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A Visit to Kiernan Milling, Granard, Ireland

OUT & ABOUT

by Andrew Mounsey

The Kiernan mill at Granard, a small town in the north of County Longford in the centre of Ireland, was set up in 1978 by three local pig farmers. This was the time when the pig industry in Ireland was starting to establish itself on a real commercial level and the three farmers wanted access to a consistent source of quality feed to help grow their businesses. They were called Pat Hanly, Buddy Kiernan and Benny Maguire and hence the feed business was originally known from their initials as HKM Milling.

Patrick 'Buddy' Kiernan had been born in New York to Irish parents who, in the 1930s and 40s, ran several bars which had been Speakeasys during the time of Prohibition in America. But it was during the Second World War, when soldiers had money and were willing to spend it, that the family really prospered. Things got harder at the end of the war and, in 1945, Buddy's father Willie sensed it was time to move his family on. They returned to his native home town of Ballinamore, where they invested their savings in the local pub. It was the backyard here that the young Buddy began keeping pigs.

Over the years, Buddy experimented with different husbandry systems and facilities, all the while adding to his knowledge about what his animals required to thrive. And all the while, his herd expanded. Fast forward thirty years, and what had begun as a few fatteners behind a pub had grown into several-thousand-sow pig operation. "He was," says Sean McGlynn (six years with Kiernan Milling, now the company's commercial and technical manager and also host for my visit) "a real go-getter." So it is unsurprising to learn that just 10 years after the mill had been established, Buddy as the largest of the three owners in terms of pigs produced, was able to buy out his two partners.

And it wasn't just Buddy's business that was expanding, so was his family. Seven of Buddy's eight sons and one of his four daughters would grow up to have an involvement in pigs. So in 1988, when the Kiernans gained full control of the milling business, there were plenty of family members who needed feed for their own herds; the mill also continued to supply feed for the pigs of the erstwhile partners. Major investment in the mill followed in 1989 and 1990, and the business went out to grow its tonnage and increase their share of the pig feed market. They also entered the poultry feed market, initially making a lot of broiler feeds, and in 2002 the mill was rebranded as Kiernan Milling. Sadly, Buddy died in 2010 at the age of 78, at which time his youngest son Mark took over as chairman of the company. Mark has his own farm, just a couple of miles down the road from the mill.

Today, the mill produces approximately 260,000 tonnes, of which some 80% or more is pig feed and the balance is poultry feed. The company has a market share of about 33% of compound pig feed production in Ireland, and about 30% of the market in Northern Ireland, making it comfortably the largest producer of pig feed on the island. The family also own and manage around 24,000 sows producing some 550,000 pigs annually, accounting for around 15-16 per cent of the national herd. Which would be enough for most families – but not this one! In 2007, they bought a ruminant feed business based at a mill in Boyle, Co Roscommon, called Stewarts Feeds. A well-established brand, very strong in the west of the country and particularly known for its beef and sheep feeds, at the time of the takeover the mill was producing 55,000 tonnes. Now, it's producing in excess of 90,000 tonnes. As Sean explains: "In pig and poultry feed, everything is measured. Feed

conversion is what it is all about, and everything is driven by results. We have tried to bring that philosophy into the ruminant side as well." This concept of performance has helped them to develop the brand and to grow into the dairy sector, and it is the 100,000 tonne capacity of the old stone built mill (*"It's a working antique, really"* says Sean) which is limiting further expansion. Hence the ambition to bring ruminant feed production into the Granard mill operation, which will entail putting in one additional press line together with a coarse feed plant. It will also require an increase in the bagging capacity as approximately 30 per cent of the ruminant feed produced by the company is sold in 25kg bags. When this ambitious plan is realised, the present 350,000 tonne capacity of the mill at Granard will have increased to somewhere around 500,000 tonnes. For now, the two existing mills have between 55 and 60 people working, depending on seasonality.

Mill manager Tom Lynam joined us to explain the layout of the Granard mill. Incoming raw materials go over the weighbridge and then into one of two intakes. From here, materials pass through cleaners and magnets and are elevated and conveyed across an overhead bridge to silos, ranging in size from 250 up to 575 tonnes capacity, totalling around 12,000 tonnes of storage. These are all linked to three main weighers from which material is moved to one of four pre-grinding bins, where it is pre-mixed slightly, before being sent to one of two lines. These are fed alternately so that both lines can be working at the same time. Everything is ground and then collected. Whilst the grinding is taking place, the appropriate supplement is being mixed from additives which are dispensed from a 24 bin carousel, with four larger bins with a weigher under each for the materials used in larger quantities in the supplement. A blower system then moves the supplement to the main mixer where it is combined with the ground bulk raw materials and liquids such as tallow and soya oil. Mixing takes six minutes after which the meal is moved to one of eight service bins in readiness for making pellets or for heat treatment if required, although some 60 per cent of pig feed produced is sold as a raw meal, mostly for use in liquid feeding systems. There are two large pellet presses and one small one for making link feeds and starter diets/chick feeds. There are various options for heat treating meals using a combination of temperatures, pressure and dwell time. There are two compressors and two boilers, both capable of meeting the requirements for production individually if necessary and so offering a degree of security in the case of any breakdowns. All the expanders are Kahl, the grinders are from Tietjen, some of the equipment is made by Stolz, while the conditioners and presses are from CPM: *"We always have CPM presses,"* says Tom. *"That's the way it is, that's the way it's always been"*. Process control is partly by Datastor and partly by IPCE from Northern Ireland, each controlling different parts of the operation and working in tandem. The mill runs at a fairly constant 50 tonnes per hour.

"We have one salesperson mostly on pigs, one mostly on poultry and four full-time on the ruminant side," Sean explains. On the poultry side, payment is predominantly made electronically; similarly, a high percentage of pig farmers pay their accounts in this way. By contrast, the ruminant farming community is still very much cheque-based in

Ireland. There are no tele-sales, but it is possible to order on-line and this is just beginning to take off. The company is close to realising a system whereby the customer can see all the details of their accounts on-line, including a full order history showing the type of feeds ordered by quantity and date, together with medication use and other details. This will make it much easier for farmers to keep records. The software enabling all this to happen is the WinMILL system, supplied by Kenny Information Systems, which is also responsible for the automatic weighbridge system and other aspects of the mill's management.

Next door to the Granard mill is Kiernan Transport, a company run by one of the family (obviously) and which, in the past, would have provided much of the transport requirements of the milling business. These days, however, as the pig farms have got bigger, many of the individual farms have their own lorries for their own work. All of the Kiernan family pig operations now do their own haulage in this way, and several of the other customers have gone in that direction. It is an aid in disease prevention and, once a farm is big enough to take one or two loads a day, there is enough work to keep a lorry going. The mill works on delivered prices and agrees a haulage rate with the customer which is invoiced back to the mill.

The pig industry is going through tough times, says Sean, with feed costs up by around €100 per tonne on 18 months ago. This creates huge financial pressures on farmers' cash flow, and the move to loose sow housing systems adds to the costs which have to be met (although overall, he believes, Kiernan's customers are about 80 per cent through the process of upgrading their housing). *"But feed prices are about to drop,"* he says, *"so the outlook is pretty good and some money will be made back"*. The size of the Irish national pig herd has remained fairly static. A little less than half of the pig feed produced at the mill goes to Kiernan family farms, while the typical non-family farm customer will have something in the region of 500-600 sows. Kiernans supply all the feed requirements of most of their customers. Three years ago, the company started to produce pig creep feeds and the non-fish creep is made at the Granard mill; production of creep containing fishmeal is contracted out and currently comes from A-One.

The make-up of poultry feeds produced has changed dramatically in recent years. Previously, much of it was broiler feeds, but this industry has experienced problems with several large producers going out of business. Kiernans were able to avoid having their fingers burned thanks to keeping a close eye on their customers and pulling back when they needed to. But it is, says Sean, largely a credit-based industry, so caution is required. Layer feed production, which started two years ago, has, in contrast, really taken off and there is lots more tonnage to go and get. Seasonally, the company makes turkey and pheasant feeds and sometimes, some duck feed as well.

Ruminant feed is mostly beef and sheep, with a growing success in sales in dairy led by the company's reputation for feeds which drive performance; much is coarse mixes and about one third is bagged. Half is sold direct to farmers and half (including most of the bagged feed) via merchants, largely to the type of small farmer who wants to buy 10 bags and put them in the back of his Jeep. This part-time sector is

remaining stable, if not becoming more prevalent in Ireland, even as the full-time farmers are increasing in average size. Sean admits that he likes dealing with merchants. "They are businesses," he explains, "which take full lorry loads in and understand that they have to pay you every single month. Some farmers only need feed every couple of months and think they might wait till they need feed again before they pay you!" The key, Sean says, is to try to get into a merchant and maximise your business there, so that they are getting all their feed requirements from Kiernans. The company doesn't own any country stores or merchants itself and, although it hasn't ruled this option out entirely, the current thinking is that they don't want to alienate their customers by competing with them. "Let them do what they are good at and we'll do what we are good at," says Sean.

As a company, Kiernans likes to source as high a proportion of their raw materials from within Ireland as they can. Normally, about 80 per cent are products of native origin, but last year's cereal quality issues made this impossible, and a lot of material was bought in from the Baltic states. They paid a premium for this, but had little choice; their farmer customers could not afford a drop in performance. Wheat is the major cereal used, although the amount of maize included has grown significantly in the last four years as the company has found huge benefits in including it in their pig feeds. Most of the maize is of French origin. Also, in the last 12 months, the entire formulation has been shifted to a Net Energy basis, rather than Digestible Energy. Again, this has had enormous benefits in getting the most out of the raw materials and improving performance on farm. Sean, who has a Masters in pig nutrition from University College Dublin, keeps up to date with the latest research through his old university and also through the Schothorst institute in the Netherlands.

The company analyses all raw materials and has its own laboratory facilities including NIR, of which it makes extensive use. "We send back a lot of raw material," says Sean. "But because our suppliers know this, they don't like to send us anything dodgy." All raw materials are tested before they are tipped, bushel weight is measured and free fatty acid tests carried out on all oils. They measure protein, oil, fibre and ash,

but have also recently started to measure starch content. Cereals are bought on a bushel weight contract but bushel weight is recognised to be a crude measure, while starch content is what is important.

All lorries coming into the mill are automatically disinfected and are also fitted with a tag which is read to let the weighbridge know what is in the lorry. In this way, raw materials can only be routed to the correct bin; the system won't allow the driver to do otherwise. Lorries are fitted with trackers so that the people at the mill know exactly where they are and when they are due in; as Sean says, "If you phone them, drivers always tell you they're 10 minutes away because they want you to have their load ready – they don't want to have to wait!" The tracker gives a more accurate picture.

The company has a significant amount of cross-border trade into Northern Ireland. The simplest way to administer this is to keep separate Sterling and Euro accounts so that, what they bring in in Sterling, they spend in Sterling on ingredients and thus don't have to worry about currency exchange movements. "Currency can destroy you," Sean says. So once again, they find a way to concentrate on what they do best and leave currency concerns to others.

As I rose to take my leave and make my way back to Dublin airport, I noticed that the business cards on Sean's desk carried a company name which was a little different to the one I was expecting. When you consider that all that I had been hearing about – the mills and the farms, as well as extensive property interests which are outside the scope of this article – had grown out of the backyard pig keeping exploits of a young boy who had arrived in the country for the first time at the age of 14, it is surely an appropriate tribute that the company is now to be known as Buddy Kiernan Milling.

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