

DAIRY SOLUTIONS

10 Ways to Increase Dairy Profitability in 2024

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A new year brings excitement and opportunity, but as a dairy owner, it can also come with apprehension. Dairy producers across the United States continue to face countless challenges as they experience a quiet milk market and the potential of shrinking margins. Many people expected 2023 to be hard, and it is looking like similar concerns are flowing over into 2024, with cost of production approaching expected pay price for early 2024.

Dairying will 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 2024 and beyond:

- 1. Consider selling carbon credits:** There is now an established feed additive ([Agolin® Ruminant](#)) on the market that is research-proven to lower enteric methane while also enhancing milk production and feed efficiency. Realized increases in milk production of 2 to 4 pounds, while feeding this ingredient, have conceptualized ROIs of more than 8:1 over the cost of the ingredient. Additionally, the dairy producer can then sell the carbon credits created by their animals in the carbon marketplace, where the value of these credits is currently on the rise due to increases in demand. This program is already underway, with enrolled dairy producers across the U.S. being compensated for their enteric methane reductions while increasing the sustainability of their operations.
- 2. Evaluate replacement heifer inventories while assessing beef on dairy:** On-farm replacement heifer inventories should be continuously evaluated. Having too many heifers stretches facility space, depletes feed inventory, and often costs more than will likely be recouped. An increasingly popular method is to derive future dairy replacement heifers in the breeding program from heifers and first-lactation animals, whose genetic makeup statistically exceeds that of older cows, as genetics typically improve with each new generation. Older cows are then utilized for the beef-on-dairy breeding program, to help moderate the number of dairy replacement heifers and to formalize a new income source of selling day-old beef/dairy crossbred calves at a \$200–300 premium over their 100% dairy-bred counterparts. This method has been proven to boost farm profitability while streamlining the genetic potential of the herd.
- 3. Maximize farm-raised feedstuffs:** Make it a priority to produce and utilize as much high-quality forage as possible to feed your herd, creating a “forage first” mindset. High-producing herds across the U.S. are thriving while utilizing rations with forage levels of 60% or more, where high quality forages are available. Dairy producers should also consider raising high-oleic soybeans for use as an on-farm protein source. These soybeans can be effectively utilized in dairy rations as a degradable protein/fat source and potentially as a bypass protein source when heat-treated/roasted. High-oleic soybeans have a more favorable fatty acid profile than conventional soybeans, which allows for increased inclusion in the ration and a significant decrease in the need for purchased protein sources. Several research studies have highlighted that feeding high-oleic soybeans can increase milk fat by 0.2 units in comparison to conventional soybean feeding. Forage quality and farm-raised protein can be a key factor in reducing purchased feed costs.

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- 4. Maximize milk solids to drive energy-corrected milk (ECM):** There are several ingredients/feed additives on the market which can net a positive return on investment when implemented, without sacrificing milk volume. With butterfat currently valued at \$3/pound, supplementing methionine hydroxy analog (MHA) and/or bypass palm fat can help butterfat percentages climb on-farm by 0.3–0.5%. Nutritionally and genetically, we are now at a place in the industry where 4.0% butterfat is the new normal, even in high-producing herds. Increased profitability goals moving forward will continue to align with maximizing butterfat synthesis.
- 5. 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.
- 6. 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 1–2%, compared to the 5–15% commonly experienced with open-sided community bays. Proper silage face management can also greatly reduce shrink losses. Routine dry matter determination analysis on wet forages is crucial to maximize the accuracy of the ration while also increasing precision when calculating forage inventories.
- 7. 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 that 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. Every additional pound of dry matter intake equals two additional pounds of milk. Utilizing time-lapse cameras as a tool across the feed bunk from time to time can also help to ensure that routine tasks are being completed and cows are not running out of feed.
- 8. 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.
- 9. 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.
- 10. 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.

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 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 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 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 profitable 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. 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.