Profitable Practices for Graziers
By Laura Paine and Tom Kriegl

Last month, we reviewed the results of a long-term study on the economics of grass-based dairies by Tom Kriegl of the UW Center for Dairy Profitability (www.uwex.edu/ces/counties/........ or call me for a copy (608742-9682). This time, Tom and I will summarize some specific practices or behaviors that were common among the most profitable graziers. No one can say that adopting these practices will lead to profitability, or that they are right for every operation. But Tom has found that they are significant contributors to the sound decision-making that is the foundation of an economically sound grazing system.

Tom’s research involves grass-based dairies in Wisconsin and across the Great Lakes states. He has analyzed the data he’s collected from over 400 farm years of economic performance (a farm year is one year of data from one farm) and has learned that there is a complex mixture of external and internal factors that lead to farm profitability.

Monitoring and Record-Keeping Perhaps the most important practice that these graziers share is monitoring their operations’ performance, both day-to-day and year-to-year. By monitoring, one is able to spot small problems before they become big problems and take advantage of opportunities for improving efficiency on an on-going basis. They use a variety of tools to measure performance and provide information for making sound management decisions.

Soil testing, forage and feed testing are among the tools that many of the top performing operations use. Keeping the nutrient status of the soil that grows the forage at peak levels and monitoring and adjusting forage and feed nutritional quality are means of keeping animal intake consistent. Consistent intake should be reflected in improved milk production and quality.

Another feature that was common among the high performing graziers in Wisconsin was the use of Dairy Herd Improvement (DHI) to monitor milk production and quality. The cost of this mainstream dairy tool may be a barrier for many people, but Tom found that some graziers have made significant economic gains by utilizing DHI information to improve their system.

Maintaining current, detailed financial records is also a common behavior among high profitability graziers. Many of these producers monitor their income expenditures monthly or more often to enable them to make adjustments at the earliest hint of problems.

Information Gathering In addition to gathering information on all aspects of their own farms to track performance, the most profitable graziers in Tom’s study also seek new information from other sources to further improve their operations. They seek information in a variety of ways, including UW Extension, Technical Schools, magazines, newspapers, nutritionists and consultants, and from other farmers through pasture walks and grazing networks.

By gathering information from these other sources, a grazier can learn from others’ mistakes, avoiding the cost of making them one’s self. Experimenting with new ideas can be costly, and Tom’s high profit group tend to avoid
experimenting on a large scale with anything. Examples of costly experiments include such things as planting unproven, risky or high maintenance pasture varieties. Ryegrass would be an example of this. While it is a very palatable, high milk producing grass, I’d never recommend to a farmer to plant their whole farm to it. For one thing, it tends to respond poorly to drought; for another, it has a higher potential to winterkill than any other perennial cool season grass we can grow. It’s never a good idea to put all the eggs in one basket. Even with something that others have had good success with, it’s a good idea to try it on a small scale and determine whether it will work with your soil and climate, your animals and your system.

Another example of a potentially expensive thing to experiment with is crossbreeding. This is not because crossbreeding lacks potential, but because too many graziers lack a plan, the time, or the herd size needed to crossbreed effectively.

Attention to “Details” The most profitable graziers in Tom’s study pay attention to details across the board. It has become standard practice to focus attention on producing high quality pasture, but profitability is improved by being as serious about the quality of the non-pasture forage fed to the herd as they are about pasture quality.

Deliberately targeting a specific production level and feeding a nutritionally balanced ration for that production level helps optimize net income as well. The goal isn’t necessary to maximize production. One must look at forage and feed options and costs in setting production goals. All things considered, an unbalanced ration is almost always less profitable.

It almost always pays to pay attention to soil productivity. Graziers in Tom’s study reflect a range of levels of inputs of commercial fertilizers. The most profitable ones make optimal use of nutrients from legumes and manure, but are not afraid to spend money on purchased fertilizers when needed.

An effective reproduction management system is one of the biggest factors in long term profitability. Reliable heat detection is a cornerstone of such a system and many graziers utilize artificial insemination at least part of the time to ensure the highest breeding success rates. Here again, calving intervals and turnover rates are not uniformly ‘the best’, but are optimized for the farmer’s system.

New and Old Technologies Many of the most profitable graziers have invested in a milking parlor or have implemented other innovations for reducing work loads. Reducing labor requirements frees up time to improve monitoring or engage in other income generating pursuits. Spending on equipment, including milking parlors is done with a focus on minimizing investment. Custom designed parlor retrofits are common among these graziers as is the use of smaller, used equipment, often considered obsolete for conventional systems.

There are many factors that can contribute to profitability, but there are few or none that ensure profitability. It is probably most closely linked to the vague concept of ‘good management’, a factor that can often be recognized when seen, but is not always easy to describe or imitate. So there is no ‘recipe’ for success and probably the best use of this article and the previous one is to stimulate discussion or reflection. The practices summarized here were frequently observed among dairy graziers who consistently achieve above average profit levels over the several years of Tom’s research. Adopting them won’t ensure profitability, but it’s a good start.
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