


**DAIRY FARM
MANAGEMENT
BASICS**


A Farm Management Course by
Glenn A. Shirk
Penn State Extension Agent
Lancaster County, Pennsylvania

Management Practices - Article 6


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Previous articles looked at how farming methods and size of business affect farm profits. How well you manage the herd also has a major impact on profits. Focus your management efforts first on those practices that have the potential for returning the greatest profit. Table 1 is an example of some potential impacts.

Table 1. Some Profit Boosters (assumes 18,000 lb. of milk per cow per year.)

	Example	Yours
Reduce debt per cow \$1000 (Average term of loan is 15 yr. at 8%. See Article 3.)	115	_____
More milk per cow (2000 lb. per yr. or 6-7 lb. per day) (5\$ profit per additional cwt. milk x 20 additional cwt. milk.) (Gain 3-6 lb. per day with better genetics, care and feeding.) (Gain 3 lb. by dropping SCC from 800,000 to 200,000.)	100	_____
Sell more cows for dairy purposes and less as culls (assume a 25% cow turnover rate) (half are sold for dairy at \$1200; half are culled for \$400) (800 difference on half of the cows slod / 4 yr. life = \$100)	100	_____
Fat test increased 4 points without loss of milk (180 cwt. x 4 points x \$0.13 per point)	94	_____
Reduce feed cost \$0.50 per cwt. - - without loss of milk	90	_____
Reduce calving interval by 1 month (30 days) (Daily income over feed for 1st. 305 days = \$4.80) (Income over feed per day beyond 305 = \$2.30) (30 days x \$2.50 less profit for each day beyond 305 days)	75	_____
Reduce cull rate from 33% to 25% (1200 heifer - \$400 cull = \$800 net cost of replacement) (800 x 0.33 = \$267 replacement cost per year) (800 x 0.25 = \$200 cost per year, a savings of \$67)	67	_____
SCC (milk quality) bonus of \$0.30 per cwt. x 180 cwt.	54	_____
SNF test increases 2 points (180 cwt. x 2 points x \$0.08 per point)	29	_____
Reduce calving age by 2 months (60 days) (60 days x \$1.50 cost per day + 4 yr. in the herd = \$23)	23	_____
Total impact	747	_____
Compare to a milk price change of \$1.00	180	_____
Compare to the profit margin you need per cow (see Article 1.)	_____	_____

The cumulative impact of all the above changes could be about \$747 change in profit per cow! That's equivalent to \$4.15 per cwt. of milk! We can talk a lot about milk prices, but we have little influence over the prices we receive. However, we can sharpen our herd management practices in an effort to offset the negative impact of milk price declines, as illustrated in the table, above. In doing so, we also enhance our competitive position in the industry and help to insure the future viability of our business.

Locate the most serious bottle necks that are hindering production and profits. Fix these big problems first, before doing the easy fixes on the minor problems. Fixing minor problems may have little or no beneficial impact until the major bottleneck is fixed. For example, treating coliform mastitis will have no lasting effect until you provide cows with clean dry stalls and maternity areas, and having clean dry udders. And, if the cows aren't fed right, milk production may not show much of an increase, even though you cured the mastitis and corrected its cause.

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