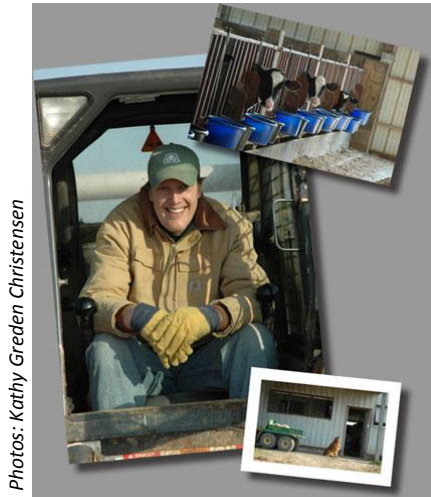


Profile: Rory Beyer, Rollingstone, MN
Recently Certified Organic Dairy: 2009
Take Home Message: “Plan Ahead to Alleviate Risk”

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Photos: Kathy Greden Christensen

Background. Rory Beyer’s story may sound familiar to many of today’s second and third generation farmers. Rory grew up on a 130-cow family dairy farm in Southeastern Minnesota, graduated from college with an animal science major, and returned home in 2000 to manage the farm full-time with his 53-year-old parents, Sharon and Richard. Determined to put his schooling to work, Rory began managing herd genetics for high productivity (eventually achieving rolling herd average of 30,900 pounds/cow) and international marketability. “We regularly sold genetics around the world,” explains Rory.

Decision to Transition. By many standards, the Beyers’ dairy operation was a success. Financially, however, “We just weren’t making it conventionally,” says Rory. In the spring of 2005—after a period of volatile milk prices and rising feed costs—the Beyers had what Rory calls their “a-ha moment.”

“We had been watching our [certified organic] neighbors ... they were feeding their own grain, producing less milk and making more money,” Rory explains. “So I started looking at what it cost us on a per cow basis to produce feed, buy feed, and deliver it to our animals.” The Beyers had been growing corn, spring seeded barley and fall seeded alfalfa in a three-year rotation on 500 acres (370 acres owned, 130 acres rented under a renewable three-year agreement).

By the fall of 2005, after running feed numbers and further exploring organic management alternatives, Rory and his parents decided to make a critical management change: they opted to go organic. The Beyers began transitioning their land in 2006, with the intention of certifying their land and cows in 2009. They received consent from their neighboring landlord to transition the 130 acres of rental acreage and negotiated a lower rent during transition in return for higher rent after certification. Rory and his parents established a four year rotation: hay the first year, followed by corn and a winter crop of rye or tillage radish in the second year, corn again in the third year, and alfalfa seeded with small grain in

¹ The *Tools for Transition* Project is managed by an interdisciplinary team that includes representatives from the University of Minnesota’s Department of Applied Economics, the Center for Farm Financial Management, the Minnesota Department of Agriculture, the Minnesota State Colleges and Universities’ Farm Business Management Program, and the Minnesota Institute for Sustainable Agriculture.

the fourth year. They purchased a six-row propane burner and a tine weeder when beginning the transition in order to address anticipated pre- and post-emergence weed issues. (They no longer use the burner due to the high cost of propane.) The Beyers also gradually took on the field work they had previously custom hired.

“On the crop side, there were a lot of changes when transitioning,” recalls Rory. However, his real concern was animal health. “We had a very good herd at the time,” he explains. “Knowing that we couldn’t use antibiotics when transitioning to organic – that was scary.”

Transition Strategies. The Beyers’ decision to transition their land ahead of the herd is not uncommon – it allowed them to feed conventional grain and forage for two years while their land went through the 36-month transition requirement.² Rory also made the decision to alter the cows’ feed ration two years prior to their transition – gradually incorporating more dry matter and forage. “We thought it would be a good way to learn about how organic management worked,” he says. “We thought if we had two years to figure things out [before transitioning the cows], we could still fall back on antibiotics if mastitis set in.” Looking back, Rory called this transition strategy a mistake. “Productivity suffered while we were still getting conventional [milk] prices,” Rory recalls. “If I was to do it all over again, I would have fed a solid conventional ration up until the day we switched.”

Asked about herd health, Rory says “shifting to organic management forces you to clean out the herd.” As older cows and cows that had regularly been treated for mastitis were culled, the Beyers raised replacement heifers on pasture without antibiotics. Rory observed that that his cows’ immune systems were “extremely different” after several years of organic management. “Their reproductive and mammary systems are stronger,” he explains. “Our cows are out on pasture, exercising, and no longer have drugs running through their system.” The real test: the Beyers’ organic herd has a substantially lower somatic cell count compared to their former conventional herd suggesting higher quality milk.

Transition Challenges. At first, Rory recalls, “The biggest challenge was changing my mindset. I had to learn how to do things differently.” It took many conversations with neighbors and their certifier, Nature’s International Certification Services (NICS), before the Beyers felt comfortable making the switch. Based on this early research, they were prepared for more work, more weeds and a drop in herd productivity. But, they also had positioned themselves to receive substantial organic premiums – signing a contract in advance of certification that included a signing bonus equal to \$2/cwt during the last 12 months of transition.

Despite all their planning, however, the Beyers were unprepared for two transition-related challenges that almost put them out of business.

The Beyers’ first organic pick-up was scheduled for November 1, 2009. Rory received a call from their buyer just days before the first pick-up saying they would be discontinuing their organic line and related

² Cows may be fed transitional grain and forage from land that is included in the farm’s organic system plan one year prior to the production of milk that is to be sold and labeled as organic. (National Organic Program Standards, §205.236.)

contracts. “We panicked,” says Rory. “But our buyer arranged for Organic Valley to take over the contracts.” Organic Valley offered to temporarily honor the Beyer’s original contract pay price of \$26/cwt. Eventually, Rory says, he negotiated more permanent terms with Organic Valley – agreeing to a lower pay price in exchange for co-op membership. “We were the last farm that Organic Valley signed on in our area [at that time] because they were slowing down,” Rory recalls with a sigh of relief. “The market was tightening.”

Even more challenging for the Beyers was a new National Organic Program (NOP) pasture rule that required 30 percent of animals’ dry matter intake to come from pasture grazed over the course of the grazing season (at least 120 days). This new rule presented a big financial challenge to the Beyers – costing them \$100,000 in pasture improvements and rent on another 100 acres of neighboring, certified organic land. (The additional land is used to raise grain that is sold to offset protein expenses.) The Beyers received a loan guarantee from the USDA Farm Service Agency and financial assistance from the USDA Natural Resources Conservation Service Environmental Quality Incentives Program to subsidize the cost of fences, water lines, lane establishment, and pasture seeding. Even with this assistance, the cost of pasture improvements put the Beyers “on the edge of financial ruin,” says Rory. “We did everything but sell our soul to keep the farm.”

At the time of this interview, six months after completing the pasture improvements, Rory feels that the changes have had a positive impact on farm labor and planning. “We realize that we don’t have to start up the Bobcat or the tractor to move bales to the cows,” he says. “All we have to do is open the gate to the pasture. It’s almost therapeutic to watch the cows out on pasture. Even in the rain, the animals are out there satisfied. They don’t come running to the shed.”

Most Satisfying. Today the Beyers milk 130 cows, manage 600 certified acres, and have a rolling herd average of 16,500 pounds/cow. They now breed their registered Holsteins for fat percentage and health rather than optimal milk output. The Beyers market certified organic grain through the Scouler Company and sell all of their milk to Organic Valley – receiving a stable, contracted milk price that currently is well above the conventional market price. Price stability has given them the ability to plan ahead and obtain access to improved financing. Rory says they couldn’t be happier. “The thing that I’m most proud of is making the decision to change,” he says. “You don’t realize the impact that the changes will have until after you’ve made them.”