employees arrive for work on the first day, spend some time reviewing items you discussed during the interview.

- Values of pay, housing, food, insurance, and time off.
- Overall responsibility or chain of command on the farm.
- Days and hours of work expected, and other work rules.
- Specific duties and how you like them done (see "Training").
- How you deal with inadequate job performance or breaking work rules.
- The need for reasonable notice if they move to another job.
- The importance of completing W-4 forms for tax withholding, I-9 reports for the Immigration and Naturalization Service, and any other forms required.

Training

Thoroughly show or describe even common tasks to your new employees. This is the **only** way they can know precisely how you want the job done. If possible, work with (or have a current employee work with) the new people for a short time. This way new employees can learn where the tools are, the "quirks" of operating your equipment, and even how to troubleshoot small problems that may arise.

As a bonus, you learn early what tasks and responsibilities the new people can handle. Follow up with a review session

in several weeks to reinforce your ideas and to answer questions.

Always be specific in criticism or praise. Explaining how far out to wash manure from the holding pen, and why, will develop a better employee than simply saying, "You didn't clean the holding pen the way I wanted."

Training is a continuous process, even for experienced workers. It requires more patience than other aspects of labor management. Take some time for training. It can eventually save time and money.

Compensation

Paying employees for their work includes more than writing periodic checks. Besides time-based wages or salary, compensation usually includes benefits, incentive payments, and working conditions.

An uncompetitive compensation package may cause you to lose a valued employee. Ask yourself, "Is the total compensation comparable to other jobs this person qualifies for? Is it fair to my other employees?"

Wages

Dairy farmers commonly pay employees a monthly salary. You may wish to pay when each milk check arrives. While an hourly wage is more equitable to the worker, it requires more management.

Try to establish a clear understanding with employees about estimated working hours, daily, weekly, or monthly. Flexibility is important. Occasionally, the employee must work extra hours and, at other times, may take extra time off.

Incentive plans generally add to worker pay if some defined results are achieved. These plans encourage employees to work in your interest. Some important criteria for successful incentive payments are:

1. The basis for incentive payment should be largely under the workers' control. Bacteria and leukocyte counts are measurable items under the milkers' control; however, the amount of milk per cow may not be—they can't control cow feeding.
2. Incentives should be simple and thoroughly understood by the employees.
3. Incentives should be easily computed and promptly paid.
4. Incentives shouldn't get in the way of your management. If you're reluctant to sell an unprofitable cow because it will affect a worker's incentive payment, it's time to change the incentive plan.
5. Incentives can be paid regularly, like each month, but they should be an addition to regular wages or salary.
6. Don't change the rules once a payment plan is started without discussing the changes with your employees.

Employees respond best to incentive plans when the bonus they can earn *adds significantly to their regular salary*. If the bonus is at least 10% of their regular salary, it should motivate well.

Some "incentives" are not tied to performance, such as the Christmas bonus, starting medical insurance after 6 months, or increasing vacation time with years of service. These motivate employees to stay on the job, rather than do a better job.

Each dairy manager *must tailor the incentive payments to his or her operation. These examples are just a place to start. Your production or leukocyte count may require a different starting point.*

- \$2/cwt over 17,000 pounds average milk per Holstein, 13,000 for Jerseys, paid monthly.
- 1, 2, 3, or 5% of the monthly milk check (start at 1% and increase).
- 3¢ per cwt sold; increase by 1¢ for each year.
- \$5 per calf weaned.

- Divide quality bonus among parlor employees.
- \$1/1,000 cells under 250,000 on monthly herd leukocyte count.
- 1% of daily returns above feed costs to each employee each month.
- \$1 for each cow correctly reported in heat.

A noncash bonus can be very effective, too. Pay for some special training or send good employees on weekends with their spouses to resort motels. Pay for the babysitters. Other employees see this reward, and the bonus employees come back ready to work.

Benefits

Many farms offer housing for employees, on or off the farm. Living on the farm makes good employees available for an emergency, but frequent, unscheduled calls to work will wear down most workers. Utilities are usually covered when the employee lives on the farm. Can you account for them easily in your overall bill?

Meat and milk are often included as part of the benefit package. Insurance is a common benefit off the farm. More managers are including medical, accident, and even life insurance coverage for their farm employees. Some farms are offering pension plans that provide income to supplement Social Security after retirement. Vacation and sick leave usually round out the benefit package.

All these benefits have some value to the employee. Many employees don't realize the total value of the benefits you provide. Place a fair value on each benefit and tell your employees at their first pay period and at least once a year thereafter.

Relating to your employees

Hiring, training, and evaluating employees can become an effective routine. However, motivating and keeping employees satisfied depends on good labor relations. There's no standard "recipe" for relating to your employees. The following suggestions should help get the most from your employees.

Treat employees fairly. Be consistent in compensation and farm policies that affect your workers. Employees appreciate a predictable, even-tempered boss.

Try to fit the employee to the job. Some people can't milk cows; some can't operate expensive equipment. A poor milker may do an excellent job feeding cows or maintaining equipment.

Employees want to belong to the operation. They can be team members. Use their names. Listen to their ideas—you don't have to implement every suggestion, but they want to know you hear them.

Invite employees to lunch occasionally or take them to educational meetings. They need to know about changes you're considering. They'll appreciate credit for good performance and "smooth sailing."

As much as possible, ask them to do something, don't demand it. Make assignments specific and clear without ordering them done.

Performance appraisals can help you relate to all your employees. Sit down with each person regularly, away from the phone, and have an informal chat about how the job is going. Ask each employee to briefly describe his or her strengths and weaknesses.

This gives you a chance to praise them for good work and offer advice on their faults, without having to criticize. If you do this routinely, you can suggest improvements, even to seasoned employees, with a minimum of hard feelings.

When possible, offer praise for good work publicly—in front of family, other employees, other dairy farmers. Employees generally don't feel they're recognized for good work as often as managers report giving recognition. It pays to give frequent recognition as long as it's sincere and specific. Always criticize problems privately.

Be optimistic. Employees tend to join a band wagon and abandon a sinking ship. A reasonable investment in farm appearance and general working conditions is worthwhile.

Offer advancement and jobs with end points when possible. Recognition for good performance, training in livestock skills, and a pay raise occasionally will help the employee feel progress in the job even if you can't offer a promotion to head milker, head mechanic, or herd manager.

If you're considering a promotion, ask yourself, "Does this employee want more, or simply different, responsibilities?" To many employees, a different job on the same farm increases their job satisfaction. Tell employees the skills required for promotion to new positions. For example, a milker may need to learn herd health and artificial insemination techniques before promotion to herd or string manager.

Finally—and most important—put yourself in the worker's place. Working conditions, wages, and hours satisfactory to you may not satisfy the employee. What is it like to work for you? What would you want changed if you were doing the job daily? If you work with employees in their jobs, you may notice improvements to help employees perform better. Watch for things that could make the job more satisfying.

Dealing with problem employees

Why don't some employees work out? Some lack the skills or experience to do a job. Others don't fit the job they're performing. They work hard, but never get the job done. Some employees are incompatible with others or the boss. Each person has his or her own likes and dislikes, and sometimes these don't match with yours.

Occasionally, the employee doesn't have the attributes for performing demanding physical work. Some people work better with their heads than with their hands.

When you're disappointed with an employee, first ask, "Do I control this employee's poor performance?" Can you move him to another job? Can you assign her work away from other employees? Is there another job where she'll use her hands more or he'll use his head more? Sometimes, changes like these will solve labor inefficiencies.

Poor employee work habits don't change easily. Many times, these habits will spread to other, dependable employees. Poor habits reduce labor efficiency—it's best to deal with them quickly.

Above all, consider the person

This has been a brief summary of labor management principles for finding, keeping, and getting the most from your dairy employees. Money isn't everything to most employees. Think of their view of their job. Treat them as you would like to be treated. Let them know where they stand and where your team is headed. Each employee is important to your livelihood.

For more information on farm personnel management, you can receive a free subscription to a University of California newsletter by writing "People in Ag," Cooperative Extension, Stanislaus County, 733 County Center III Court, Modesto, CA 95355.

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