



The Center Spotlight

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Kohl Offers Market Insight, Management Advice for Producers

Editor's Note: This is part of a monthly series of timely articles and information from the Center for Dairy Excellence, a non-profit organization focused on strengthening Pennsylvania's dairy industry.

HARRISBURG, Pa. — Marlin Shultz wanted a glimpse of what the future might hold for the U.S. dairy industry, so he joined a conference call hosted by Dr. David Kohl, professor emeritus at Virginia Tech. The call was part of the Center for Dairy Excellence's Mastering the Dairy Business learning series that addressed dairy markets and producer options.

"This is the lowest the dairy economy has been in the 40 years that I have been farming," Shultz said. "I wanted to understand what has happened and what the future might bring."

What Shultz got was a glimmer of hope. "Kohl had some positive things in his outlook, and I got the feeling that there may be light at the end of the tunnel," he said. "But you still to evaluate your own farm and make sure you are doing what needs done to work through the downturn."

You can never have too much information

Shultz was one of nearly 100 people who listened in during the lunch-hour conference call that was presented in two parts. The first part looked at "What's Around the Curve and Down the Road," while the second part discussed the "Nuts and Bolts of Business Turnarounds." Hand-outs from both presentations and a recording of the call are available online at www.centerfordairyexcellence.org.

"I always say you can never get too much information," said Shultz, who milks 85 cows in Danville, Northumberland County. "I thought the discussion would help me with some of the decisions I might want to make."

The need for more information is also what drew David Gehman from Ulysess, Potter County, to the call. "I was interested in understanding what influences our milk price and learning more about why it is so low right now," Gehman said.

"Kohl gave a nice overview of what might

happen down the road, and it seemed like things may turn around soon," Shultz said. "You can't really say for sure until it happens, but it did seem more positive that it has been in the past six months."

Gehman was surprised at how much influence other countries have on the dairy economy. "I learned a little more about the world economy and how China and other countries play a role in our markets," he said.

Shultz found the discussion on the "Nuts and Bolts of Business Turn Arouns" very valuable. "Kohl looked at the things you need to watch out for in your own dairy operation to make sure you don't get into financial difficulties," he said. "That information was really useful because it reminded me that there are always things to improve on any dairy farm."

During his presentation, Kohl walked producers through common problems, from both the financial and management sides, that dairy farms face and what possible solutions may be.

"It demonstrated the need for pre-bookwork to better understand your financial situation," Shultz said. "It also helped me evaluate my own operation for ways we could use time more effectively and reduce labor costs."

Gehman says participating in the conference call with Dr. Kohl was part of the learning process. "I am still somewhat confused on how milk is priced, but I am getting a better handle on it," he said. "I'm planning to attend the one next month, too, hopefully to learn more."

Part of Conference Call Learning Series

The call with Dr. Kohl was part of the center's Mastering the Dairy Business conference call learning series intended to provide dairy producers with the insight and expertise they need to manage their dairy in an ever-changing industry.

The next conference call is scheduled for Tuesday, September 29, from 12 - 1:30 p.m., with Gary Siporski, who has worked with dairy producers in the upper Midwest for the for the past 17 years and



Dr. David Kohl (above) from Virginia Tech, who led last week's MDB conference call, and Gary Siporski (right), who will lead the one in September.

writes regularly for *Hoard's Dairyman* and other ag publications.

Siporski will address what has happened to milk prices and what needs to happen for them to recover. He will also discuss the financial measures dairy producers should be taking now, and what they should do after the milk price rebounds.

Any dairy producer can participate in the call with Siporski by calling 717-346-0849 or visiting www.centerfordairyexcellence.org. Click on "CDE Events," then on "Mastering the Dairy Business Conference Calls" for more information. PowerPoints and audio from Dr. Kohl's call can also be accessed there.

Strength in Key Management Areas Drives State Production Increase

HARRISBURG, Pa. — Pennsylvania increased total milk production by 0.4 percent, compared to a national decrease of 0.1 percent in total milk supply. The state's increase was driven entirely by a 0.6-

percent increase in milk production per cow, with total cow numbers down 1,000 head from a year ago.

Hidden behind the increase in production is strength in key dairy management areas. Dairy farms

showed improvement in both reproduction and milk quality, with somatic cell counts down by 9 percent and pregnancy rates up by 1.6 percent. Average age to first calving also improved by nearly a half percent, with nearly 40 percent of the state's herds freshening heifers at between 21-24 months of age.

In lower milk-price periods, increasing milk production per cow is an ideal way to enhance your income without significantly increasing costs. In fact, studies show the difference between 60 and 80 pounds per cow per day could result in \$40,000 additional income per year, even at \$12 per hundredweight milk.

Resources available for your farm

Farms that want to improve their milk production per cow or target another area such as reproduction, milk quality or even heifer management may benefit from forming a Target Team.

The Center for Dairy Excellence has \$3500 in support available and other resources to help put together a team of professionals to help fine-tune your dairy. For more information about the program, visit the "Producer" section of www.centerfordairyexcellence.org or call the center at 717-346-0849.

To see how your dairy compares to state trends and to view the complete scorecard online, visit www.centerfordairyexcellence.org. Click on the "Scorecard" icon at the bottom of the home page.

Pennsylvania Dairy Industry Performance Scorecard Summary	July 2008 Report	July 2009 Report	Change from last year	Target range
Milk Cows	546,000 cows	545,000 cows	-0.2%	
Rolling 12-Mo. State Milk Production	10.697 bill. lbs.	10.518 bill. lbs.	-1.7%	10.8 bill. lbs.
Wholesale Milk Price	\$21.40/cwt.	\$13.00/cwt.	-39.3%	
PA Daily Feed Costs (cost of corn, soybean & hay at 65 lbs. milk)	\$5.73/cwt.	\$4.08/cwt.	-28.7%	
Milk Production/Cow/Day	60 lbs.	61 lbs.	+0.6%	80 lbs.
% of Herds with 80+ lbs./cow/day	9%	12%	+39.2%	
Rolling 12-mo. Herd Production Average	21,151 lbs.	20,931 lbs.	-1.0%	25,000 lbs.
Average Somatic Cell Count	341,000	310,300	+6.6%	200,000
% of Herds below 200,000 SCC	23%	28%	+24.4%	
Average Days In Milk	197 Days	189 Days	+4.1%	185 Days
Average Age to First Calving	25 .6 months	25.5 months	+0.4%	21—24 mo.
Average Days to First Service	92 Days	89 Days	+2.9%	< 80 Days
Average Cull Rate (% left herd)	32.7%	33.4%		20—35%
Average Pregnancy Rate	17.59%	17.87%	+1.6%	> 20%
To view complete scorecard, visit:	www.centerfordairyexcellence.org			