

ISU Dairy Specialist Responds to Dairy Profit Concerns

By Larry Tranel, ISU Extension Dairy Field Specialist, NE/SE Iowa

Problem Statement:

2009 was a difficult year for the dairy industry. Low milk prices and high feed prices combined to give losses on many farms between \$500 - \$1,000 per cow for the year causing both negative cash flows and losses of equity position. Because of the serious profit issues, dairy producers needed to fine-tune not just their financial management but their herd management, facility management and their personnel management as well.

Programmatic Response:

The ISU Dairy Team initiated meetings around the state on the Dairy Financial Crisis and also presented the issue at their Dairy Days. As a follow-up to these meetings, this dairy field specialist highly encouraged farm visit follow-ups to further deal with the broad array of issues that can help producers survive the current financial crisis. A survey was sent to 55 producers in May, 2010 and 36 producers returned the survey. Below are the numbers of producers who were assisted with each topic area

Dairy Herd Management:

6 Milk Quality/SCC
10 Nutrition/Feed Quality
9 Herd Health/Reproduction
5 Heifer Management
13 Rotational Grazing

Dairy Financial Management:

18 Calculating Milk Production Costs
17 Financial Benchmarking
8 Dairy/Heifer Budgeting
19 Managing Dairy Farm Finances
25 Dairy TRANS Financial Analysis

Dairy Facility Management:

19 Milking Parlors/Equipment
16 Dairy Housing/Cow Comfort
17 Labor Efficiency/Ergonomics
2 Manure/Environment/Energy
7 Ventilation/Cow Comfort

Personnel Management: 9 Farm Family Relationships 8 Employee Training 4 Hispanic Labor

Other Areas not listed: Share Milking

Outcome Statement:

The 36 surveys rated the the teaching and consulting effectiveness of this dairy field specialist; his value in assisting dairy farm management decisions; and his impact in the profitability of the dairy farm. The data below depicts the annual total economic value of these dairy farm follow-up visits:

1. How would you rate the **teaching** or **consulting effectiveness** of Dr. Tranel?
28 Excellent **(78%)** 8 Good **(22%)** 0 Fair 0 Poor n=36
2. Did you find Dr. Tranel **valuable** in assisting you in dairy farm management decisions?
34 YES **(100%)** 0 NO n=34
3. Did Dr. Tranel have an impact in the profitability or understanding of the profitability of your dairy farm?
35 YES **(100%)** or 0 NO n=35
4. Please list any **estimated** gross dollar or production improvement Dr. Tranel and ISU Extension has had:
 - a. \$ 217 per cow **(\$112,840)** \$ 45 per acre **(\$22,050)** or \$ 90,000 per farm **(\$360,000)**
104 cows in herd 245 acres operated n=5, n=2, n=4 above respectively
 - b. Milk production increased 9.0 pounds per cow/day **(\$358,722)** n=7
Milk production increased 250,000 pounds per FTE/yr **(\$75,000)** n=2
Milk production increased 2,167 pounds per cow/yr **(\$101,415)** n=3
 - c. Somatic Cell Counts decreased by 145,862.5 per cow (~50%)
n=6 x 104 cows x 200/cwts./cow x \$.40/cwt = **\$49,920**
n=6 x 104 cows x 375 lbs increase/cow/yr x \$.15/lb. = **\$35,100**
 - d. Feed costs decreased by \$ 0.70 per cow/day **(\$53,144)** n=2
or by \$.50 per cwt. of milk produced **(\$14,000)** n=1

TOTAL ECONOMIC IMPACT: \$1,182,191