



# DAVISCO

DAVISCO FOODS INTERNATIONAL, INC. ■ QUARTERLY NEWSLETTER

## A Day on Milk Route #70

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On milk route #70 for a day



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Frank Burg retires after 35 years



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Rockridge Dairy and their community



The day starts at 7:00 a.m. when Bob Kipp pulls into the middle truck bay at Le Sueur Cheese Company. Kipp is a veteran driver who has hauled milk for 39 years, 22 of those for Le Sueur Cheese.

By 7:45 a.m., Kipp heads west to his first pick-up about five miles from Le Sueur, west of Henderson. The Brandt Farm yard is inviting, with a Le Sueur Cheese Company "Valley Maid" sign and a painted plywood herd of cows by the lilac bush. You sense the pride the family has in their daily work.

Kipp hops out of the truck and removes the milk hose from the truck. He opens the lid of the dairy's bulk tank, smells the milk for foreign odors, turns the agitator on and lets it agitate for 5-10 minutes, depending upon the size of the bulk tank. David Brandt is just finishing the morning milking of his 60 Holsteins.

Filling out his paperwork, Kipp records the Brandt farm number (72550) to identify the milk volume on the route slip, and applies an identification sticker with the same number to a sample vial. After the milk is fully agitated, he dips a sample from the bulk tank and pours it into the vial. This sample will be tested for all milk components and somatic cell count (SCC) at the lab in Le Sueur. Each farm's sample can also be tested in the event that the load of milk tests positive for antibiotics before it is unloaded at the plant.

Kipp hooks up his hose and begins pumping milk. All the while, he and Brandt enjoy their daily routine of trading insults and stories.

A temperature reading and total milk volume are recorded on Kipp's daily intake slip. The information is recorded at each stop and the slip is given to milk plant

personnel when the route is finished each day. Producer payments are made based on this information.

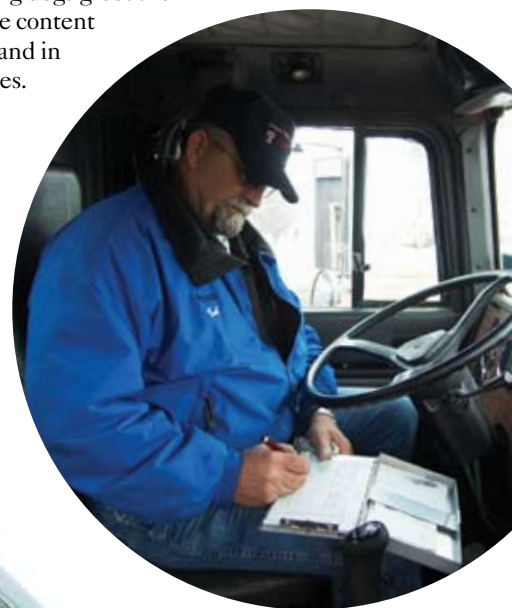
Brandt's barn is spotless and neat. The milking system is being washed, hay is in front of the cows and Kipp hooks up the tank washer for the bulk tank. Brandt has detergent and acid in place for tank cleaning (Kipp checks).

First stop completed, Kipp tucks the hose away and pulls the truck out of the driveway. He winds his way through the countryside. From Highway 19, Kipp heads north on Highway 22 through Gaylord. He turns left onto Sibley Co. 26 and shortly pulls into the driveway of Gerald and Vickie Henke, their names printed boldly on the silo.

Three barking dogs greet the truck. Calves are content in the calf barn and in plastic calf domes.

At 9:15 a.m. all is quiet in the Henke Farms' milk house, as Gerald and son, Tom, have finished their morning chores.

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Bob Kipp doing paperwork for his milk route



Left to right: Bob Kipp; Bob Kipp and Gordon Bergs; David Brandt; Third generation Guernsey breeder Arlo Henning

*Milk Route* Continued from page 1

A bag of peanuts lies open on the desk in the milk house. “That’s for them and me.” jokes Kipp. The pipeline washer is just starting. White calf-milk feeding buckets are neatly stacked against one wall. Tom feeds up to 75 calves, including bulls, which the Henkes feed out for steers. Gerald milks the 55-cow herd. Plaques earned for the Henke herd’s high production hang on the wall.

Kipp takes a sample, pumps the milk and records the number. The Henke’s milk (number 74800) is picked up every other day, as are all of the farms on today’s route.

When the milk is all pumped, Kipp continues with his routine. He rinses the tank with water and a hose, checks detergent and acid and starts the tank washer.

Back in his truck Kipp heads to stop three. Arnold Doehling and son, Brian, near Brownnton purchased a 120-acre farm seven years ago and started dairying after taking several years off. They milk 90 cows in a 30-cow tie-stall barn by switching three groups of cows, explains Brian. They buy hay and grow corn for the cows and also grow pumpkins and flowers for the Doehling’s Farmers Market in Minnetonka.

Kipp finishes at Doehlings and from Sibley County 13/15, he turns onto a gravel road. The sign reads “The Gordon and Roland Bergs’ Family Farm.”

“The World Famous Gordon Bergs,” as Kipp fondly calls the dairy farmer, has a tank-full of milk ready for pick-up. Four milk units are hooked to the automatic washer. The 29 cows are out of the barn for morning exercise and so Bergs can finish morning feeding and clean-up chores.

Bergs is patron number 75000. It is 10:20 a.m. Kipp records the stick reading that shows the milk level in the tank after consulting

a calibration chart, which each milk tank must have for accurate readings.

Bergs’ father has been farming the 120-acre farm for more than 60 years. Gordon has milked since 1965. “I always drive where Gordon tells me to,” Kipp says respectfully of the meticulous farmstead.

The dairy has been Grade A since 1974, switching about the time Le Sueur Cheese started getting the milk from the now closed New Auburn Creamery.

Finished with the milk pickup routine, Kipp climbs back into his truck and drives to the next stop.

### Fewer stops, more miles between

This day, Kipp’s route will include seven stops and 125 miles, traveling a rolling terrain in four separate south-central Minnesota counties, west of Highway 169 and north to the western reaches of the Twin Cities suburbs.

The route takes him through traditional dairy farm country, with remnants of farms that in the early decades of the 20th Century all had a few cows dotting hillsides and stanchion or tie-stall barns holding 10 to 40 cows. Back in the days when farmers collected and stored milk in cans, creameries were located every 4-5 miles.

In the early days of his career, Kipp’s daily route for Plum Creamery, near Waldorf, MN, included hoisting some 600 milk cans each day onto a truck at several farm stops, then unloading them at the creamery dock.

Plum Creamery and scores of others closed their doors as the industry consolidated in the 50’s. What was then the Davis’ Saint Peter Creamery expanded, adding a dryer to make products out of skim milk in 1956. A few dairy farmers were also installing bulk coolers to streamline the milk collection process at the same time.

Stan Davis and his son, Mark, who started driving the new bulk milk pickup route in 1959, added many of the patrons of the closed creameries to their routes as the industry consolidated. In Kipp’s case, they gained 37 new patrons when he signed on to haul. Acquiring more milk volume helped to spur the growth of the Davis family’s creamery business through the years and solidify their position in the current dairy processing market.

On today’s route, there are far fewer stops and many more miles in between. A significantly higher volume of milk is collected and cooled in bulk tanks, transferred by a pump and hose into a double-insulated bulk truck to keep the milk cool until it’s unloaded at Le Sueur Cheese Co.

Driving the truck to the next stop takes 50 minutes, so Kipp has time to reflect on



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## **InFocus** Mark Davis

Evolving technologies are positively effecting change and increasing productivity, nowhere more than in dairy farm milk production. See the *Bank on Success - Sexed semen is here* article.

As this Daviscope so glaringly exhibits, people and relationships are what makes individual businesses and industry prosper and grow.

Bob Kipp's interaction with his producers, Rockridge Dairy's concern for their neighbors and their larger community, and Frank Burg's 35-year interaction with fellow employees, management, and valued milk producers are the reasons that businesses and industry grow and prosper.

All the technology would have little impact if it wasn't for the people involved and their committed interaction.

At Davisco we're very fortunate to have employees like Bob Kipp and Frank Burg, and suppliers like Rockridge Dairy, David Brandt, Gerald and Vickie Henke, Arnold Doehling, Gordon and Roland Bergs, Arlo Henning, Bryan and Brent Buesgens, and Jeff and Tina Vinkemeier. Thank you...and to so many others too numerous to name.

### DAVISCOPE

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**John Velgersdyk:** Editor

**ENVISION: Design that Works, Inc.:** Publisher

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his years on the job: "You get to know the farmers personally. I like to talk to the older guys. They tell lots of stories."

Kipp parks his truck at his home at night. "There have been bad days driving. The storms are tough. If you can't see the road, you have to get off," he explains as the truck heads north across Highway 212 near Lester Prairie.

Today, Kipp estimates the truck will pick up 35,000 lbs. It can hold 37,000 lbs. total. "When it's hot and humid — that's when she (milk production) drops," he explains.

"That's when Frank Burg, office manager, looks for milk (from other milk plants)."

Kipp heads the truck down Highway 7.

#### **Last three stops offer variety**

Finally Kipp turns onto a winding, quiet road and backs down the driveway of Woodhill Farm, owned and operated by Arlo Henning since 1967. He has shipped milk to Le Sueur Cheese since 1989.

Henning's red barn holds 15 registered Guernseys; down from the steady 30-40 head he has always milked. Henning started his herd with three registered animals he bought in 1951-52. He has shown his cattle, consigned them to sales and held leadership roles in the East Central District and Minnesota Guernsey Breeders Associations (MGBA). He was awarded the MGBA Senior Breeder award in 2004.

Henning has finished milking and is just about to sit down to eat. Several friendly cats greet Kipp as he hooks up his hose, records number 77550, takes a sample and pumps Henning's tank into the truck.

Kipp praises Henning's dedication in caring for his cows, even during cancer treatments. "This is what I enjoy. I like working with animals," says the last Guernsey breeder in Carver County. "As long as I'm healthy, I'll keep doing it."

The next stop is scant miles from the housing developments of suburban

Waconia, where Bryan and Brent Buesgens operate Buesgens Dairy. It is 12:35 p.m. and morning work is finished. The spotless milk house, milking parlor, three free-stall barns and commodity shed are quiet at the modern hilltop dairy. The Buesgens' herd numbers 200 head. They also farm 1,500 acres and raise their own heifers and calves.

Kipp records #74300 and completes his routine. Twenty minutes later the truck heads west on Highway 212, past rolling hills, a creek and a horse farm. Kipp then drives south for 4 miles.

The last stop is Jeff and Tina Vinkemeier's 75-cow dairy. Various-colored heifers in the sheds watch the truck back up to the milk house. Vinkemeier is experimenting with crossbreeding in his herd to improve health and milk components. He crosses Holsteins with Jerseys and then uses a Normande, Ayrshire, Montbelairde or Scandinavian Red sire for a third or fourth cross.

His herd produces more than 20,000 lbs. of milk with a 4.2% fat and 3.2% protein test. The high components work well for cheese making.

Kipp has finished his routine at # 74360. He swings into the truck and heads down the back roads back to the milk plant, pulling in at 2:05 p.m.

Parked on the road waiting his turn for an unloading bay, Kipp climbs the ladder to the top of the truck and pulls a milk sample for drug residue testing at the milk plant lab. A 9-minute SNAP test is run before the truck can be unloaded. A temperature and precautionary sediment test is also taken on the milk, Kipp explains.

Kipp is soon able to back into the middle unloading bay. He jokes with other drivers as 35,544 lbs. of milk are pumped into the plant's receiving tank.

Kipp will head home to rest up for tomorrow, when he'll arrive at the plant at 4 a.m. to run a different route. ■

## Decades of Dedication

# Job Loyalty is Signature of Frank Burg's Career

"Frank Burg." That perennial name on milk checks issued to producers and milk co-ops shipping to Le Sueur Cheese Company for 35 years has been missing since he retired in February of 2007.

"My wife, Laurie, said 'I'm going to Florida in March, are you coming?' Burg explains. Apparently the answer was 'yes.' He recalled his years on the job while talking on his cell phone, waves lapping in the background.

Burg started work at Le Sueur Cheese Co. in 1972, after graduating from St. Peter High School and Rasmussen Business College in Mankato, MN. The job duties during Burg's career as office/business manager were varied, but always involved tracking milk volume and protein along with fat content and quality. His responsibilities also included calculating and signing milk checks for the producers.

"I owe a lot to Mark Davis and the Davis family. For 35 years they provided me with a living – they've been so good to me. Mark has been an innovator and improver – always making sure things were progressing," Burg says.

One of Burg's main responsibilities was to make sure there was a balanced supply of milk for planned cheese making at Le Sueur. He met with Roger Schroeder, Cheese Production Manager, every morning to plan for production needs. With the advent of ultra filtered milk, there was more flexibility to acquire milk from other plants if more was needed than was being produced. Burg made those calls and negotiated prices and delivery to Le Sueur Cheese.

Balancing milk supply is a very difficult job, with uncontrollable factors that result in having too little or too much milk. Burg took the blame for what often was not his fault; it was part of his job.

"He always had a very good sense of humor and he was the king of one liners!" Schroeder says. "He is a really good friend and I will miss him."

### Unbelievable Work Ethic

The word everyone uses to describe Burg's work habits is "dedicated." Burg never took a sick day, worked from 7:30-5:00 and always ate lunch at his desk. "His work ethic was second to none,"

affirms Schroeder. The 1998 St. Peter tornado was one exception when Burg missed work to help many in his local community.

"Frank was consistent. He had the best interest of the company in mind, watching out for things affecting Le Sueur Cheese," says Mark Davis, CEO/President of Davisco Foods International.

Through all of the company's expansions to solidify their position in the milk business, Frank was always a calming presence, Davis recalls.

In his early career, Burg was responsible for payroll, cheese receipts, shipments and the milk field staff and production managers. "When I was traveling and gone from the office, I depended on Frank to get me up to speed," says Davis.

"In all parts of the company, he was knowledgeable," remembers Karen Malm, now retired and Mark's former Administrative Assistant.

"Burg would come early or stay late as needed and never complain," says Malm who worked alongside Burg for 15 years. "He was a fun person to work with — he was always kidding, so I enjoyed coming to work," says Malm.

The story of how Burg started his job with Le Sueur Cheese ties into baseball, a love Burg and Davis share. "We were in the process of starting a baseball team in St. Peter and we went together to buy some baseball equipment," remembers Burg. Le Sueur Cheese was in need of an office manager. "Mark asked if I'd come and check things over at the cheese plant, I pulled out a chair and stayed there — he never really hired me!"

### Adapted to Changes

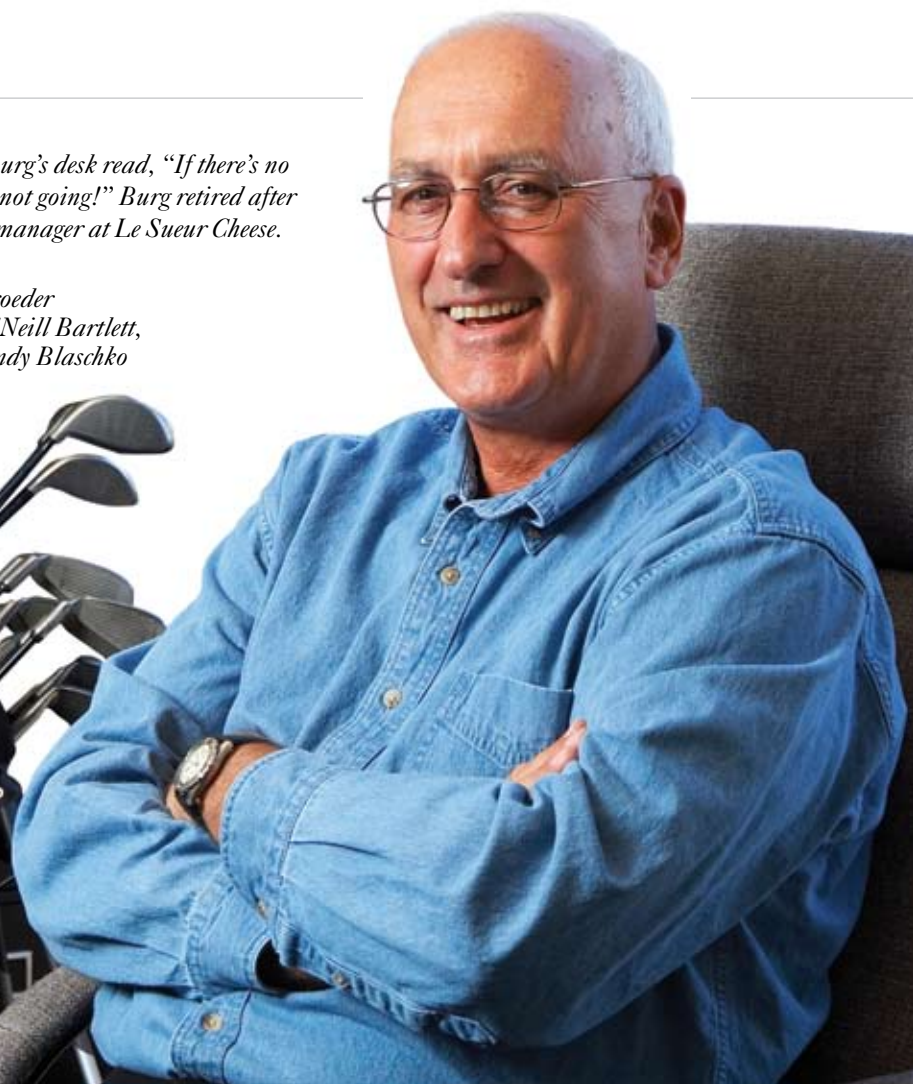
Through the years, Burg has witnessed considerable change in the milk industry and the size and scope of Le Sueur Cheese. For example, Burg says, 15 years ago there were three times as many producers and one-half the milk volume at the Le Sueur Cheese Plant.

Burg's work responsibilities changed over time. He took on tasks as he could and delegated to others as needed, explains Jon Davis. Burg's role as office manager included overseeing the milk payroll, inventories and procurement, payables and receivables and people who helped with the tasks.



*A sign on Frank Burg's desk read, "If there's no golf in heaven, I'm not going!" Burg retired after 35 years as office manager at Le Sueur Cheese.*

*Top: Frank and Roger Schroeder  
Bottom (L to R): Colleen O'Neill Bartlett,  
Frank, Scott Stude and Mindy Blaschko*



"I've tried to follow the guidelines that the Davis family has set up. They seem to be very good at what they're doing and of changes that need to be made. It never hurts to grow," Burg says. "The Davises always have a listening ear and they are super to work with and always there for you."

Jon Davis and Burg worked together setting the milk price for each pay period, considering many factors in their decision. "My siblings and I grew up around Frank and learned various aspects of the business from him. Then in later years he reported to some of us," explains Davis. "His ability to do this shows his character and personality. His attitude is pretty rare."

Another change that Burg has witnessed is how computers have changed the industry, both in the office and in making cheese products. Everything that was once done on paper in the office is now computerized, he says.

Burg oversaw the milk checks for all of the Davisco plants. Producer checks have evolved through the years with more data included, explains Colleen O'Neill Bartlett, Le Sueur Cheese Controller, who worked with Burg on payroll since 1997.

"He made us laugh daily and he will be missed," says Bartlett. "He was our friend and not just our co-worker!"

### Heavy Desk Traffic

There was a lot of traffic at Burg's desk in the Le Sueur Cheese Co. office. People stopped to ask questions about many different things, Bartlett says, because Burg knew the answer or who to ask to find it. Visitors also got a daily dose of Burg's one-liners!

Producers called him often to ask where milk prices were headed. Burg's reply: "Your guess is as good as mine!" Then he'd tell him what he knew, says Bartlett.

Burg admits, "I had such a good time working. I will miss a lot of people that I worked with!"

The only time when Burg's desk chair was empty was one afternoon a week in warmer weather when Burg golfed at Shoreland Country Club, explains Bartlett. In retirement, Burg hopes to spend his time golfing, fishing and with his family. ■



Frank with Jon (top) and Mark Davis



## Sexed semen is here

Twenty two of the first 23 calves born in the fall of 2006 from the use of sexed semen at Pike Hill Dairy, Little Falls, MN, were heifers. "The twenty-third calf born was a bull," says dairy operator Myron Czech. "That's pretty consistent with what they say you should expect from gender-selected semen, which is somewhere in the mid-90's. We're at about 96% females."

Czech purchases his semen from Select Sires A.I. Cooperative, which has marketed the gender-selected semen since October 2005. He lists several reasons for using it on virgin heifers in his 550-cow herd:

1. Increase the number of females born.
2. Added calving ease for virgin heifers. Heifer calves are born earlier and easier. Calving problems have decreased markedly for the herd's heifers.
3. Quicker breed back on heifers that calve earlier and are ready to breed back quicker.
4. Accelerates genetic improvement. There are more replacement heifers to pick from.

Using the gender selected semen makes good sense for Czech, especially because his son, Brent, is operating a newly-purchased 1,000-cow operation called New Heights Dairy, Rice, MN. The Czechs prefer to grow their own replacements for the new dairy, rather than purchase them.

Whether they will continue to use gender-selected semen depends on the economics. "We will continue to use it as long as heifer calves are worth more than bulls and replacements are still high-priced," says Czech. "If the economics would change, we would re-evaluate."

Sexed semen has been anticipated in the industry for decades. Whether it fits for each dairy operation will take individual evaluation and using realistic expectations for what the technology can provide, according to an article authored by C.D. Dechow, Assistant Professor of Dairy Cattle Genetics at Penn State.

The cost of sexed semen is slightly more than double the cost of standard semen of equal genetic merit. The technology to sort the semen by sex is slow and expensive.

The slow sorting process necessitates that sexed semen will contain a lower concentration of sperm per straw, which has a negative effect on fertility. Expect a 20-25% lower conception rate with sexed semen used in virgin heifers than with using standard semen. Using sexed semen on lactating cows is not recommended because of lower conception rates.

Any herd planning a future expansion should be using sexed semen, states the Penn State article. Increasing the number of heifers will allow a herd to expand internally, which has many advantages. These include eliminating biosecurity risks associated with purchasing replacements. Herd growth will be at a steady rate, which will reduce some of the management challenges associated with making large jumps in herd size at one time. Some highly leveraged herds that are operating under-capacity and are not able to purchase more animals should consider sexed semen.

Herds of any size will realize calving ease advantages when using sexed semen. Unfortunately, many producers are forced to hang onto a high somatic cell count cow, or other problem cows to keep the barn full. With a ready supply of replacements, herds can cull more rigorously to create a healthier, more productive herd. Culling low producers and problem breeders will also help improve your herd's genetic level.

Each producer needs to determine how to best incorporate sexed semen into their management system. Ideally, breed all heifers with sexed semen. ■

Bank on Success



We believe the success of dairying depends on an awareness of the forces at work in the marketplace and our ability to take control together.



# Producer Update

## Rockridge Dairy Puts Focus on Their Cows and Community

**R**elative newcomers to the dairy business, the philosophy at Rockridge Dairy is to concentrate on the cows because they pay the bills! That's according to Andrew Jarvis, one of the dairy's three partners.

Jarvis, uncle, Bill Vander Pol, and cousin, Don Gaalswyk, were newcomers to dairying when they started the dairy in April of 1993. Jarvis and Vander Pol switched from farming and Gaalswyk from trucking in southern California to find a more family-friendly place to live and work. The partner's first milk shipment of 400 pounds went to Jerome Cheese Company where all shipments have gone since. Rockridge Dairy, near the small community of Castleford, Idaho, now ships 230,000 pounds a day.

The dairy's owners appreciate having a good relationship with Jerome Cheese. "The company is privately-owned. They have treated us fairly and the checks have always been there," Jarvis says.

The partners grew the dairy gradually, asking a lot of questions along the way. They bought it half finished and completed the well, waterlines, troughs and wind breaks. They quickly built up to 600 cows and then to 1,200 cows. They continued growing and now milk 3,000 cows.

The dairy's milking facility was originally a double-16 herringbone. To accommodate milking more cows, it was modified to a double-28 parallel parlor. Space for cows to exit the parlor was cramped. In 2003, a double-50 parallel parlor was built. "The new parlor is a lot nicer and gives cows plenty of room to mosey out," says Jarvis.

### Right time to build

Economics worked in their favor, with building taking place during low pay prices of 2003 and then turning around in 2004 with higher prices, explains Jarvis. The partners hope higher prices will return in 2007. Since Hurricane Katrina, energy costs on the dairy have risen 50 cents per cwt. and grain prices have increased 30-40 cents per cwt., points out Jarvis. "We have not recouped these costs through the price of milk."

The dairy produces milk with 9.8 to 9.9 pounds of cheese per cwt yield, with 3.65 percent fat and 3.15 percent protein content. To achieve this, keep cows healthy and keep them milking, says Jarvis.

Rockridge has several top-notch advisors and employees to help them in their efforts. Jarvis manages the herd health and milk barn, overseeing 18 full-time milkers and several

others. Gaalswyk handles the financial record-keeping and feed management. Vander Pol is the business advisor.

Jarvis works closely with the dairy's nutritionist. New preventative practices, such as a salmonella vaccine, give them an edge in cow health, he says. Keeping the herd vaccination program up-to-date, along with continually upgrading the nutrition program keeps production climbing.

The dairy's nutritionist tries new ideas on a small group of cows, following a protocol and testing to see if there's a benefit or not.

"We discuss a new idea plenty ahead of time. Then we try it and after a thorough evaluation we look at the results to see if we're heading in the right direction," Jarvis says.

Rockridge Dairy supports their local community. They get involved with Castleford's school fundraisers by donating and buying back animals for a scholarship auction. They support their local church and their children's Christian school and contribute monetarily to the volunteer emergency Quick Response Units that are critical in their rural community.

The partners strive to be good neighbors. To address a neighbor's concern, they spent money to change the dairy's lagoon. "He's our good friend, now!" says Jarvis.

### Good neighbor relations

"We don't want to be alienated from the local community. We live here, too." There are 4-5 homes within a mile of the dairy. "We don't think we can please 100 percent of the people, but we think 80-90 percent like us"

The dairy handles manure from the barn alleys with scrapers and vacuum trucks that haul directly to the field, rather than reusing waste water to flush alleys, which can cause odor. Lagoon water is irrigated on their 1,200 acres using drop hoses on pivots to lay the water down on the ground. They don't irrigate on windy days and try to keep manure off of the roads. They grow corn and triticale silage on the land, buying most of their hay needs locally.

The biggest challenge in the dairy business, believes Jarvis, is that people in the U.S. need more appreciation about what a benefit it is to go to the grocery store and get whatever they want for a reasonable price.

"Urban people need to understand if you don't have farmers growing food, you won't have it on the shelves," he says. ■

