



# DAIRY SOLUTIONS

## 10 ways to increase dairy profitability in 2019

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Dairy producers across the United States continue to face countless challenges as they experience low milk prices and shrinking margins. It is no secret that net farm income has been on an almost steady decline over the past several years, leading to a large increase in the number of producers exiting the business.

Unfortunately, dairying will likely continue to be a challenging endeavor as milk prices remain volatile. Despite this, herds of all sizes can make profitability a reality with increased efforts focused on management, animal genetics, nutrition programs and increases in overall efficiency.

**The following are ten recommended areas of focus for 2019 and beyond:**

- 1. Enroll in the [2019 Dairy Margin Coverage \(DMC\) program](#):** Congress signed the most recent Farm Bill into effect in late December 2018, and it brings a new and improved Dairy Margin Coverage program to life, replacing the less beneficial Margin Protection Program (MPP). In the new DMC program, dairy producers can lock in \$9.50 margin coverage at \$0.15 per hundredweight (cwt) for up to five million pounds of milk shipped for the next five years. Based on futures prices for feed, economists estimate feed costs will average \$8.55 in 2019. If you add \$9.50 margin coverage, the DMC protected U.S. all-milk price would be \$18.05. The enrollment period is expected to open in late February and will last for 90 days at your state's [USDA Farm Service Agency location](#).
- 2. Create a "forage first" nutrition program:** Make it a priority to produce and utilize as much high-quality forage as possible to feed your herd. With the help of a trusted professional, work on increasing the return per acre for forage and grain crops on your farm in order to maximize both the quality and quantity of feeds grown. Additionally, work with a trusted nutritionist to monitor forage inventories and maximize forage inclusion into the rations, which should decrease the need to purchase feed throughout the year. Forage quality is a key factor in reducing purchased feed costs.
- 3. Make sure you are properly grouping cows:** The appropriate grouping of cows can improve health, boost production and raise income over feed costs. Added benefits of proper grouping include reduced prevalence of metabolic disorders, lowered feed costs, improved reproduction, increased lifetime milk yields and optimized parlor flow. Consider utilizing grouping strategies based primarily on parity and stage of lactation.
- 4. Reduce feed shrink:** Minimize feed losses at key control points to include: feed ingredient handling and storage, the mixing and feeding process, feed bunk management, and weather-related disturbances. Develop protocols to help employees reach reasonable shrink goals while properly tracking feedstuff inventory. Storing feed in upright bins can limit shrink losses to between 1-2 percent, compared to the 5-15 percent commonly experienced with open-sided community bays. Proper silage face management can also greatly reduce shrink losses. Giving attention to cleanliness and feed area organization is critical.
- 5. Increase feed bunk management:** Design a feed management schedule that aligns with the milking schedule. Deliver fresh feed when cows go to the parlor, and organize a bunk push-up within 90 minutes of the cows returning. Schedule additional push-ups throughout the day to ensure cows have access to feed that is within reach, not just in the bunk. Maintain an even distribution of feed across the feedline to ensure all cows have access to feed at their desired eating location. Remember: every additional pound of dry matter intake equals two additional pounds of milk.

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6. **Maximize Energy-Corrected Milk (ECM):** Profitability is driven by healthy cows in their milking prime. The typical range of ECM between the top and bottom third of herds in the U.S. is around 20 pounds of milk per day, or 76 cents of net farm income/cwt. This is primarily due to the effect of marginal milk, as the last pound of milk is always the most profitable. High-ECM herds also tend to have improved 21-day pregnancy rates, lower feed cost/cwt. of milk, fewer days open, lower death losses and reduced somatic cell count.
7. **Ensure success during the transition period:** Formulate close-up dry cow rations to minimize metabolic concerns. Maximize cow comfort by providing adequate space for lying down and eating while minimizing pen moves. Manage the feed bunk by dialing in intakes and utilizing only good-quality forages with adequate amounts of fiber. Close-up cows should have more than 30 inches of bunk space and a minimum of four linear inches of clean, fresh water available from two water sources in each pen. Implement daily cow-level monitoring, which should include an examination of body temperature, changes in activity and changes in feeding behavior.
8. **Continue to improve herd reproduction:** Getting cows bred is a key aspect of profitable farm management. Implement systematic breeding programs and/or wearable technologies to improve the efficiency of heat detection, achieve timelier first service, improve the 21-day pregnancy rate, minimize labor demand and, ultimately, improve the overall reproductive performance of the herd.
9. **Utilize organic trace minerals:** One of the quickest and easiest ways to maximize your herd's genetic potential is by supplementing with more bioavailable organic trace minerals across all stages of life. Recent research has shown that doing so leads to increased efficiency benefits, including maximized milk yield, higher reproductive performance, better hoof health and decreased somatic cell count. In addition, supplementing with [organic trace minerals](#) instead of inorganic sources reduces excess excretion into manure, making this a far more environmentally friendly option.
10. **Surround yourself with trusted professionals:** Successful dairies are built around a trusted team of advisors working with a producer, often individually and, on occasion, as a group. This team may include [nutritionists](#), veterinarians, agronomists, reproductive specialists and farm managers, among others. Each of these individuals must bring something of value to the table in order for your dairy to prosper. A successful team will set goals on a regular basis and communicate a vision, maintain priorities and hold each other accountable in order to reach those goals. The farm manager/producer must be the one to facilitate and own the plan through the help of each team member's area of focus.

Times are definitely difficult, but you can still create a culture of continual improvement on your farm. The best way to do this is to set goals for changes you want to make to your business in the next year; make sure to write them down so you can monitor your progress over time.

Success often largely depends on consistent teamwork. Herd managers should consult with their team of experts and employees so everyone is working toward the same objective. Contact your local [Hubbard Feeds dairy representative](#) for further guidance on any of the recommended changes mentioned above, which could help you not only reach your goals but also add to your bottom line.