

**Tools for Transition Project**  
**Kent Hoehne**  
**Newly Certified Dairy**  
**Message: Organic Farming Is Exciting!**

Kent Hoehne, a life-long dairy farmer from Frazee, Minnesota, says that for the first time in 30 years, he's "excited about farming." Kent operates a 60-cow dairy with 120 acres of pasture. His animals were certified organic in October 2012, the pasture land in 2011. "I'm excited because, as an organic farmer, you are 'farming' – you have to think about rotations, learn about the viability of soil," says Kent. "If I'm excited, maybe I can pull some other young person along with me and get agriculture going again in our town."

**Motivation for transition:** Kent actively participates in a farm management group that includes other dairy farmers. In 2010, another producer in the group shared organic profitability statistics from an annual *Organic Farm Business Management Report*. "The worst organic producer group [in the report] blew us out of the water [financially] and we had had a good year!" explains Kent. "I figured I better start paying attention to organics."

According to Kent, his farm's profitability had been flat or declining over the past decade. "So, when I saw the profitability numbers for organic," Kent explains, "I said to myself 'we're doing this baby – we're doing this as soon as we can.'"

Kent describes himself as a low cost producer who had already been grazing his animals prior to making the transition. "We'd always had them on grass as much as possible," explains Kent. "That was a skill set that we already had. I've been raising cows this way (rotational grazing) for 25 years."

In late spring of 2010, Kent and his wife, Amber, went to an Organic Valley regional meeting to learn about co-op membership. Within months, they joined Organic Valley, began actively transitioning their herd, and started collecting \$2/cwt transition payments. The pasture land certified "right away" in 2011. The Hoehnes purchased all supplemental feed prior to and during transition.

**Challenges:** Kent hasn't always sounded so positive. His transition of the dairy herd in 2012 almost "ruined" him financially. "During our third year of transition [when selling conventional milk and feeding organic grain] milk was going for \$16/cwt and organic corn for \$18/bu," Kent explains. "That's not *hard* to cash flow – that's impossible. We had to sustain that kind of [negative] cash flow for four months."

Kent made it through the last four months of transition by digging into savings and postponing operating payments to finance organic feed. "We lost a lot of money during that time," says Kent. "We just made it – I don't know what would have

happened if we had had eight months of low conventional milk and high organic feed costs.” Kent’s advice for other dairy farmers going through transition: line up an operating loan to get you through the third year when price volatility “isn’t on your side.”

As for Kent, he’s making changes to his overall management strategy. Rather than buy in organic feed, he’s decided to rent land and raise his own. In fall 2012, Kent and Amber acquired 140 acres of former CRP land under a five-year lease. The land certified right away. “Fertility wasn’t as good on the CRP land, but we added 3-4 tons of turkey litter [per acre],” says Kent. “But I was surprised how fast we could get it to speed up. I was concerned that it would take a couple of years to get fertility up.”

Kent’s future rotation will include two years of corn, two years of small grains, and 2-3 years of alfalfa. “I’m still learning – it’s been 30 years since I planted corn, so I may have to tweak things a bit.”

**Successes:** In October 2012, the Hoehne’s cash flow turned around. “With organic milk at \$28/cwt, this thing gets really exciting in a hurry,” says Kent with a smile. “My FSA banker took a look at our organic pay price and said ‘you’ve got repayment capacity coming out your ears.’ I’ve never heard a banker say that! “

The Hoehne’s were relieved, though not surprised, by the organic milk pay price. What they hadn’t banked on, however, was the noticeable improvement in herd health. “I thought this would be a lot tougher because you’ve lost the quick fixes (e.g., antibiotics),” says Kent. “But we don’t treat a whole lot of animals. Our calves our healthier [under organic management].” Kent says “we used to hear the same thing from guys when we first started.” Even so, Kent remained skeptical. “But we’re seeing it.” Kent expects that the improvements are due to his vaccination schedule. “We didn’t vaccinate prior to becoming organic, but we know now that’s important.”

**Future Outlook:** “This thing is going to work,” says Kent. “I’ve never had this confidence before when farming conventionally; it used to feel like we had to force things to happen. I really think it’s going to work.”