

Profile: Nate and Angie Walter
Transitioning Dairy
Expected Certification: October 2013
Take-Home Message: "Network!"

This profile was prepared for the Tools for Transition project - a four-year research and education effort funded by the USDA's National Institute of Food and Agriculture¹. Tools for Transition scholarships are available for Minnesota row crop and dairy farmers participating in the Farm Business Management Education Program. Contact Meg Moynihan for scholarship information: 651-201-6616 or meg.moynihan@state.mn.us.



Background. Nate and Angie Walter operate a 100-cow transitioning dairy in Villard, Minnesota. They have two young children, ages four and seven, whom they hope will take over the farm someday and/or join the business with new enterprises. "We dream of building a successful family farm," says Nate.

Nate grew up on the Villard farm but left after high school to work as a welder. He returned home in 2002 after marrying Angie and purchased the farm business at full market value from his father: 160 acres of pasture/cropland, 80 cows, 80 young stock, equipment and buildings. Assets were financed through a long-term loan guaranteed by the Farm Service Agency.



Decision to Transition. Nate and Angie had been considering organic certification for five years before eventually making the decision to switch in October 2010. "We went to an organic field day in 2005," recalls Angie. "I was really excited about it but Nate wasn't so sure." So they waited ... until 2009 when their Farm Business Management instructor ran some numbers showing them that the farm would have "grossed another \$180,000 that year if we'd been organic," says Nate. That extra money would have helped the Walters reach their goal of becoming debt free. Going organic "was a way for us to remain a family farm," says Angie. "Otherwise we were considering growing the farm [conventionally]; getting bigger in hopes of paying off our debt," explains Nate. "We knew that that might be a losing proposition."



Photos: Angie Walter

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.

Transition Strategies. The Walters began transitioning all of their land in spring 2011. They added 20 cows and acquired another 80 acres to support forage needs for the dairy herd. They will begin transitioning their cows in the fall of 2012 so that land and animals can be certified in October 2013.

The Walters currently run a five-year rotation that includes two years of corn and three years of alfalfa hay. Their management strategy is to raise all forage and some grain on farm. When beginning to transition their land, the Walters purchased a 12-row cultivator and burner for weed control and since have been able to rent out the equipment to neighboring farmers to partially cover the equipment costs. They custom hire a neighbor to chop hay silage. “We are about 80 percent there with hay in terms of organic management,” Nate says. “Corn has been our learning curve. But it’s gone better than expected.”

Other than new equipment and weed management strategies, the Walters have not had to make many changes in the way they manage the farm – particularly when it comes to the dairy enterprise. “We were always doing 85 percent of the organic work and just not getting paid for it,” explains Angie. “We’ve never believed in hormones and rarely have used antibiotics. I don’t want to give this stuff to my kids or my cows. We weren’t typical conventional farmers before [the transition].”

Prior to transition the Walters began using a three-way cross (Norwegian Red- Guernsey-Red Holstein) to achieve genetics that they believe are better suited to organic management. They raise their own replacements. Angie handles calf feeding while Nate manages the pastures and milking. They have a New Zealand “Swing 10” parlor and one part-time milker to help with two evening shifts each week. All animals are housed outdoors year-round.

Transition Challenges. The Walters feed all the corn that they produce. It supplies approximately 60 percent of the herd’s energy ration. They purchase needed grain, protein and straw. “We’re nervous about having to buy all this organic feed [during transition],” says Nate echoing the concerns of many transitioning farmers. “We’ll get a slight transition premium for milk [from Organic Valley] during our third year but it’s not enough to compensate for the [higher] feed prices.” Organic corn and soybean prices averaged \$10.72 and \$21.63, respectively, in 2011 compared to \$5.67 and \$11.41 for conventional corn and soybeans according to the Farm Business Management (FBM) annual financial reports.

The Walters have been working with their FBM Program instructor from Alexandria Technical College to develop cash flow plans that will allow them to balance the need for certified organic grain during their last year of transition with projected income from future organic milk sales. (Farmers are required to feed grain and forage from their own third year transitional land or from a certified organic supplier when transitioning animals.)

Nate also is uneasy about certification itself – he worries about interpreting the standards correctly. “A lot of the rules are not black and white,” he explains. “I think you should get inspected during transition so that you can make changes right away [if necessary]. [Certifiers] give you a packet and tell you to keep crop records and seed tags but don’t come out until you are ready for certification. [During transition] is when we most need the advice and guidance.”

The Walters hired a consultant to answer some of their transition questions and to review their Organic System Plan early on. They also have contacted their future certifier, Midwest Organic Services Association, with occasional questions.

Advice and Outlook. “Information is knowledge,” says Nate. “Make sure you network.” The Walters are diligent about asking questions, researching ideas, and trying to “get it right” when it comes to production and finances. They rely heavily on their FBM instructor to guide them through alternative strategies and to identify information sources. “FBM has been the center spoke for all of our networking,” says Angie. “They led us to Dairy Diagnostics.” Dairy Diagnostics is a resource program created by the Minnesota Dairy Initiatives program and supported by the Minnesota Department of Agriculture and University of Minnesota Extension. Program objectives include the development of advisory committees – often consisting of veterinarians, nutritionists, other producers, and financial consultants – to guide dairy producers through a major change in operations. “We could not make the transition without the advice and help of so many people,” says Nate.