



DAIRY NEWSLETTER

JUNE 2011

High producing vs. low producing herds - what's the difference?

Getting more milk per cow is a result of many little things done right. Genetics is the starting point. If you don't have the breeding, there can be no additional milk. Many herds have the genetics but still do not get the expected milk. That is when all the feed quality, management and cow comfort variables have their say.

Let's look at high production herds and compare them to low production herds from the Profit Profiler program to see what differences we can find and learn from. These two groups consist of the 21 herds with milk sold per cow greater than 10,000 kg and the 20 herds with milk sales less than 8,600 kg per cow.

Basic management parameters are compared in table 1. The higher production herds have a better result in each of the measures for milk, components, reproduction, udder health, heifers, labor and forage yields.

TABLE 1	High Production	Low Production
305 day milk	11,110	9,303
Milk sold per cow, per year	10,893	8,157
Protein:fat ratio	0.86	0.83
Pregnancy rate	17.9	14.5
Percentage herd greater than 200 SCC	15	25
Age @ 1st calving	25.0	27.0
1st lactation production	9,810	8,280
Cows milked per person	56.7	48.3
Forage acres per cow (forage yield)	1.8	2.0

Even a measure like comparing 305 day milk and milk sold per cow, per year (which would indicate if there were an abnormal number of cows in late lactation or dry), shows that 98% of the milk was sold (compared to 88%). Cows don't make you a lot of money when they are in late lactation or dry. These herds make sure cows are productive. It makes sense. Top herds are better because they manage each of the small things well.

If we look at investment in the cows, we find that the higher production herds have more cows (210 vs 98), more investment in buildings (\$1,325 vs \$958 per cow) – which means probably newer, more technically advanced and probably better cow comfort, more investment in quota per cow (\$17,500 vs \$10,400) and more debt on a comparative basis (\$51 vs \$43/kg fat sold).

These herds invested in their money makers with the expectation that there would be a return on the investment.

Finally when we look at their cost of production, we need to be careful what we look at. For example, the high production group spent \$1,976 per cow on feed compared to \$1,585 for the low group. However, they also achieved more milk and milk revenue because of the milk sold and a better component ratio (\$7,811 vs \$5,960).

Any input into a cow is an investment. If you invest \$1.00 and get back \$2.00 in a short time, that is a good investment. If you get less than \$1.00, it is not. We need to look at costs in comparison to the revenue it generates. Because of that, the best way to measure the cow and heifer costs is to compare them on a **cost as percentage of milk revenue**.



Table 2 shows the difference in costs. The high production herds had virtually all their costs proportionally lower, spent 4% less overall to manage cows, (about the same total cost for heifers even though it was more dollars per heifer), and on the whole farm basis, their cost to make \$1.00 of income was \$0.05 better than the low group.

For a similar size herd (100 cows), they had \$72,412 more to cover principle payments, profit, and reinvestment after ALL costs (including labour) were covered. It seems to me that the original premise is true: **more milk equals more profit**.

TABLE 2	High Production	Low Production
Home-grown forage per cow	\$707	\$718
Total cow feed costs	25.3%	26.6%
Cow health & breeding	3.8%	4.5%
Cow labour	8.2%	9.1%
Total cow costs	55.6%	59.6%
Heifer feed costs	6.1%	6.1%
Total heifer costs	11.5%	11.7%
Annual cost per heifer	\$999	\$857
Milk Revenue per person	\$442,949	\$285,328
Cost to make \$1.00 of revenue	\$0.80	\$0.85
Net income per 100 Cows	\$174,276	\$101,864

CONTINUED ON BACK

This newsletter outlines some of the results and issues we have found with Profit Profiler. To discuss anything, please contact Bill Grexton at 1-800-549-4373 ext 254. For more information about the program, visit www.profitprofiler.ca.

However, high production and high profit is NOT a result of a “magic bullet” but it is a matter of doing all the small things a bit better. Each and every one of the benchmark measures were better for the “high” herds – even in a number of other areas that weren’t mentioned in this article.

For a dairyman, knowing their strengths and opportunities to improve both animal and feed management, or cost of production, means they can increase profitability one step at a time. Every dairyman can do this, no matter where they are at present. They just need to know what to tackle first. Put the Profit Profiler tool in your toolbox and use it wisely.

Calving heifers younger

There is a lot of discussion about the best age for 1st calving. Here are some results of two groups of 20 herds each with the youngest and oldest age at 1st calving. The youngest age group herds were all less than 24.5 months (averaging 24.0), and the oldest were all older than 27 months of age (averaging 28.2). The group with youngest age sold over 600 kg more milk per cow, with their 1st lactation cows producing 375 kg more per year than the older age group. Overall cost to raise heifers was less, although it was higher per heifer per year. In terms of individual costs (as % of milk revenue), the older age group had lower labour and registration costs but all others were equal or higher.

TABLE 3	Low Age	High Age
305 day milk (herd)	10,306	9,710
305 day milk (1st Lactation)	9,172	8,739
Milk sold per cow, per year	9,841	8,440
Pregnancy rate	19.0	15.8
Heifer Cost (percentage milk revenue)	12.2%	13.0%
Heifer Cost (dollars per year)	\$951	\$937

Overall farm comparison of the two groups had the “Low” group with better measures in most of the major benchmarks. It appears that a manager who is looking to maximize all aspects of their business also have well-grown heifers calving at 24 months or below and the results show that it pays off. As one dairyman told me, “if they are big enough to breed and calve, why would I wait? I employed the calf accelerated growth program. Now I am reaping the results of it.”

More comparisons available

Because more dairymen have been using the program, we now have over 12 different groups with which to compare your herd. This can be a great help because you have more opportunity to compare your results with a peer group closer to you in size, location, or production. You can do this by logging into the program and selecting the group before reprinting your reports

This sample on the right shows how it works. Simply click on the drop-down and then the group you wish to be compared to, and any reports you print will be compared to that group.

The benefit of this is that in addition to comparing yourself to another peer group, you may choose a group that you would like to be in and see what they are doing that you are not – as a way to focus on where to make changes.

Having trouble printing reports?

Most internet browsers, like Internet Explorer or Firefox, have protection built in to protect your computer from unwanted spam. In addition, most virus protection programs will have the same function. This means in some cases you may not be able to open a report when in the Profit Profiler program. You may see a message that your computer has prevented a file from opening or you may not.

You can specify that the Profit Profiler website is “safe” and this will correct the problem. How you do it depends on which software is blocking the report (or “pop-up”). If you experience this problem, we can send you suggestions for rectifying it, or go to www.hotcomm.com/faq/faq_popups.asp. You need to let your program know that app.profitprofiler.ca is a safe site. That should solve the issue.

Done the analysis more than once?

If you have, then you can print a report that will compare your current year with a previous year’s data. As one dairyman said, “this is more important than comparing to others because I can see the impact of changes I have made.” The report is the last one on the list and is called “Year to Year”.

Changing your chart of accounts

We have put together suggestions for setting up your Chart of Accounts so that you can get information back in the form that makes sense to you, the dairy manager. Whether you use Profit Profiler or not, it makes sense to have your bookkeeping program report back your information in a way that makes it easier for you to analyze what is happening and make better decisions. If you are just starting with a new bookkeeping program or wish to get better information back, this may help. Contact Bill or Sharon at DHI and we will be happy to send it to you.

INVOLVEMENT WITH PROFIT PROFILER

In addition to CanWest DHI, the Advisors listed below can provide this service to you. Their personnel have been trained to collect the information and explain the results in accordance with DHI requirements. **ALL INFORMATION RECEIVED IS STRICTLY CONFIDENTIAL and is not shared with any other person other than your specific program certified advisor.** For more advisor information, please visit www.profitprofiler.ca.

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