



From the desk of Dr. Jarrett Gordon

August 1st, 2017

As I sit at my desk writing this newsletter, the sun is shining and summer seems to finally have arrived. It was a slow start, but all of a sudden it will soon be August and I'm wondering where the time has gone. Our teacher friends and families are thinking "It's almost time to go back already!" The dairy side of our business is thinking "When is this market going to pick up?" These last three years have been brutal on the morale of most of our dairy clients and their bottom lines. It has been difficult to be positive about the industry while so many farmers are struggling to survive this slump. I'll hopefully give you some advice that will help keep you going.

Michigan seems to be the most affected right now because of high production and lack of processor capacity. We are having to haul milk to neighboring states which greatly increases the total cost of processing. Cooperatives are working to increase processing capacity and/or build new processing facilities. Obviously, this takes time. I often think back to my childhood when there was a local ice cream factory in Cass City. Be looking for those niches, whether it's ice cream, chocolate milk "chugs," non-GMO options, or other marketing "tricks." (The cooperatives, in my opinion, should have seen this glut of liquid milk coming and planned accordingly. Couldn't the Thumb support a locally-produced ice cream facility?) Can you tell I like ice cream?

Now for the generic advice: Cut expenses where possible. In the past where these downturns in the market were more "normal," you could expect a bad year. This slump is heading into its third year. There is a glimmer of light at the end of the tunnel, and the fourth quarter of 2017 shows some hope. The length of this slump makes every cost decision more important for your dairy. You must evaluate every input carefully.

1. **Feed costs:** This remains the highest cost of production. As always, do not remove ingredients without discussing the change with your veterinarian and nutritionist. However, evaluate each additive and see where you can reduce expenses. I like to compare how we feed our cows to how God created them to eat. Grass and forages are the base. Everything else is extra. I know this oversimplifies it, but economics might demand removal of some of the extras.
2. **Labor costs:** Each farm will have a different answer for this one. Multiple part-time employees might be better than a full-time worker. Look at scheduling as well as actual costs. Can one person do the work in a 12-hour shift instead of two people on 8-hour shifts? (Or two 12's versus three 8's?) Layoffs are hard but might be necessary to save money. We all see employees who do the work of two or three people while others just trudge along doing as little as possible: the 80/20 rule. Keep the 20 percenters!
3. **Evaluate each enterprise of your dairy.** Last summer we discussed partial budgets specifically about calf raising. The same process can be used for calves/heifers (raise them yourself or custom raiser), crops (custom harvester or own your own equipment), and bulls/dairy beef (raise the steers versus selling all bull calves immediately).
4. **Cull more cows.** This goes against most bankers' advice. We see it all the time: a farm sells 20 cows and goes up in milk. Overcrowding is costly! Do more with less. Choosing which cows to cull is a fairly straightforward process. Open cows that are long days in milk. (Pick a number... like 285 DIM) Cows with body condition score



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greater than 3.75. Low-producing cows. (Again, just pick a number: for some farms their cut-off is 70 pounds, others might be 60 pounds.) You must know your break-even point to make this decision.

5. Use older equipment as long as possible.

Avoid huge capital investments. This goes for parlors, tractors, field equipment, and personal vehicles. Routine maintenance keeps them running smoothly. Don't skimp on grease, oil, new inflations, etc.!

6. Increase efficiency. We have preached this in the past too. Slow down your milking prep times and see the difference. Proper lag times lead to better milk letdown. Our VaDia machines can measure and graph your farm's milk flows to assess the whole milking procedure to maximize efficiency. You can realize 7-8 pounds more milk per cow per day by having the correct timing in the parlor procedure. We don't need more milk right now, so you could milk fewer cows with less feed costs and a smaller carbon footprint while maintaining your milk volume.

All these tips are interlinked. Each step has effects on your overall profitability. Sit down with your management team to see where you can make some changes.

Finally, when times are tough and you're feeling down, it's important to get your mind off yourself. Look around and find someone to help. Do something for others for the sake of "THE GREATER GOOD." Time, money, and kind words are all ways to help others. You will feel better psychologically and sometimes even physically. It gets your mind off your own woes. Spend time with family and friends. Get to

church. Pray. Don't let depression take over! We hate hearing suicide stories! Be around happy people. (you have to step away from the farm occasionally) Hang in there and enjoy all the blessings God has given us.

Huron Community Fair

July 30th—August 5th, 2017

Sanilac County Fair

August 20th—26th, 2017



Good luck to the 4-H kids at both Huron and Sanilac County Fairs!

Congratulations to Brent Moyer and Brenhaven Jersey's on Cloverfield Edwin Mabel, Michigan's Supreme Champion at Dairy Expo! We are proud to have such excellent cattle right here in the Thumb!

Pinkeye Vaccine

Pinkeye costs producers an estimated \$150 million every year due to decreased weight gain, decreased milk production, and treatment costs. Additionally, affected animals are often heavily discounted by buyers. With the use of Newport Laboratories Custom Made Vaccines, we have been able to produce a pinkeye vaccine specific to our area, and it is available for purchase at the clinic.

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