



Rabobank

*Media release
August 12, 2019*

'Milking it' – business transformation wins Northern Victorian dairy farmer prestigious Australasian award

A cleverly-executed business plan to transition her milk pool to a premium product has seen Northern Victorian dairy farmer Bonita Koch take out this year's **Rabobank 'Dr John Morris' Business Development Prize**.

Ms Koch was presented with the prestigious Australasian business prize – which is awarded annually as part of the Rabobank Executive Development Program (EDP) – at the program's graduation dinner in Sydney late-last month.

The changes Ms Koch made to her dairy farm business, after returning home from the first module of the program in August last year, saw her reposition the business' milk pool toward premium A2 protein milk, in a move to shore up the long-term viability of the enterprise.

Ms Koch, together with her husband Merv, milk 700 cows on their 270-hectare property north-east of Tongala. Born and raised on dairy farms in New Zealand, the couple made the move to Australia 18 years ago as part of a sharefarming arrangement, before going out on their own in 2006.

It was during the first week of the Executive Development Program – a course designed to enhance the commercial management skills of Australian and New Zealand rural entrepreneurs – that Ms Koch first considered transitioning the farm's milk pool to a premium product.

"The program helped set the strategic direction of our business," Ms Koch said, "and also gave me the confidence to look outside the square at other options and not stay the same as everyone else".

Ms Koch said her "light bulb" moment was a comment made by one of the program presenters who said, "if you are doing the same as everyone else, expect to get paid the same".

"And I thought, well I don't want to be paid the same," she said. "I think we are at the pointy end of farmers in northern Victoria. We know what we are on about and have done well with our profitability and consolidation. So it made me think 'what can we do to get more?'.

"And I guess the only options I could come up with were organics and A2".

Returning home, Ms Koch started setting goals to transition their business to A2 protein milk using the strategic goal setting framework learnt on the course.

"We could see the knock-on benefits for our business, but strategically we had to look at how we get from here to there, without it costing a whole lot in between," she said.



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“By using these specific goals and having them in writing, it has helped us stay on track to achieve our full potential and has also ensured we stick to our business plan and fulfil all of our goals in the timeframe we want.”

Setting an “ambitious” plan to change milk processing companies by January 1, 2019, Ms Koch said they then worked towards supplying A2 protein milk by July 1, 2019 – a deadline they also met – with their dairy herd almost fully transitioned to A2.

“I wouldn’t be being truthful if I didn’t say there were a few sleepless nights during the process,” she said. “We were asking ourselves ‘can we really do this in this current situation with the drought conditions and the high feed prices and high water prices?’.

“And while it might not sound risky to have done what we did, it would have been more risky to have done nothing.”

Negotiation skills learned on the Executive Development Program were also particularly valuable, Ms Koch said. “While I still don’t know if I am the best negotiator in the world, the skills learnt on the program helped negotiate the move from one milk processor to another,” she said.

“The EDP made me feel we could try the negotiation process as we felt the milk price wasn’t good enough or sustainable in northern Victoria.”

Ms Koch said while it had been a big transition, with the Koch’s selling their A1 cattle to buy in A2 cattle, rather than breed the new herd themselves over a lengthier period, the fundamentals of their business hadn’t changed.

“The foundations and basics of dairy farming stay the same,” she said. “We know how to feed and breed high calibre dairy cows, and we know how to run and manage a highly-efficient, producing dairy farm.”

Ms Koch said with demand for A2 protein milk increasing both domestically and in export markets, particularly Asia, there were good market growth opportunities.

“We feel fairly confident going forward that we can create a larger margin to be able to withstand the seasonal conditions like drought, water prices and high feed costs and even the high costs of labour going forward in the future,” she said.

“The numbers certainly show it being sustainable and viable for our business going forward.”

Attending the Executive Development Program as a scholarship recipient of the Gardiner Dairy Foundation, in conjunction with Victorian Dairy Industry Regional Development Programs, Ms Koch was one of three Victorian dairy farmers selected for the program as part of the Foundation’s commitment to fostering emerging leaders in the dairy sector.



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The Executive Development Program has been run by Rabobank for farmers since 1999, with more than 750 of Australia and New Zealand's most progressive farmers now graduates of the program.

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