

SHARING IDEAS FOR NO OR LOW COST PROFIT ENHANCERS

2009 PROFITABILITY FORUM BREAKOUT SESSION

Facilitator: Mike Evanish

Panel: Dr. Brian Reed – *Ag Vet Associates*, Dave Kirk – *Pennfield Feeds*, Rick Ridgeway – *Dairy Consultant*

1. Excluding milk price, what area has the greatest impact on the bottom line and why?

BR: Capacity farm is producing, don't give up high milk production even in the bad times; don't make quick decisions that will hurt in the future.

DK: Feed costs, some cut out additives wisely; some cut feed out which will hurt in the short and long term

RR: Milk production is key – look at the farm as a manufacturing plant, each must come up with the lbs of milk they need to produce; what can I get away with short term that won't affect the long term? Must have a complete package – cow comfort, feed, etc.

Production is key!

2. How does a producer know the optimal level of production for their farm?

DK: From a feed side, spreadsheets – income calculator for feeding programs/find milk income from those! Use available tools to help make decisions, many available resources out there – utilize Penn State website.

RR: Cows will tell you –herd health. Suggested use of Penn State's PA Dairy Tool. Everything has to be moving in the right direction and there has to be a balance to all that you are doing.

BR: Long term goals are a must – decision should be made based on those. Production happens based on cow comfort, genetics, forages, etc. Can be limited by these things – varies for individual. Important to take care of the cows.

Specific examples to look at:

BR: One thing often overlooked is water quality.

RR: Keep water favorable and accessible.

DK: Forage quality important

RR: Cow comfort –watch cows, what do I need to do if they aren't doing...? Experiment.

3. What can be done to increase cow comfort and production without spending a lot of money?

BR: Adjustments, dry/pre-fresh period – must have enough space during this time. Use vet money and treatment cost wisely especially with sick, broken cows. Some ideas how to do that:

- Cull cows sooner
- Good record systems for your farm
- Don't throw it all into one cow
- Take time to evaluate sick cows
- Treatment protocols, exam protocols

RR: A few individual cows can rack up lots of money; cull before their not profitable

DK: Facilities – maintenance and improvements a concern.

4. What SCC should producers be aiming for and how do they get there?

DK: 200,000 – look at Standard operating procedures, prep (pre/post dip), quality premiums can help

BR: Better than last year – standard your own operation, continue making progress, benchmark against yourself. Consistent protocols, better training of help, clean, dry environment

RR: Observe milkers:

- Check teat end – is it clean?
- Good coverage of post dip
- Time milker gets put on – is it too soon or too late?

5. What dollar amount would a drop 100,000 in SCC amount to?

BR: 1.5 lbs milk production gained when SCC dropped in half (ex: 400,000 SCC dropped to 200,000), bonuses, increased pregnancy rates

RR: High levels of stress cows (poor nutrition, slippery walking surfaces) will increase SCC

DK: Suggests checking out Tom Lorenzen's info on milk quality

6. What should producers be doing differently today than they were a year ago?

RR: No drastic changes – could have long term affects. Reduce costs (ex: breeding – continue using AI but use young sires and less expensive bulls), challenge those you work with to find ways to

cut things that won't affect the long term (ex: nutritionist – what don't I need anymore?) Ask yourself: How do I utilize the cash I have right now?

BR: What should we learn from this down cycle? WANT vs. NEED!

RR: What did we do with the cash we had from the good years? Get to a point where we have cash for the low times.

BR: If in a good position, take advantage of opportunities, work with the bank, get short term debts paid off, get a cash flow plan.

Communication matters!

RR: Do a cash flow projection at the beginning of each year.

7. How many clients are holding on until this is over and will get out of the business in a year from now?

BR: Less than 5% (most cases 55-60 years with no one to take over, don't want to go through this again)

DK: Clearly producers would be out if cow prices were better, has a concern about who will stick it out and who won't.

RR: Most clients in it for the long term, some bad situations going to be worse

8. Of your clients, what percentage would you consider to be good dairy cow persons?

RR: 90% - can quickly pick up who's not

BR: Agrees 90-95%, last cycles of low prices took those out, only good dairymen left

DK: Lower %, but not a fair comparison because he works with the problems.

Other thoughts:

BR: Look at heifer inventory – if not expanding why feed so many? Overcrowd? Sell, merchandise, cash in to pay bills; DO NOT do this if you need animals for the long term!