

DAIRY PIPELINE

Volume 39, No. 3 April 2018



Evaluating alternative revenue options

—Kevin Spurlin, ANR Extension Agent, Grayson County; spurlink@vt.edu

The dairy farm economy is forcing dairymen to evaluate every aspect of their financial performance from cost control measures to alternative revenue generation. Even in times of significant dairy profitability, opportunities for additional farm revenue may present themselves. I will share some basic questions that dairymen should ask when considering adding an additional revenue stream. These are based on personal communication with Dr. Alex White, Dairy Farm Management Specialist from Virginia Tech.

Each potential revenue stream will benefit from an enterprise analysis. Simply stated, what is the anticipated revenue from the new venture, and what are the added costs? Dairy managers often look at their farm's financial position in its totality, but it may be helpful to start with an enterprise analysis of the milk production, the heifer, and the forage enterprises separately. Each represents a potential revenue stream with associated costs. The analysis may uncover a dairy's strengths and bottlenecks. Plus, it is good practice before adding another enterprise.

Each dairyman should understand that many options exist to add revenue, but each farm and farm operator is unique. Finding the right fit requires asking fundamental questions including:

- *What really matters to you?*
- *What can your resources support?*
- *What is the potential gain versus risk?*

ations, selling timber, adding beef cattle, hosting weddings, or offering hunting leases, the specific questions that follow may help guide farmers as they consider new revenue sources.

Do you have the labor, management, or expertise for a new enterprise? One of the biggest considerations is what labor and management requirements are needed for a new enterprise, and to what extent farmers or their employees can invest in time away from the dairy. *How accessible are professionals to support new ventures?* Adequate "people capital" in available and skilled management, labor, or professional support is critical for any new venture.

Next, be honest about the "financial and physical capital" considerations for adding something new. *How long can the dairy, especially in difficult times, subsidize the start-up of a new venture?* *How many "renovations" to facilities will need to be made, and what are the added fixed costs for new or retrofitted facilities or equipment?* *What liability issues arise with a new enterprise, and will additional insurance coverage be needed?* It is important to ensure that farm finances or business operations are not jeopardized by adding a new enterprise.

What is the demand for a particular product or service? It is critically important to consider the demand and marketability of new products or services.

These questions can help dairymen navigate the multitude of alternative revenue options available. For many, the best option is not to add any additional enterprises, and focus on the existing dairy operation. Seek professional advice as you consider major changes to your farm.

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A farmer's expertise, interest, finances, land, and facility assets will largely determine which options make sense for that particular farm. Whether its farmstead cheese processing, custom equipment oper-

Upcoming Events

See [VTDairy](#) for details.

April 5, 2018

SCC and Pi On-Farm Training, Franklin County

April 7, 2018

VA Spring Holstein Show

May 14, 2018

Hokie Cow Classic

May 19, 2018

District Dairy Judging Workout

May 26, 2018

Food Science Workshop, Weyers Cave

June 2018 – Date TBD

Quickbooks for Producers, Franklin County

June 9, 2018

Franklin County Livestock Show

June 9-10, 2018

Show like a Pro Workshop Rockingham County

June 16, 2018

Virginia State Dairy Judging Contest

June 28, 2018

Franklin County DHIA Banquet

July 2018—Date TBD

Hoof Care Management Franklin County

July 8-13, 2018

Southeast Youth Dairy Retreat, GA

If you are a person with a disability and require any auxiliary aids, services or other accommodations for any Extension event, please discuss your accommodation needs with the Extension staff at your local Extension office at least 1 week prior to the event.

Mitigate summertime somatic cell count increase by taking action now

—Christina Petersson-Wolfe, Extension Dairy Scientist, Milk Quality & Milking Management, milk@vt.edu



It's hard to believe after the snow this week that summer is just around the corner, but it is. With the rising temperatures comes a seasonal rise in somatic cell count (SCC). Although we have made improvements to reduce the summer increase in SCC, all of the southeast US experiences this phenomenon.

If you are not happy with your current bulk tank SCC (BTSCC), now is the time to make a change before those warm temperatures hit. I am often asked “how do I lower my BTSCC?” and the answer starts with understanding what type of bacteria are causing the increased BTSCC. Culturing high SCC cows is a great way to start determining the answer to this question. I typically recommend taking quarter milk samples for bacteriologic culture from either the top 20% of the herd, all cows above 400,000 cells/mL or the top 20 cows. A producer may have

recommendations on how to combat the problem. For herds with predominantly environmental bacteria, a focus should be placed on clean and dry bedding, frequent scraping of stalls, providing fresh feed after milking, and milking time hygiene to mention a few. However, some herds experience more trouble with contagious pathogens. Recommendations for control of contagious pathogens will primarily be focused on milking time hygiene; the use of gloves, single-use towels for wiping, and segregating positive cows are all proven ways to help control the spread of contagious pathogens.

“Now is the time to lower your BTSCC knowing that the summer rise is just around the corner.”



plenty of labor to help collect samples and want to sample the top 20% of the herd, which could include many more cows than just the top 20 animals. Another producer might be more limited on labor, so may opt to collect the top 20 cows and determine the next step based on the results of those samples. No matter what cutoff is selected, a tremendous amount of information will be gained from culturing those samples and a next step can be devised from that original set of culture results.

By understanding the type of bacteria causing the elevated BTSCC, we can make

Now is the time to lower your BTSCC knowing that the summer rise is just around the corner. The Mastitis and Immunology Laboratory at Virginia Tech is an active milk culture lab and we are happy to culture samples for you. If you need help to combat your BTSCC, please do not hesitate to contact us. You can reach me at milk@vt.edu or 540-231-4767.

For more information on Dairy Extension or to learn about current programs, visit us at VT Dairy—Home of the Dairy Extension Program on the web at: www.vtdairy.dasc.vt.edu.

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