There are massive feed savings out there

COMING just out of tax season, accounting should be fresh on everyone's minds. Financial accounting and a farm's nutrition program share a major intersection, recognizing that feed costs contribute a sizable chunk to annual production costs. To get a better handle on these crossroads, feed accounting efforts can be expanded to include farm-grown and stored feed inventory, purchased ingredient contracts and usage, and ultimately, purchased and total feed cost records. Cost control, in turn, becomes a central focus.

In cost control efforts, total feed cost is meaningful but not necessarily indicative of dairy profitability and financial performance. Cutting total feed costs does not directly equate to less feed costs per hundredweight (cwt.) of milk produced if performance is sacrificed or efficiency suffers. Feed cost per hundredweight is the appropriate metric to include in your feed accounting efforts, and it's the right way to benchmark your dairy. Thanks to peer group and benchmarking efforts, along with summaries that Stacy Nichols with Vita Plus Corporation has shared with me recently, we can delve into opportunities here and redefine high performance.

A feed accounting tip

Total feed costs per cwt. will include farm-grown feeds. Assigning true value to farm-grown feeds is not straightforward, so work with your financial advisers to appropriately value farm-grown feeds. In the peer group summary that Nichols shared, farm-grown feed values were standardized with help from Compeer Financial.

Proceeding with confidence in their report, I sought to evaluate the range in total feed cost per cwt. among dairies producing greater than 100 pounds energy-corrected milk per cow. What I found was striking. The range in feed costs for high milk producing herds exceeded $2 per hundredweight (cwt.) for milk produced!

As nutritionists, we seek to find 5 cents to 10 cents per hundredweight opportunities; however, there are 25-cent and 50-cent opportunities out there. This massive range in feed costs is real, even with high-output herds. Moreover, producing 100 pounds per cow doesn't necessarily equate to optimum profitability and financial performance. A high-performing dairy definition should include some feed accounting principles.

Delving into the high-performing dairies in feed cost per cwt. and feed accounting terms, take to heart that one major driving factor for these metrics is feed conversion efficiency and dry matter intake (DMI). A few weeks ago, Kenn Buelow, D.V.M., and I discussed how important accurate DMI records are for management and cost control efforts. Buelow, who practiced veterinarian medicine and managed a dairy farm, subsequently shared the "Integrating dairy nutrition, production, and financial records" article he wrote and published at the 2005 American Association of Bovine Practitioners conference.

Dry matters remain nebulous

Buelow's article from more than 15 years ago is as timely today as ever. While we've advanced in many areas in dairy management and performance, dry matter intake is still a fairly nebulous metric for many herds. Buelow described how many dairies roll up DMI into longer feed accounting and management statistics, but opportunities lie in being more timely and recent.

The veterinarian's article showcases a graph tracking feed costs per cwt. on a day to day basis and advises that performance reporting like this is extremely helpful to assess feed and management decisions. I wholeheartedly agree! To get to this point, your dairy will need accurate and reliable DMI measures paired to the more easily obtained production and component records.

The DMI piece in this managerial dashboard puzzle has been tricky because it is not a direct measure. Dry matter intake records are dependent upon the following:
- Ingredient dry matter content
- Diet mixing accuracy
- Total feed delivered to the pen
- Feed refusals
- Cow numbers within the pen

Three helpful tips

The calculated way to determine DMI now makes more sense, and this daily input metric is imperative to nail down on your dairy. Consider the following helpful tips to improve your daily DMI records.

Roll with trends and averages. Whether working with feed dry matter, pen counts, or refusal records, determine three-to-five-day trailing averages and use the trending averages in your DMI calculations. Day-to-day fluctuations are normal, but they can add noise to your tracking. Three-to-five-day, or even weekly, rolling averages will smooth out the noise.

Ingredient dry matter varies more than you'd think. Feed ingredient dry matter content is known to ebb and flow for forages. However, wet commodities and dry feeds can also deviate substantially from feed library values. Consider checking dry matter content several times per week for all feeds included in the diet at 3 pounds or more per cow. I've long followed this 3-pound thumb-rule, and in the 15 years since graduate school it's proven to be okay.

Make bunk calls and assume nothing with refusals. Weigh back refusals and visually inspect the refusal composition. If cows are refusing drier feeds like straw, hay or stover included for fiber, then this needs to be accounted for in dry matter intake calculations. Check refusal dry matter content and compare to the original diet to be confident.

Rolling up this article with feed accounting and better cost control in mind, ensure your DMI numbers are robust. Next, monitor your feed costs per cwt. of milk produced. Then follow Buelow's advice by tracking these metrics within feed accounting and managerial control systems to evaluate nutritional adjustments and associated economic impact. Remember, high-performing dairies don't just produce more milk. 🐄

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