Five Ways to Improve Dairy Farm Economic Profitability in Difficult Times

THE UNIVERSITY of WISCONSIN MADISON

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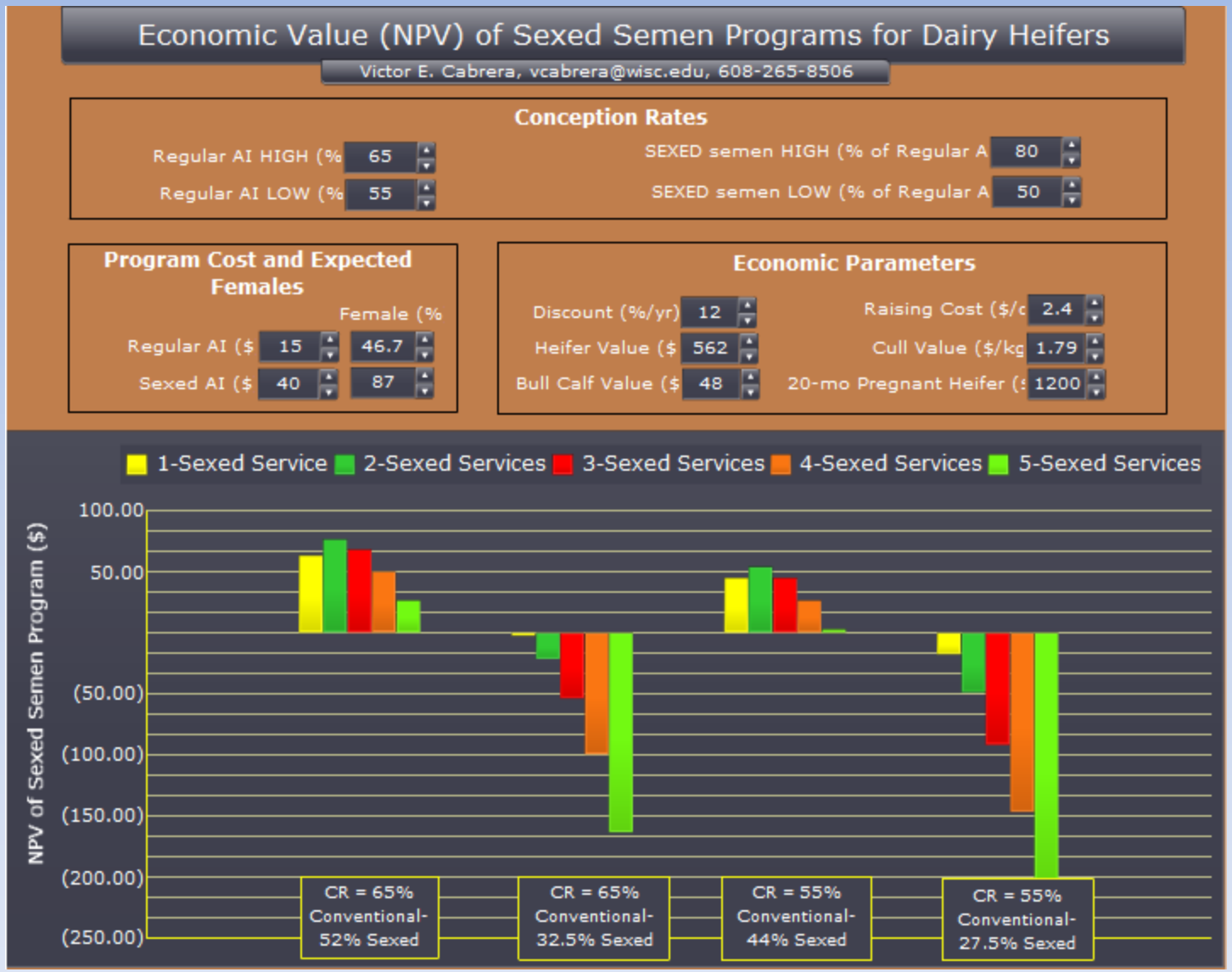
1. Should I Use Sexed Semen with Heifers?

- Sexed semen increases the conception of female calves (+)
- Female calves are more valuable than male calves (+)
- Sexed semen results in lower conception rates than regular semen (-)
- Sexed semen is more expensive than regular semen (-)

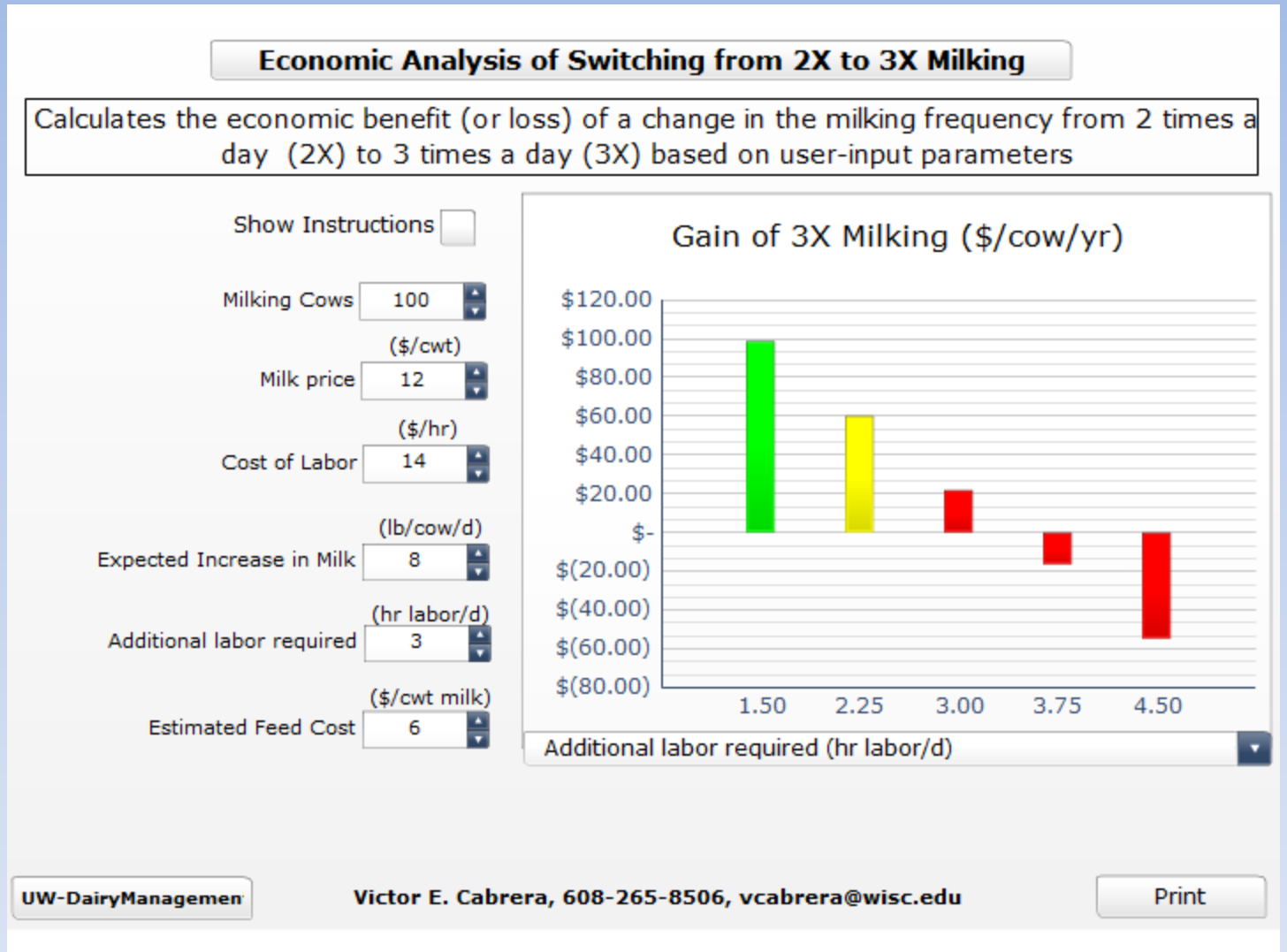
1. Net Present Value of Sexed Semen



2. Should I Switch to 3X Milking?

- Higher milking frequency increases milk production (+)
- Higher milking frequency requires additional labor (-)
- Higher milking frequency incurs in additional costs of feed (-)

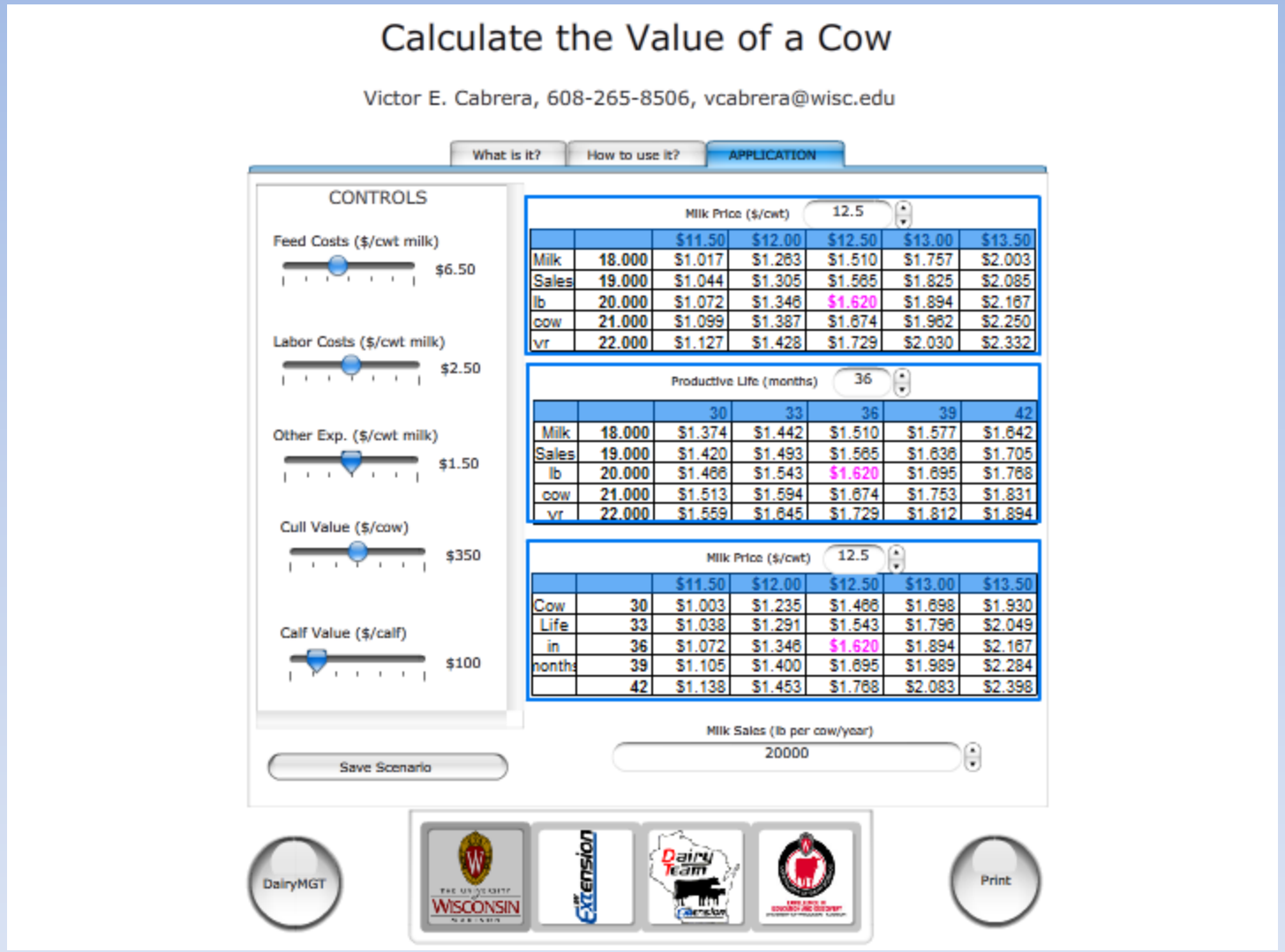
2. Economic Analysis of Higher Milk Frequency



3. Should I Sell/Buy Cows?

- Cows in herd produce milk (+)
- Cows in herd incur in a series of costs (-)
- Net margin > market value = buy
- Market value of a replacement < expected value = buy
- Market value of a replacement > expected value = sell

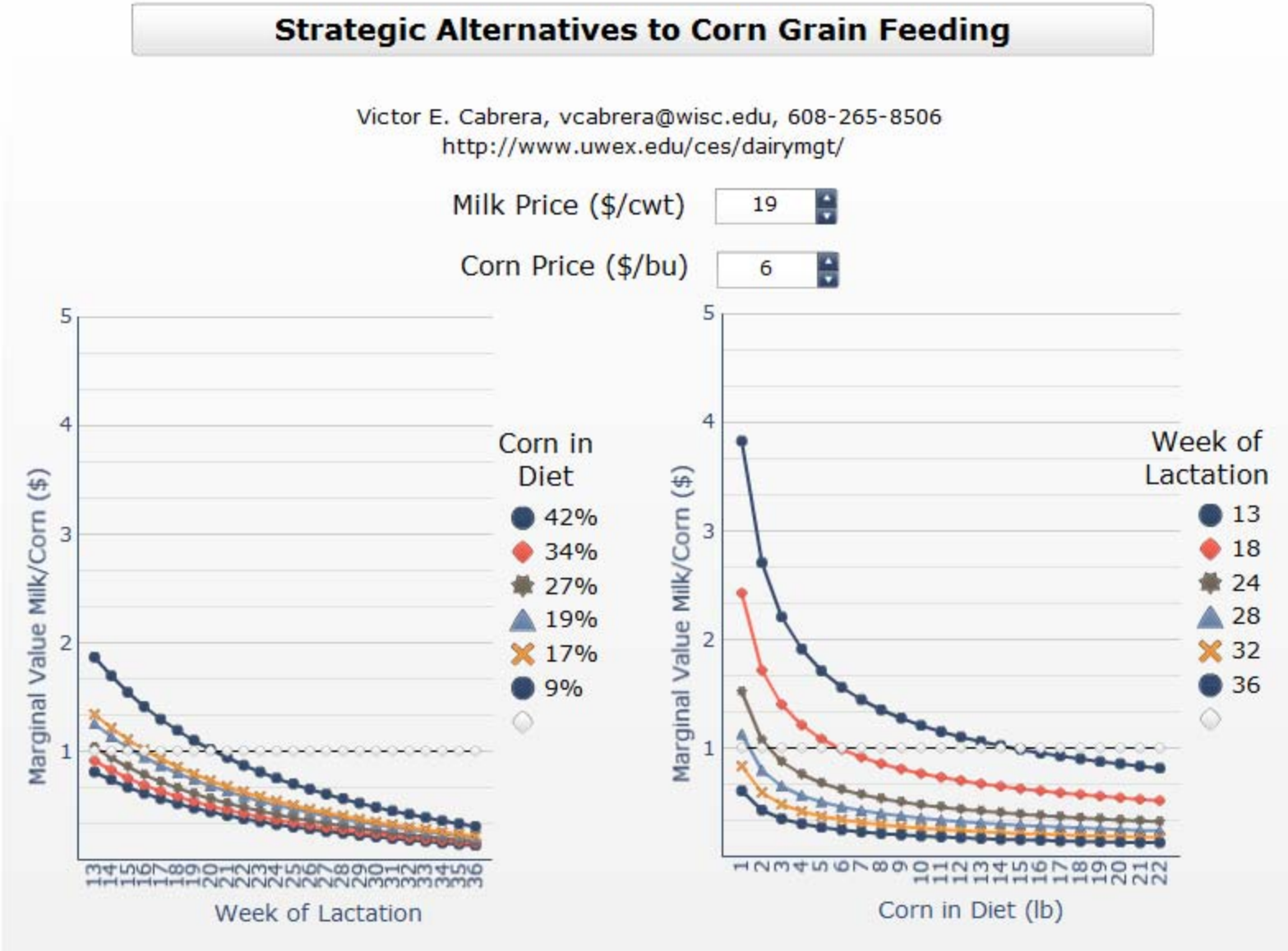
3. The Value of a Cow



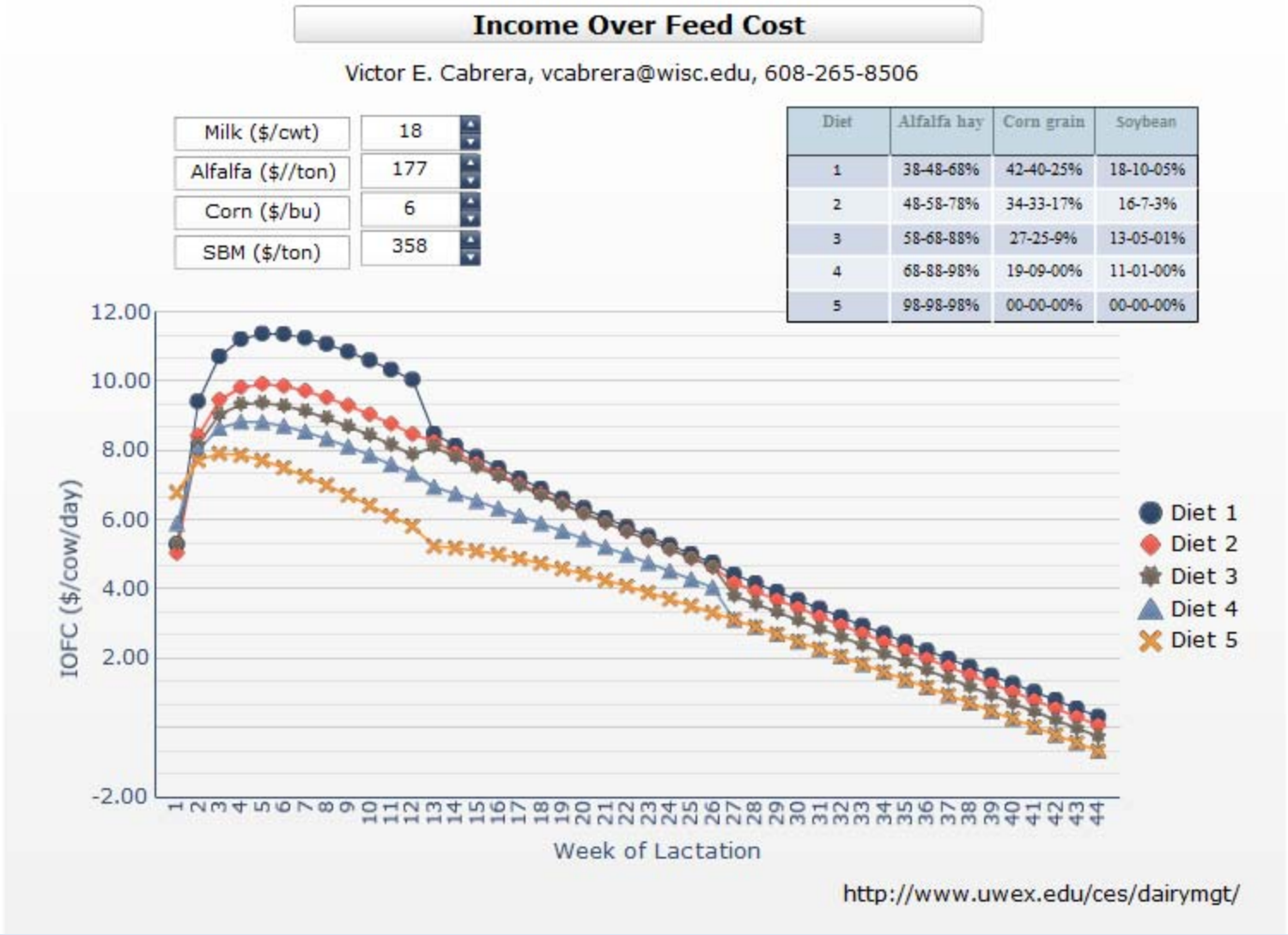
4. Should I Fine-Tune my Diet?

- Milk production respond differently to different diet components (+/-)
- Milk production greatly depends on the stage of lactation (+/-)
- Milk has frequent price variations (+/-)
- Feed components have frequent price variations (+/-)

4. Corn Break-Even



4. Income Over Feed Cost



4. Income Over Feed Supplement Cost

Income Over Feed Supplement Cost (IOFSC)®

V.E. **Cabrera**, R.D. **Shaver**, and M.A. **Wattiaux**

Overwrite **yellow** cells and make appropriate selections.
Click on **blue button** to optimize IOFSC: results appear in **blue** cells. Click on **red button** to substitute between feed supplements; results appear in **figures** and **table**.

Units: ○ Metric ◉ **English**

1	Calculate Dry Matter Intake (DMI)				
1.1	Milk Producion (MP)	lb/cow/day	80		
1.2	Body Weight (BW)	lb/cow	1400		
1.3	Days in Milk (DIM)	day	100		100
1.4	Dry Matter Intake (DMI)			lb/cow/day	**53.66**

2	Set the Sources and Proportion of Forage in the Diet				
2.1	Proportion of Forage in Diet	--------- % of Diet	50%		26.8297
2.2	35-Corn Silage-CoSi	---------- % of Forage	50%		
2.3	83-Alf. Silage-AlSi	---------- % of Forage	50%		
2.4	35-Corn Silage-CoSi Edit	---------- % of Forage	0%		
2.4	Crude Protein in Diet Provided by Forage	----------		lb/cow/day	**4.12**

3	Set Source of Energy Supplements and Prices	Price ($/bu)	Current Diet (lb)	Upper Limit (lb)	Optimal (lb)
3.1	27-Corn-CGG	3.54	20.88	25	**17.62**
3.2	8-Barley-BGR	4.8		0	**0.00**
3.3	116-Wheat-WGR	7.4		0	**0.00**

4	Set the Source of Protein, Byproduct Supplements and Prices	Price ($/ton)	Current Diet (lb)	Upper Limit (lb)	Optimal (lb)
4.1	106-Soybean Meal-SBM	300.00	5.95	25	**4.21**

5. Should I Enroll in LGM-Dairy?

- Do you need a target income over feed costs to cover other variable costs?
- Do you have payment obligations?
- How important is the stability of your net margin?
- Are you more concerned with the risk of losing money?

5. UW LGM-Dairy Premium Calculator

When do you want to purchase inurance? **Jan-2009**

Where is your dairy herd located? **WI**

Months of Coverage	Monthly Prod. (Cwt)	Corn Equiv (Ton)	Soybeam Meal Equiv (Ton)	% of Production to be covered
Mar-09	4213	98.1	21.7	100.0%
Apr-09	4113	95.8	21.1	100.0%
May-09	4340	101.1	22.3	100.0%
Jun-09	4188	97.6	21.5	100.0%
Jul-09	4240	98.8	21.8	100.0%
Aug-09	4188	97.6	21.5	100.0%
Sep-09	4023	93.7	20.7	100.0%
Oct-09	4075	94.9	20.9	100.0%
Nov-09	4038	94.1	20.8	100.0%
Dec-09	4063	94.7	20.9	100.0%
Weighted Totals:	41481	966.4	213.2	

Deductible= 1.5

Make sure you have downloaded the monthly data files for the months for which you want to analyze.

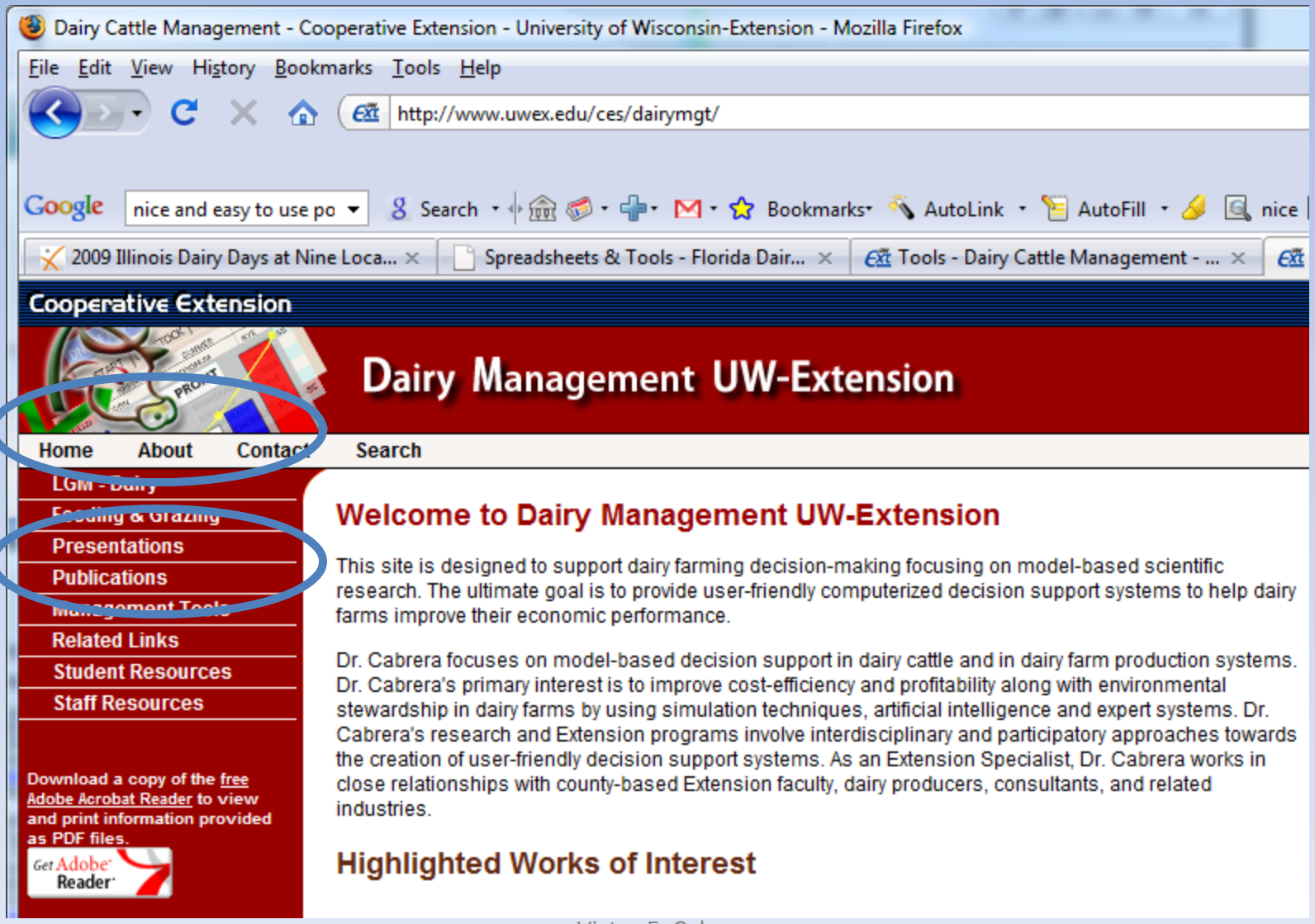
After All Farm Data is Entered, Click to Run Your Analysis

Do You Need Help With Converting Your Feed to Corn and SBM Equivalents?

=user supplied input

=given data

http://www.uwex.edu/ces/dairymgt/ Management Tools



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Thanks
Questions?

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