

## Increasing Profitability: Back to the Basics

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Our outlook on the Ontario dairy industry has shifted 180 degrees since the beginning of May. Not that long ago we could hardly keep up with the increases in quota. Barns were full, seemingly every cow was kept, new barns were being constructed at a dizzying pace and heifers were jammed into where ever we could put them. After 4 years of continual expansion, things were bursting at the seams.

Then came a quota cut in May and a further one in July not to mention removal of all incentive days for the year and penalties for over shipping. Everyone knew it would slow down at some point but, in a few short weeks the breaks were put on faster than anyone had expected. Now, as I have this article partially written the USMCA (the new NAFTA) news has dropped. Further market access given away and removal of class 7 has an already lower milk price potentially going further down. With all this uncertainty many are likely thinking, how can I keep competitive? What can I do to increase my profitability?

Understandably the natural reaction when less revenue is coming in is to cut down on the money going out. In some cases this may be true. However, I would suggest to move away from thinking “cost cutting” and more toward “increasing efficiency”. In other words, what can I do on my farm to increase the profitability of each cow.

Now more than ever is the time to take a hard look at your management practices. How can it be improved so that each cow can perform to the best of her genetic ability? I am a firm believer that cow comfort and transition cow management are far and away the biggest bang for your buck. When done correctly, everything falls into place after that. Cows milk more, get bred back quicker, calf health is better and many more positive benefits. There have been countless articles that have thoroughly discussed comfort and transition management. In this article, rather than repeat what has already been discussed, I focus on what could be called “low hanging fruit”. Practices that can be re-examined and used as a fine-tuning exercise on management.

From an efficiency perspective, reviewing your records, protocols and standard operating procedures is an excellent starting point. By doing this exercise, it will give direction and validity to areas that warrant investment. Begin by sitting down with your herd advisors and review your records. It is helpful to think in terms of the life cycle of your cows. Begin from birth of the calf and go all the way to when she is bred during her first lactation. At each stage think of what her day looks like. Where are the bottlenecks? What problems persist year over year? Asking these questions first will help direct what protocols need to be made, corrected or perhaps eliminated. When reviewing existing procedures, critically ask yourself and your advisors, why are we doing this? Are we seeing a benefit? Have we changed something else that makes this procedure redundant?

After your team has come up with a list of management practices that will benefit your operation, a SOP should be made. This is the who, what, where, when and how of the protocol and will ensure it is executed correctly. Ask employees for feedback. If something is unnecessarily difficult, chances are it will not get done. Revising SOPs should take place annually with input from all members of the operation's team.

Of course, this step is only beneficial if there are records to review. If you do undertake this exercise and find that the only records you have are milk production data, an even better exercise would be to start monitoring and recording disease incidences. Milk fever, retained placenta, ketosis, mastitis, respiratory (cows and calves) disease and calf scours are the basics each farm should be focused on. Gathering this data allows your advisors and you to make informed decisions. Your herd veterinarian will be able to help you set up a monitoring program including case definitions and other parameters.

Once a thorough review of records and management practices has taken place, there were likely bottlenecks identified. On many farms, diseases, whether infectious or metabolic, are likely one of these areas of opportunity. From a veterinary perspective, prevention programs are always worth the initial investment. This includes vaccination and bolus prevention programs. Based on your previous review, what trends do you see? Are you at an acceptable level for the various transition diseases? What has your incidence of mastitis been? These are great questions to review with your herd veterinarian. There is likely an opportunity to improve at least one aspect in almost every herd.

Understandably, when the bottom line is tight, it is tempting to cut vaccines and dry cow boluses out. You're not having a mastitis problem now right? Think again. Very likely the reason you currently aren't having problems is that you are using a vaccine prevention program. The vaccine is actually doing exactly what it was meant to do, prevent disease. A simple spreadsheet for a 100 cow herd with a low level of coliform mastitis will reveal quickly that preventing just one case, or decreasing the severity of the disease by only half will more than pay for the cost and labour of the vaccine program (see Figure 1). The same can be said for calf scours, abortion, pneumonia and fertility vaccination programs as well as boluses that address metabolic transition issues.

Finally, to truly get the most profit out of every cow we must always be aggressive with reproduction. Getting cows bred back efficiently will ensure we have more cows around peak milk production. Having cows pregnant in a timely manner will also indirectly help decrease the incidence of metabolic diseases. It limits the amount of time stale cows are still on a lactating cow diet. Feeding groups according to production (high, low or fresh) will also accomplish this as well as the added benefit of saving on feed costs for low producers. Consistent reproduction programs will also keep cow numbers more consistent in the dry and transition cow facilities and away from overstocking during certain periods of the year. A good reproduction program will follow the set parameters strictly, have consistent and timely intervention aided by a regular herd health program.

In summary, taking a hard look at the weaknesses in your operation can direct where to invest and where cutting may be possible. Reviewing your existing data and protocols will

allow a guided plan to effectively put programs in place that remove barriers to profitability. A sharp pencil and critical eye will find efficiencies on your farm.

Figure 1

Coliform Vaccine to reduce severity of disease		
	<u>Unvaccinated</u>	<u>Vaccinated</u>
Cost of vaccine	-	4
Labour to administer	-	2
<b>Total Vaccination Cost</b>	<b>0</b>	<b>600</b>
Treatment cost of hot mastitis	120	60
Milk loss/cow	300	150
Milk value lost/cow	210	105
Labour/cow	45	15
Number of animals w hot mastitis	6	3
<b>Total Cost of Treating</b>	<b>2250</b>	<b>540</b>
#Culled d/t hot mastitis	3	2
salvage value	700	700
#Deaths d/t hot mastitis	3	0
Replacement Cost	1800	1800
<b>Cost of Death and Culling</b>	<b>8700</b>	<b>2200</b>
<b><u>Total Overall Cost of Hot Mastitis</u></b>	<b><u>10950</u></b>	<b><u>3340</u></b>