

# Managing Dairy Labor

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*This guide was adapted for use in Missouri by Barry Steevens, Jennifer L. Garrett and James N. Spain, Department of Animal Sciences, University of Missouri-Columbia.*

Perhaps the most important decision you make in dairy operation is hiring and keeping the right employee. Hiring a person not suited to your 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 your management team.

In most dairy operations labor accounts for 15 to 20 percent of total costs. When looking for employees, spend time talking with other individuals about prospective employees. Advertise in your local newspapers, your local cooperative's newsletters, and national dairy magazines. Use the network that you have in place — call your friends, other dairy producers and individuals in affiliated industries. Once you have a list of potential employees, 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 your operation. First of all, ask yourself 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?" You want to make a good impression. Remember, your operation is being scrutinized by the future employee. You 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 your expectations for night work, emergency calls and off hours. Get everything on the table so that both of you know what is expected. Indicate the amount of notice you expect if an employee quits. Two weeks is reasonable.

To give you and your employee time to see if the employee-employer arrangement will work, have a six-month probationary period. During this six-month period, allow either individual to terminate the employment with no advance notice. We all realize 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 your employees. You can add extra duties after you have 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 you build in vacation time, not only for yourself, but for your employees.

To foster a good working relationship, you must 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 "gofer." 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 you undertake 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 you want the job 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 your 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 your 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 your employees your 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. You must 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.

Can you afford to offer benefits? Insurance, especially health insurance, is expensive and few employers can cover the entire cost, but you can 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 because they are not taxed in many cases.

Some benefits you may offer your 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. Your 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 W2 forms are written.

## Incentive programs

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

- 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.
- 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.
- Do not have incentives that can decrease income, such as finishing milking earlier — this can lead to sloppy work and cause serious problems.
- Do not change incentive programs or payments too often. Develop reasonable incentives. It is far better to increase incentives than to lower them.
- 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.

The most difficult task you have as a producer is to manage your 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.

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