

# Simple pays off

## Key Points

- Cull rates improve in a grazing dairy operation.
- Profit increases because input costs decrease.
- Improved quality of life increases sustainability.

By PAM GOLDEN

**I**NNOVATORS who tried the pasture-based approach to dairying discovered they were making a profit.

The moral for Missouri Extension dairy economist Joe Horner then was this: Create simple systems.

"It's not rocket science," Horner says. "It's not new."

But it is the way Missouri turned around its dairy industry — and Horner suspects pasture-based dairies offer that same opportunity in the South.

In the 1990s, Horner explains, Missouri lost half its dairies. Why? Largely because Missouri's cost of production was among the highest in the nation — ranked alongside the production costs in the Southeast.

According to the USDA's calculations, where California producers could deliver a hundredweight of milk for about \$18 in production costs, those same costs in Missouri and Southeastern states was more than \$25.

Something had to change — and Horner was on a multidisciplinary task force that looked for ways to improve profit opportunities for dairies. Pasture-based operations offer that opportunity.

"There's a lot of people who said it wouldn't work in our area for a lot of different reasons," Horner said during a dairy meeting in Shorter, Ala. "There's a lot of people around here who will say the same things."

According to Horner, this four-part system makes it work:

1. a simple forage system managed for profitability
2. crossbred cows that calve in large, seasonal batches
3. high-speed and low-investment parlors
4. a balance of volume, margin and overhead that creates attractive returns and a desirable lifestyle

The forage system is simple in that producers divide a farm into paddocks, stock initially at 1 cow per acre and then watch their forage production to decide their best stocking rate.

Crossbred cows, using Jersey, Holstein and some New Zealand genetics, create a smaller cow that consumes less feed and is genetically disposed to gain on grass, Horner says.

"We haven't been doing deliberate crossbreeding in dairy for very long," he says. With crossbreeding, Missouri's producers dropped their cull rates from 35% to 20%.



When Horner talks about high-speed and low-investment parlors, he's generally referring to either 12- to 50-unit highline swing parlors, rotary parlors, or retrofitted double-four herringbone to 70-degree parbone parlors.

"Simple, simple stripped-down systems," Horner says. "But they work."

He figures parlor costs at about \$5,500 per cow space in the barn, which usually works out to between \$750 and \$1,000 per cow in the herd. South

Alabama dairy producers Neil and Stanley Halsey, who admittedly moved some equipment down from Michigan with them and provided their own labor, spent \$700 a head.

As to those attractive returns, well, Horner's figures show the gross margins per cow in a pasture-based system run from \$650 to \$1,250. Conservatively, Horner uses \$750.

The difference between a conventional dairy and a grazing dairy, he says,

is that operating costs as a percent of income are 80% conventionally and 65% grazing. As a result of this system, Horner notes, dairy production costs on top grazing herds in Missouri are significantly below the December 2008 USDA Milk Cost of Production report.

"If we can keep doing that," Horner says, "then we can keep growing."

Considering a grazing dairy? Visit the Web site [agebb.missouri.edu/dairy/grazing](http://agebb.missouri.edu/dairy/grazing) for detailed information.



## 10 tips cut down forage costs

**C**UTTING forage costs in the Southeast also is possible with a pasture-based system, says Auburn University Extension forage specialist Don Ball. "Some things, I believe, can be done through better utilization of forage crops," he says.



**DON BALL**

### Ball's top 10

1. Shift thinking. The objective is not to maximize production; the objective is to make a profit.
2. Manage the soil. Provide soil amendments as needed to produce the forage when needed. That means performing soil tests. "Soil testing can be worth several hundred dollars an hour," Ball says.
3. Use forage legumes. "They have so many advantages, we have just got to start using them," Ball says, "especially when times are hard and profits are difficult to come by."
4. Plant hardy, persistent varieties of white clover. Ball recommends durana.
5. Plant annual clovers with winter annual grasses.
6. Consider novel endophyte tall fescue in areas where fescue can be grown.
7. Plant Tifton 85 bermudagrass where that species is more viable. It offers high yield and good forage quality. "It's still bermudagrass," Ball says. "Don't get me wrong."
8. Improve grazing management. Call it rotational or intensive, but dividing pastures into paddocks and moving cows around increases forage utilization.
9. Minimize loss of production with grazing. Leaf is lost during harvest, and poor storage often reduces quality.
10. Reduce stored-feed requirements. "Grazing is always favored over providing stored feed," Ball says. He recommends the Alabama Extension publication "Extend Grazing and Reduce Stored Feed Needs."