2018 Penn State Dairy Nutrition Workshop

What Can Rumination Tell Us about Managing Nutrition?

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What we will discuss today:

- What is rumination and why is it important?
- What influences rumination time?
- Monitoring rumination on-farm using technology
- The importance of rumination in rumen function and production of milk and components
- New research on rumination and milk fat
- Future directions

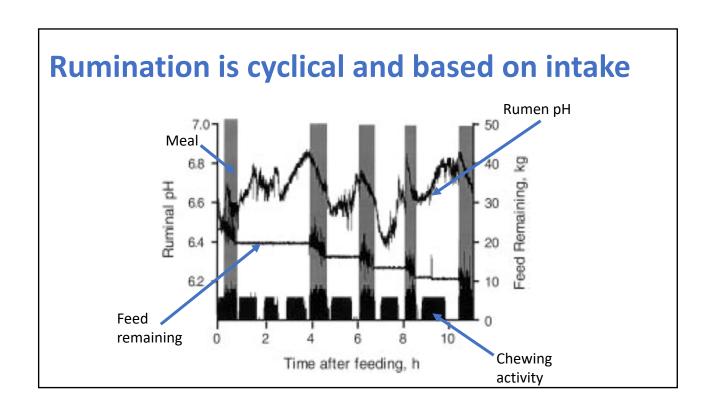
The purpose of rumination is to improve feed digestion

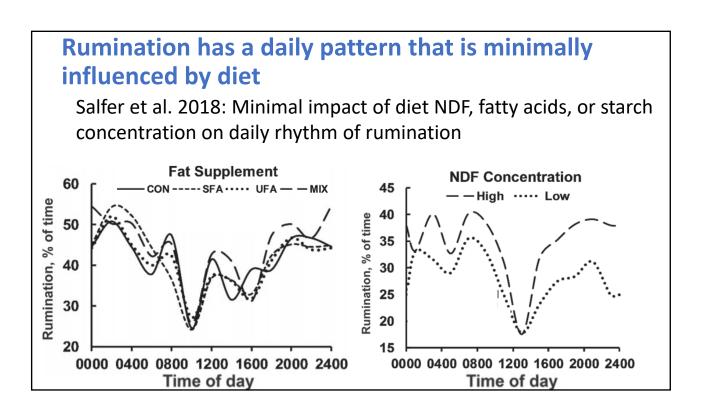
How?

- 1. Reduce particle size
- 2. Increase surface area for microbial digestion
- 3. Supports optimal rumen function

Rumination is an essential part of the digestive process

- Regurgitation of partially digested feed through contractions of the reticulorumen
- Occurs usually while at rest
- Enables rapid consumption followed by leisurely breakdown
- Rumination is key part of the time budget between ruminating, eating, and resting
- These variables are often reciprocal especially rumination and eating
 - → There is no perfect time budget for all cows





Rumination time can be assessed in two ways:

- 1. Baseline or average rumination time (e.g. min/d)
- 2. Deviation (Δ) from baseline rumination time
 - These is what rumination sensor algorithms for heat detection and health alerts are built around

Baseline rumination time is driven by multiple factors:

- Diet
 - Forage to concentrate ratio
 - Particle size
 - Feed fragility (e.g. straw vs silage)
- Milk production → Dry matter intake
- Individual cow variability



Baseline rumination time is driven only partly by diet and DMI:

Variable	Correlation coefficient for Rumination time (mid/d)
DMI	0.19
Eating time (min/d)	0.27
NDF, % of DM	-0.15
Forage NDF, % of DM	0.19
Forage, % of DM	0.15
Silage, % DM	0.21
TMR particles on 8mm sieve, % of DM	0.38

Diet factors interact with one another and with DMI – this dilutes each variable's direct correlation with rumination time.

Beauchemin (2018)

Particle size is important but is not a great predictor of rumination

- Cow rumination responses to particle size are often not repeatable in research trials
- Recent meta-analysis of particle size research indicated additional factors that modulate cow response to particle size:

Forage source
Forage:Concentrate ratio
Ensiling method

Nasrollahi et al. (2016)

Baseline rumination time is impacted by inherent animal variability

- Cows ruminate for widely variable amounts of time each day, even when environment, diet, DIM, parity, and production level are accounted for
- Variation attributable to Cow ranges in the literature from 16% to 48%
 - 12 cows on same diet monitored with halter pressure monitors vs 79 cows on varied diets monitored with a commercially available microphone-based system

Take-homes:

- No single factor predominantly determines baseline rumination time!
- The impact of higher or lower baseline rumination time on production is not well understood

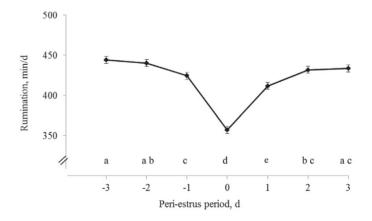
Dado and Allen, 1994; Byskov et al. 2015

Specific events cause rumination to deviate from the baseline:

- Estrus
- Calving
- Metabolic conditions
 - Transition period
- Gastric/other illness
- Changes in milking or feeding frequency

Current rumination sensors are quite effective at detecting and identifying these events!

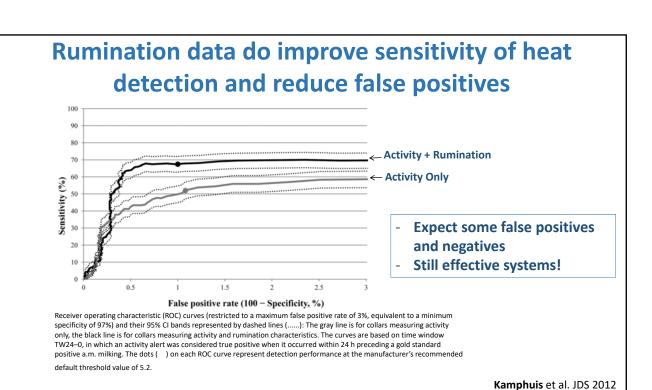
Rumination decreases before and during estrus



Dynamics of rumination time during the estrus period for 265 estrus events leading to pregnancy of the cow.

Reith et al. JDS 2012

Change in rumination time during estrus is not uniform across all cows 80 70 60 Number of cows 50 30 20 10 11 - 20 21 - 30 31 - 40 41 - 50 > 51 Rumination 1 - 10 increase Rumination decrease, % Distribution of the number of cows with different decreases (%) in rumination time during estrus. Reith et al. JDS 2012



How do we measure rumination?

- 1. Visually count number ruminating
 - Daily patterns!
- 2. Video recording
- 3. Rumination monitoring systems

Multiple rumination monitors are commercially available

- Heatime HR Tags (neck collar) SCR
- SensOor (ear tag) CowManager/Select Sires
- MooMonitor+ (neck collar) DairyMaster

Systems use accelerometer to detect motion, and algorithm to interpret movements as behaviors



Rumination monitoring systems are accurate

Publication	Cow hours observed	Observers	Housing	System	R ² of system vs visual observer
Pereira et al. 2018	144	1	Grazing	CowManager	0.72
Borchers et al. 2016	192	42	Freestall	CowManager	0.69
Bikker et al. 2015	327	3	Freestall	CowManager	0.93
Schirmann et al. 2009	102	2	Freestall	SCR	0.96

Detection of rumination may vary by system; for cows wearing both CowManager and SCR sensors, SCR reported 39% greater rumination times on average (Dolecheck, 2015)

We have successfully incorporated rumination data into reproduction and health monitoring....

What about nutrition?

(rumination is digestive process after all!)

Rumination contributes to and is an indicator of proper rumen function

Optimal rumination

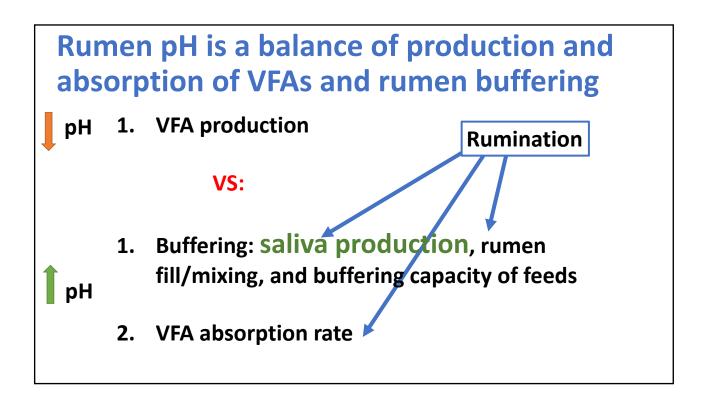


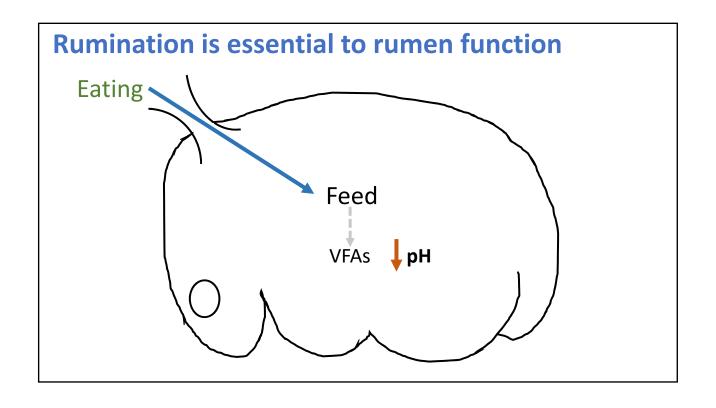
Optimal feed digestion

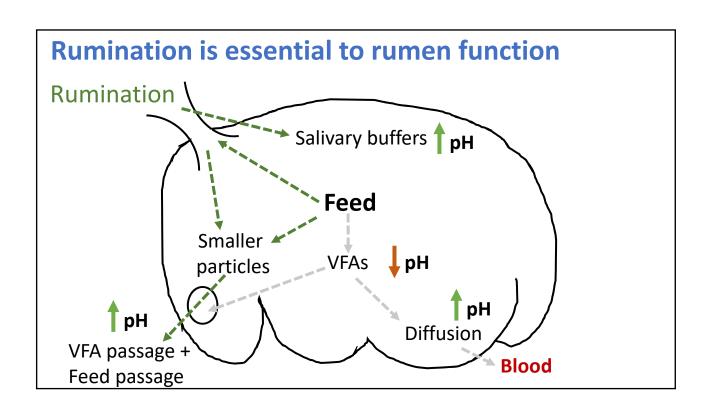


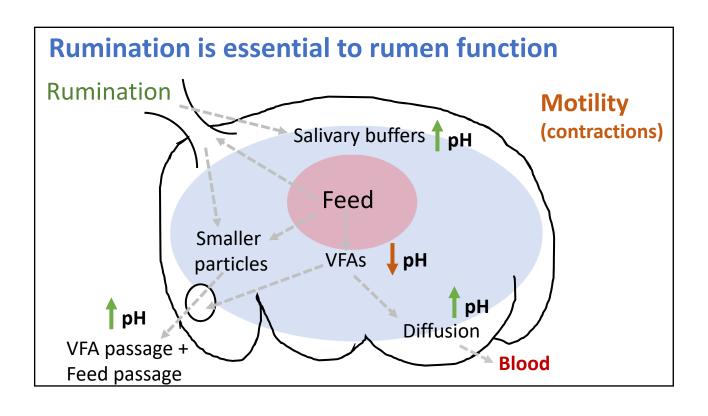
Rumination impacts rumen function:

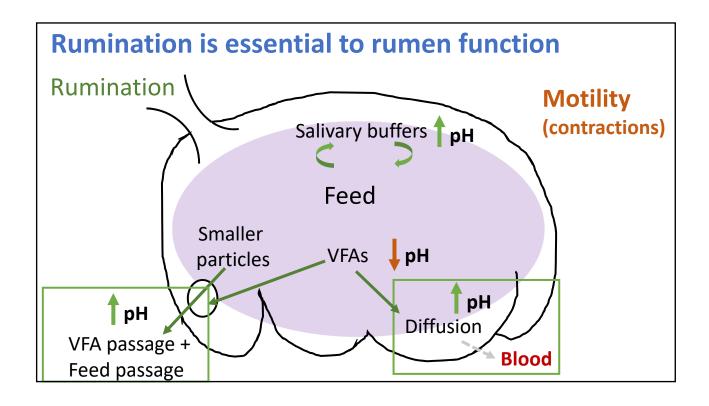
- 1. Increases rumen pH
- 2. Encourages motility and mixing
- 3. Increases availability of substrate for microbes











Disrupted rumen function can disrupt production of milk and components

Two examples of affecting milk fat production specifically:

- Milk fat depression: altered fermentation causes formation of fatty acids that inhibit milk fat synthesis
- Subacute ruminal acidosis (SARA): prolonged low rumen pH damages rumen papillae and reduces health and productivity (primarily milk fat and yield)

Do not understand prevalence of these conditions, and if/how rumination may play a role.

Milk fat varies between and within herds

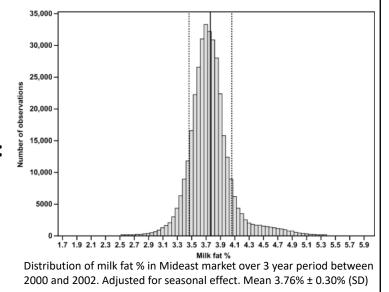
The "known" factors:

- Diet
- Season
- Stage of lactation, parity

The "unknown" factors:

- Genetics
- Milk fat depression
- Rumination?

Bailey et al. 2005



Nutritional Implications of Metabolic Diseases in Dairy Cows

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Parturient Period

High risk for ill health – first two weeks

Metabolic

- Milk fever
- Ketosis
- Fatty liver

Gastrointestinal

- Rumen upset/acidosis
- Indigestion

Infectious

- Metritis
- Mastitis
- Pneumonia

Physical Problems

- Displaced abomasun
- Retained placenta
- Lameness

Postpartum Cow

~50% of cows have at least one health problem post-calving

Often cows have multiple problems that occur as a complex

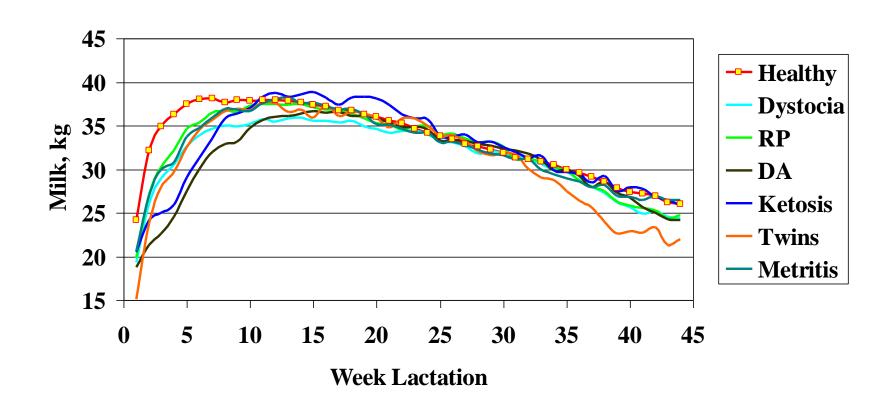
RFM \rightarrow metritis \rightarrow ketosis \rightarrow DA

Dystocia
Retained fetal membranes (RFM)
Milk fever (MF)
Metritis
Mastitis
Ketosis

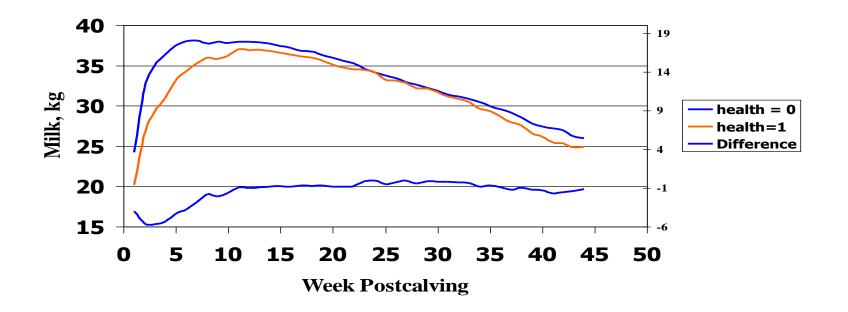
Displaced abomasum (DA)
Fatty liver
Indigestion

Cows with parturient problems have reduced milk yield, reduced fertility and increased risk of culling or death

Health and milk production



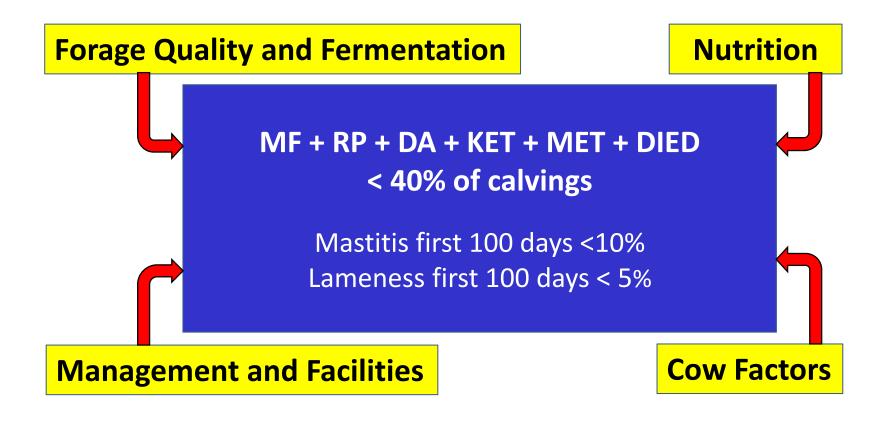
Health and milk production



No problem: M305 9514

Problem: M305 9310 -204 kg ns

Transition Goals



Hypocalcemia and Calcium Regulation

Serum Calcium

- The precise control of calcium ion in extracellular fluid (ECF) is vital to the health of the cow
- Key role in biological processes
 - Muscle contraction, blood coagulation
- Total mean Ca in blood ~9-10 mg/dl
 - 2.25-2.50 mmole/liter
- Serum calcium is bound to albumin and globulin (~50%)
- Biologically active free ionic calcium (~50%)

Acute decline in blood calcium with onset of lactation/parturition

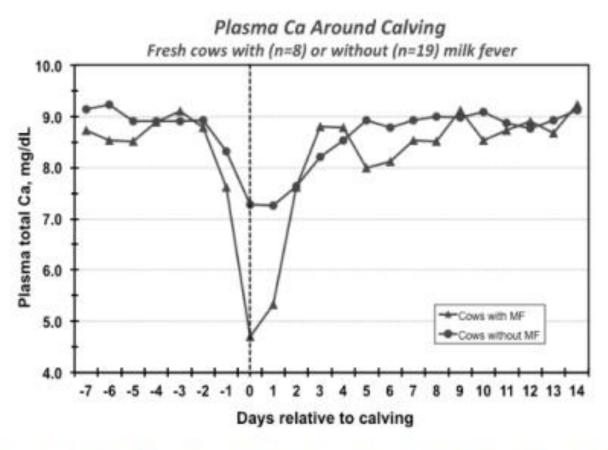


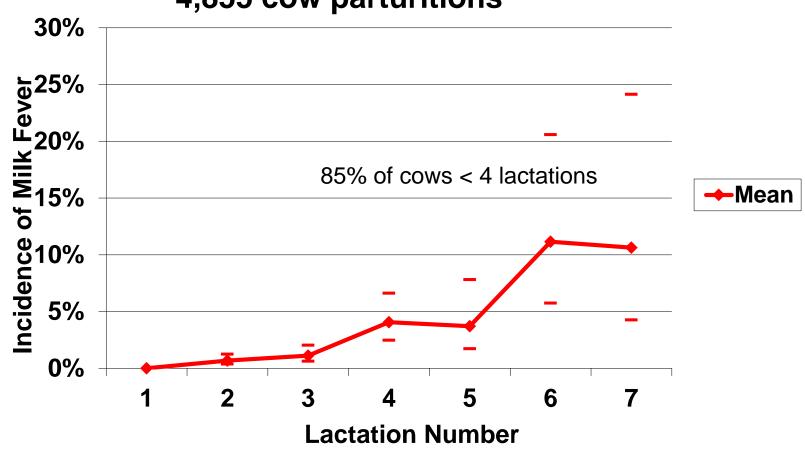
Figure 4. Period of greatest clinical occurrence of milk fever in cows post calving (Adapted Kimura et al. 2006)

Parturient Hypocalcemia ("Milk Fever")

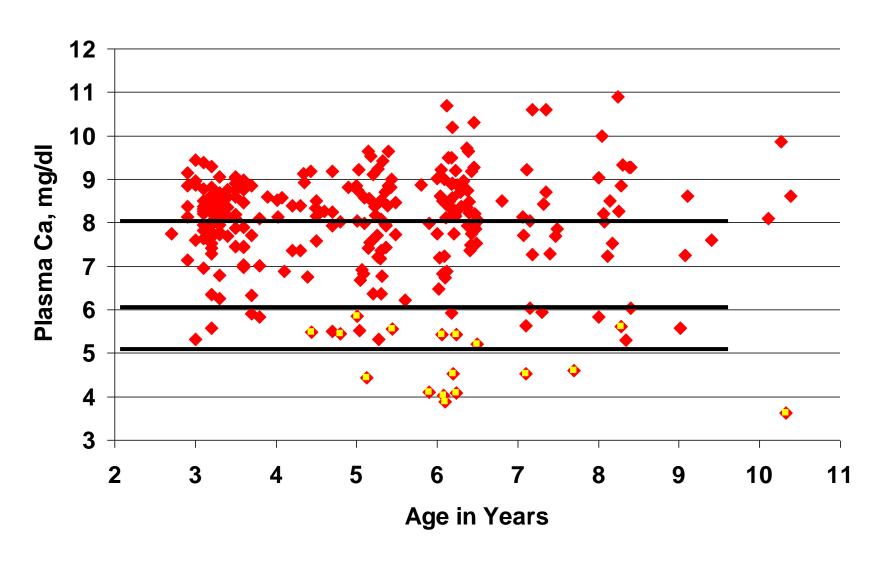
- Serum Ca < 5.6mg/dl (individual variation)
- Recumbent, depressed, gut stasis, hypothermic
- Require intravenous calcium treatment to survive
- Incidence ~5%
- Risk of MF increases with age
 - 9% per lactation (Lean et at., 2006)

Milk fever by lactation

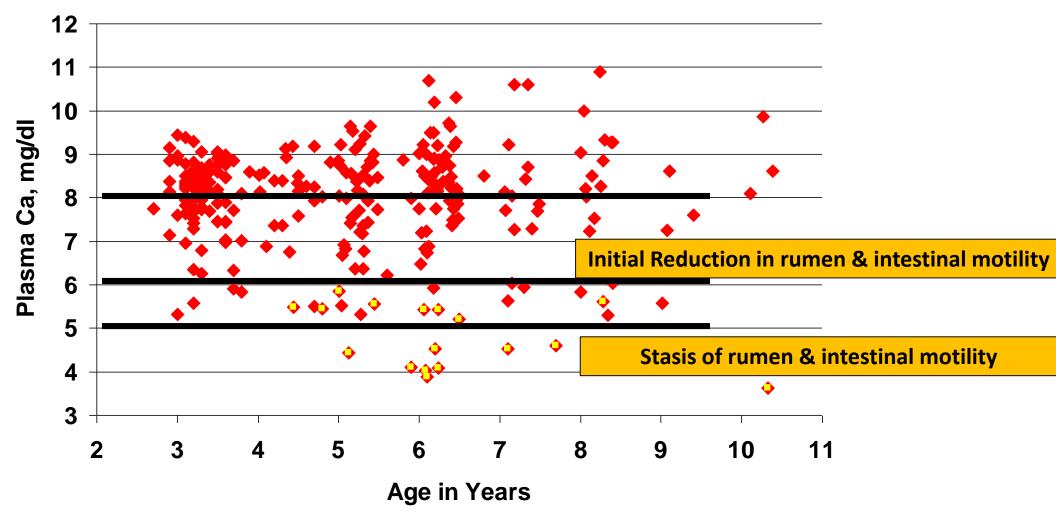




Plasma Ca Day of Calving



Plasma Ca Day of Calving



Reduction in motility will impair Ca absorption

Calcium homeostasis

- Blood calcium is maintained within a narrow range of 8-10 mg/dl.
- Calcitonin is secreted plasma iCa is elevated
 - Increases deposition of Ca and P into bone
- PTH secreted with lowered palsma iCa
 - Increases Ca mobilization from bone
 - Increases intestinal absorption of Ca

Calcium homeostasis

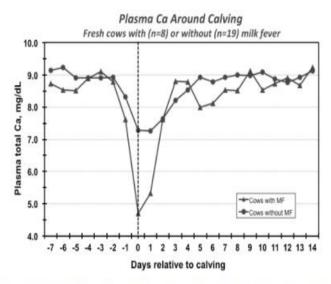
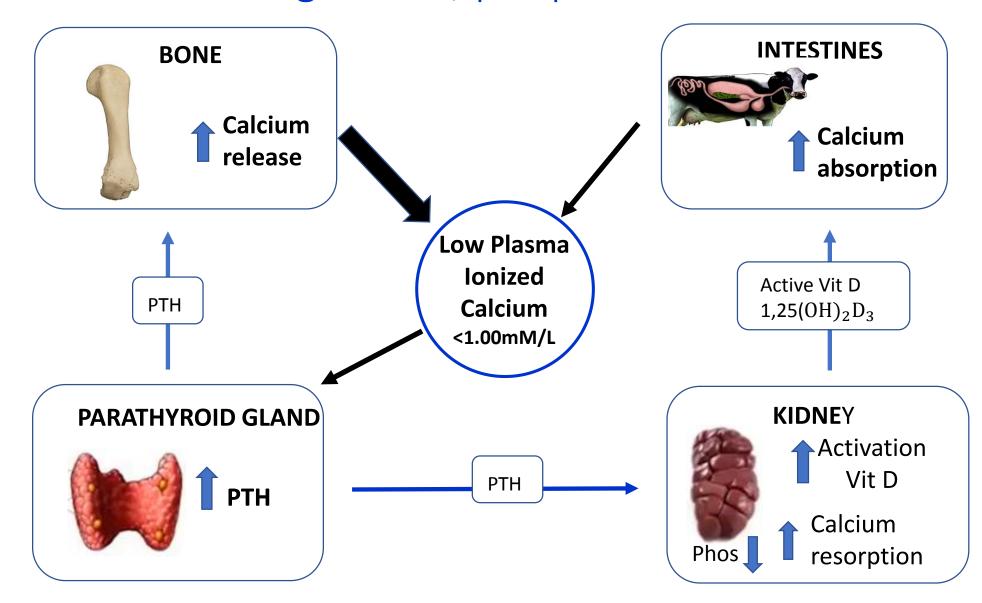


Figure 4. Period of greatest clinical occurrence of milk fever in cows post calving (Adapted Kimura et al. 2006)

Kinetics (Ramberg)

- Sudden but temporary decrease in Ca at calving
- Decline in plasma Ca for 1-2 days post calving
- Followed by a recovery in homeostasis 2-3 days

Calcium regulation, periparturient cow



Minerals modifying response to calcium regulation

Magnesium

- Critical for the release of PTH from the gland
- Involved in the synthesis of the active form of Vit D
- If Mg is low, kidney and bone are less responsive to PTH.

Phosphorus

- Increasing dietary P increases the risk for milk fever
- P regulated by directly by $1,25(OH)_2D_3$
- P regulated indirectly by the PTH/Ca neg. feedback loop

Subclinical Hypocalcemia

- Serum Ca >5.6 -? (8.0, 8.5)mg/dl
- Cut off value influences % of cows with SCH after calving
- Associated risks depend on timing of blood sampling after calving.
- More subtle signs
- To treat or not to treat with calcium
 - Intravenously
 - Subcutaneously
 - Orally

Hypocalcemia

- Calcium is needed for normal muscular function
- The uterus, rumen, abomasum contain smooth muscle which can be weak/less tone
- Increased risk of
 - Dytocia
 - Uterine prolapse
 - Retained fetal membranes (RP)
 - Reduced rumen function and DMI
 - Displaced abomasum (DA)
 - Ketosis
 - Mastitis

Pre-Partum dietary management

- Manipulate dietary cation anion difference (DCAD)
 - Limit cations $(K^+ + Na^+)$, Supplement anionic salts $(Cl^- + S^{-2})$
 - Metabolic acidosis and increased urinary Ca excretion
 - Urinary pH acidic (6.0-7.0)
 - Often calcium fed at 1.0 to 1.8% DM (180 gms)
- Low dietary calcium diets
 - Limit calcium to <0.4% DM
 - No supplemental calcium added
 - Calcium binder to decrease Ca absorption (Zeolite A)

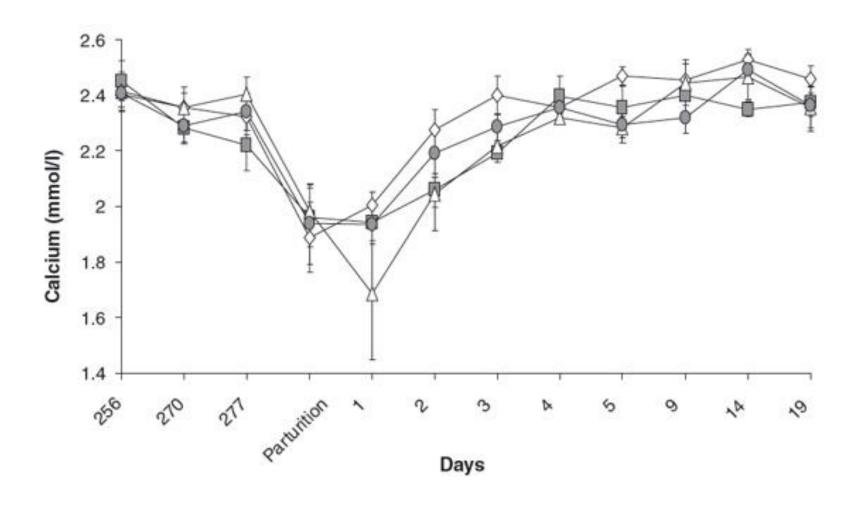
Influence of different calcium contents and anionic salts fed pre-partum and plasma changes through parturition

A.Liesegang et al.

♦ 43.5 g Ca/day

- 40.5 g Ca/day + anionic salts
- \triangle 100.9 g Ca/day
- 98.5 g Ca/day plus anionic salts

24 Holstein Cows 2-4th lactation



Acidogenic Diets

- Benefit may be the increase in urinary Ca
- Amount can be about 5 to 8 grams/day rapid recovery
- May be sufficient for rapid reabsorption to maintain ECF Ca concentrations

Low Calcium Diets

- Boda < 30g/d will prevent MF
 - < 50 g/d will minimize MF cases and improve response to treatment
- Our goal ≤ 40 g/d at 22 lbs of DMI in close-up cows
 - No supplemental Ca (or P)
 - Mg 0.40% to 0.50% of DM

Meta Analysis – Lean et al. 2006

Equation (1)					
Predictor	Coefficient	SEM	OR	95% C	<u>L .</u>
Intercept	-5.76	1.028			
Ca	5.48	1.729	239.4	8.082,	7,089.244
Mg	-5.05	1.618	0.006	0.001,	0.152
Ca x Ca	-2.03	0.819	0.131	0.026,	0.654
Р	1.85	0.716	6.376	1.566,	25.958
DCAD 1	0.02	0.007	1.015	1.001,	1.030
	Risks: Ca, P, D	CAD	Protective: Mg	Priority: Ca	&Mg> P> DCAD
Equation (2)					
Predictor	Coefficient	SEM	OR	95% CL	
Intercept	-5.17	1.048			
Ca	5.74	1.788	309.6	9.306, 10	,298.0
Mg	-8.66	2.007	0.001	.001,	.009
Ca x Ca	-2.16	.844	0.115	.022,	.601
Р	2.29	.717	9.9	2.423,	40.2
K	0.78	.313	2.2	1.183,	4.036
S	-3.48	1.513	0.031	0.002,	0.598
	Risks: Ca, P, K		Protective: Mg, S	Priority: Ca	&Mg>S> P> K

DCAD 1 = (Na + K) - (CI + S) in meq/100 g DM (only equation of four that was significant) 87 trials out of 137 trials Breed adjustment, exposure, and Trial not included

To Investigate Interactions

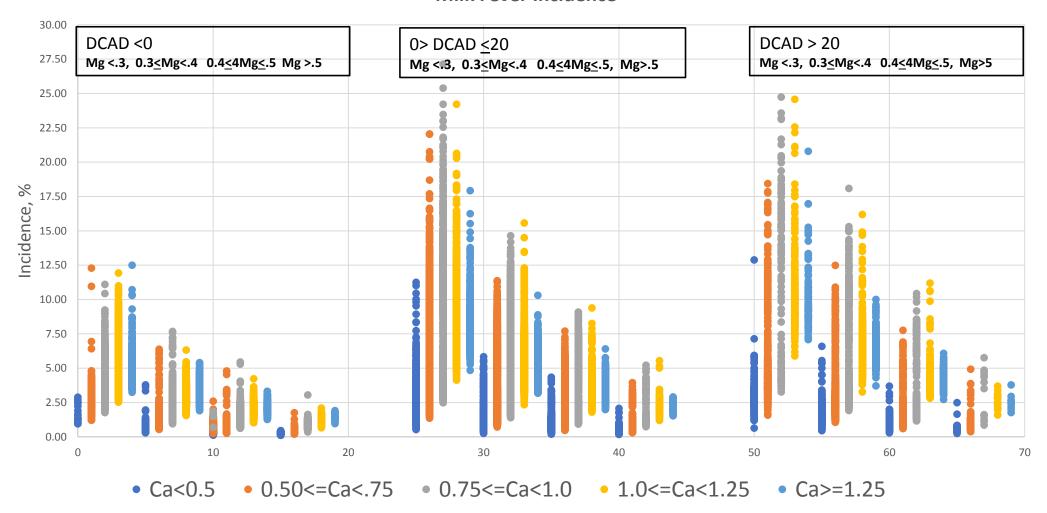
Stochastic mineral content of dry cow diets using Lean et al. Milk Fever model – 76,000 simulations

•	% DM	 	
	/U DIVI		

• Item	Mean	STD	min	max
• Ca	0.79	0.27	0.12	1.61
• P	0.31	0.05	0.08	0.71
• Mg	0.38	0.08	0.06	0.70
• K	1.21	0.34	0.37	2.34
• Cl	0.70	0.26	0.10	1.39
DCAD (meq%)	3.59	13.78	-33.78	36.27

Stochastic Model based on Lean et al.

Milk Fever Incidence



Results of the model

- Milk Fever incidence lowest with
 - Low DCAD <0
 - Mg > 0.5
 - Ca < 0.5
- High urinary Ca excretion rapid pool of resorbable Ca
 - Maintain gut motility
- Mg responsive PTH system and target cells
 - Enhance Calcitriol production
- Low Ca stimulation of bone resorption
- Up regulation of Ca homeostasis

DCAD feeding regimen have potential drawbacks

- Reduced palatability leading to reduced feed intake
- Increased labor to monitor urine pH
- Exclusion of springing heifers in close up cow groups
 - Not necessary
 - Not recommended

Low Calcium Dry Diets

- Corn Silage
- Low Calcium Forage
 - Grass hay works well if truly grass hay
 - Straw diets provide an excellent way to reduce Ca
- NO SUPPLEMENTAL CALCIUM or PHOSPHORUS
- Calcium <.40 Calcium intake at 10 kg DM <40 g
- Phosphorus <.35
- Magnesium .45-.50 Magnesium sulfate, MagOxide
- Potassium usually 1.3-1.6
- Sulfur .25-.30
- NaCl .025% of DM (NRC, .06-.10lb/cow)

Goal of dry cow programs

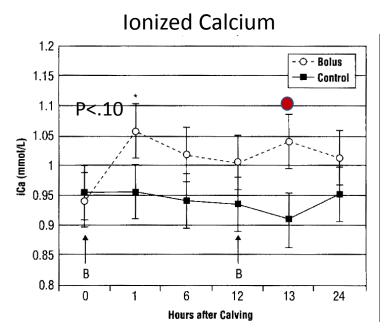
• Whether low calcium dry cow diets or low alkaline diets, the goal is to create a responsive system to a decline in plasma Ca.

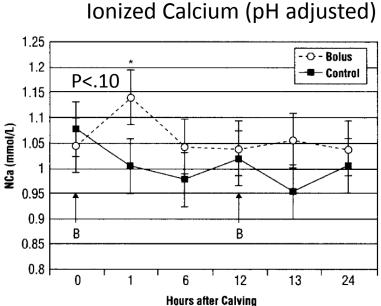
Calcium bolus containing anionic salts

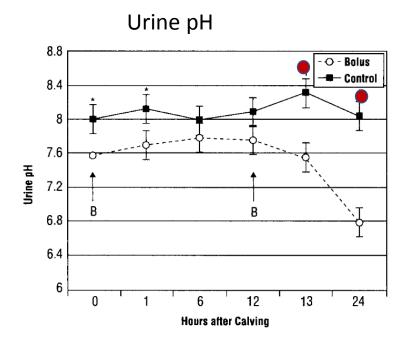
- Bovikalc Bolus (Boehringer Ingelheim Vetmedica)
 - 70% calcium chloride
 - 30% calcium sulfate
 - Contains a fat wax coating to protect cow from caustic salts
- Dissolves in 30 minutes
 - Calcium chloride readily absorbed
 - Calcium sulfate absorbed more slowly
- Label direction
 - 1 bolus given at calving, a second bolus given 12 hours later
 - 43 grams of calcium per bolus, cost \$8.00/bolus

20 cow, no anionic salts, only cows iCa <1.10mg/dl

Sampson et al







• P<.05

Calcium secreted in urine was not different between groups

Ca bolus treatment

- Questionable benefits to a "blanket" treatment approach (\$16/cow)
 - Majority of cows< 4rth lactation are responsive and have normal Ca levels within 2-4 days
 - Any detrimental effects?
 - Does it blunt the normal PTH response mechanisms to improve Ca homeostasis?
 - Does it delay or help the cow return and maintain Ca homeostasis?
 - Do cows on DCAD diets need to be acidified for another day?
- Possible target cows
 - Lactation 4 and greater with delay in osteoclasts and Ca homeostasis
 - Lactation 3 and greater if BCS > 3.5 or are lame, limiting DMI post-calving

Ketosis in Dairy Cows

Bovine Ketosis

- Primarily seen the first 2 weeks post-calving
- The clinical syndrome is characterized by
 - Anorexia
 - Depression
 - Ketonemia
 - Ketonuria
 - Hypoglycemia
 - Decreased milk production
- Ketones found in blood, milk, urine

Bovine Ketosis

- Ketone bodies-interconversions
 - Acetoacetate
 - β-hydroxybutyrate
 - Acetone (on breath of cows)
 - Isopropanol (fermentation product)
- Sources of ketone production in the cow
 - Ruminal epithelium
 - Liver
 - Mammary gland
- Normal blood ketones < 10 mg/dl (1.0 mM/L)

Glucose metabolism

- Gluconeogenesis-synthesis of glucose from non-CHO sources
- Large amounts of glucose must be produced by the liver to meet the heavy demands for lactose, particularly early lactation
- Precursors for gluconeogenesis
 - propionate production (rumen) CHO
 - amino acids (tissue storage, diet) PRO
 - glycerol (triglycerides) FAT
- Failure to have adequate gluconeogenic precursors results in hypoglycemia

Hypoglycemia, lipogenesis and ketone production

In hypoglycemic state-

- pancreas releases less insulin and more glucagon
- hormone activates lipase in adipose cells
- triglycerides are hydrolyzed and release LCFA and glycerol
 - Fatty acid oxidation for energy for tissues
- Excessive fat mobilization as NEFA's enter the liver and get directed to ketones

- 1. Inadequate supply of MP in pre-calving diet
- 2. Underfeeding or nutritional ketosis
- 3. Alimentary ketosis from abnormally fermented forages
- 4. Spontaneous ketosis in high producing dairy cows at peak lactation

1. Inadequate supply of MP in pre-calving diet

MP Requirements

1400 lb dry cow 270 days pregnant

1100 g/d	Metabolizable	
	Protein (g/d)	
Maintenance	450	
Pregnancy	340	
Mammary	270	
Growth	40	

Mp Requirements

1400 lb dry cow 270 days pregnant

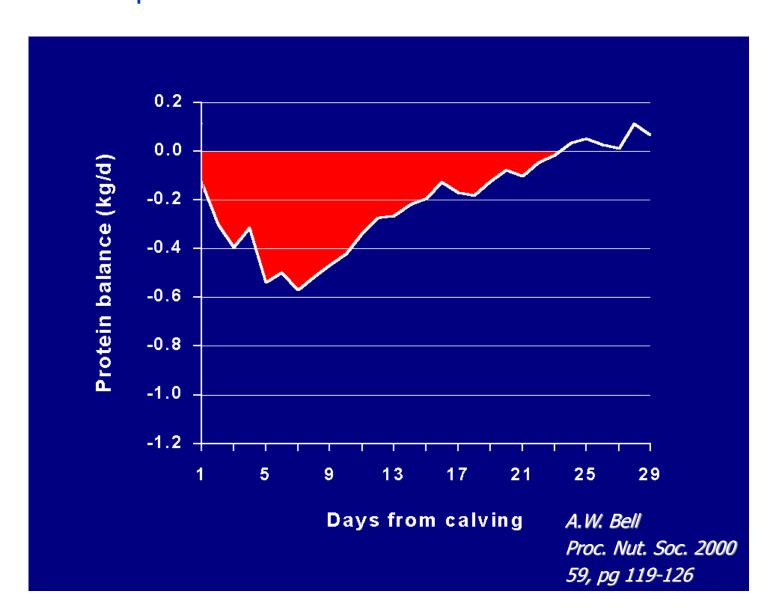
1400 lb, 80lb milk, 3.0% protein

1100 g/d	Metabolizable	
	Protein (g/d)	
Maintenance	450	
Pregnancy	340	
Mammary	270	
Growth	40	

2300 g/d	Metabolizable	
	Protein (g/d)	
Maintenance	640	
Lactation	1620	
Mammary		
Growth	40	

Protein difference of 1200 grams/day from calving to lactation

Metabolizable Protein Balance Periparturient Period

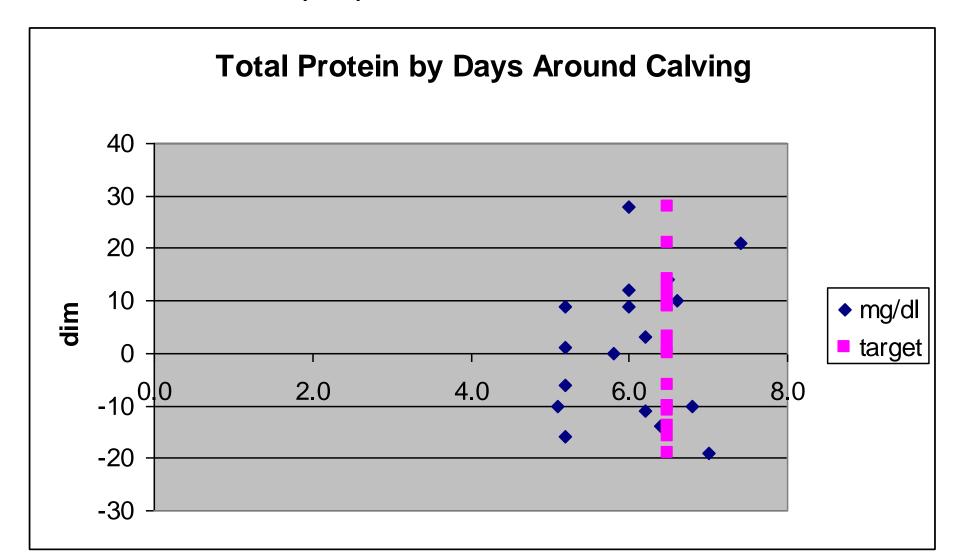


Protein and Ketosis

- The cow relies on amino acids for gluconeogenesis to make up the short fall of rumen propionate
- Estimated 500-1000 gm of endogenous protein mobilized per day to satisfy mammary gland's need for amino acids and glucose precursors during first 7-10 days
- If protein stores are limited, gluconeogenesis is limited
- Hypoglycemia and ketogenesis

Serum Total Protein

Herd data7-10 days post fresh



Considerations for MP formulation of dry cow diets

- Far-off dry cow (27-32 lbs dm)
 - MP requirement ≈ 800 grams/day (240 days pregnant)
 - 12%-13% crude protein
- Close-up dry cow (21-25 lbs dm)
 - MP requirement 1100 gms minimum at calving (280 days)
 - 1100-1300 in 22lb DM
 - 15-16% crude protein diet
 - Supply methionine if feeding bloodmeal (L:M ratio close to 3:0)

- 2. **Underfeeding ketosis**–insufficient calories to meet demands lactation and body maintenance
 - Insufficient quantity of feed or diets low in metabolic energy density
 - Reduced DMI secondary to illness
 - hypocalcemia, metritis, mastitis, DA

3. Alimentary Ketosis

- Consumption of excessive amounts of silage high in butyric acid
- Problems in fresh cows with abnormally fermented forages
- Increased β-hydroxybutyrate released into the circulation and ketosis
- Alimentary Ketosis is really "butyrate toxicosis"

4. Spontaneous Ketosis

- Seen in very high producing cows at peak production with abundance of high quality feed
- Postulated a signal for lipolysis to meet LCFA demand for milk fat
- LCFA's lead to liver ketogenesis, independent of plasma glucose (Kronfeld)
- Ketosis responds to protected fats
 - Absorbed from small intestine as chylomicrons
 - Removed by mammary gland for incorporation into milk fat(Palmquist and Jenkins)

Close-up ration composition

- CP to supply 1,100 to 1,300 gm MP at 22 lbs DMI
 - 14% to 16% CP
- NDF 40 to 46% (NRC 36 to 38%)
- NFC 30 to 35%
 - Starch 18 to 21%
 - Sugar 3 to 5%
- Calcium <.4
- Magnesium >.45
- Phosphorus <.35

Trace Minerals and Vitamins for Close-up Dry Cows

- Antioxidant system and Immune function
 - Vitamin A 70,000 to 100,000 IU per day
 - Vitamin D 24,000 to 30,000 IU per day
 - Vitamin E 1000 to 2000 IU per day
 - Se 0.3 ppm
 - Cu, Zn, Cr
 - I, Mn, Fe,
- Benefit of complexed trace minerals

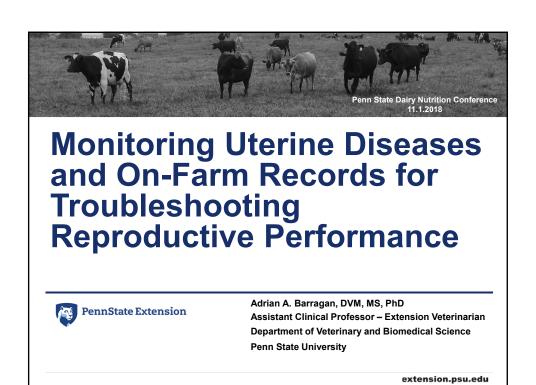
Post-calving group

- DMI 43-44lb (80lb milk)
- CP 16%-16.5%
- NDF 30-31%
- NFC <u><</u>40
 - Starch 27-28%
 - Sugar 3-5%
- FAT 5.0-5.6%
- High or low energy diets first three weeks?
 - positive influence on reducing liver lipid, BHBA, and sole hemorrhages
 - Increased milk production first three weeks to six weeks postcalving

Conclusion

 Good nutritional management of dairy cattle during the transition period can improve their responses to the metabolic challenges posed by late pregnancy and early lactation







- Overview of Uterine Diseases: Impacts on Reproduction
- Monitoring Uterine Diseases
 - Diagnostic Methods
- On-Farm Record Analysis
- Troubleshooting Process





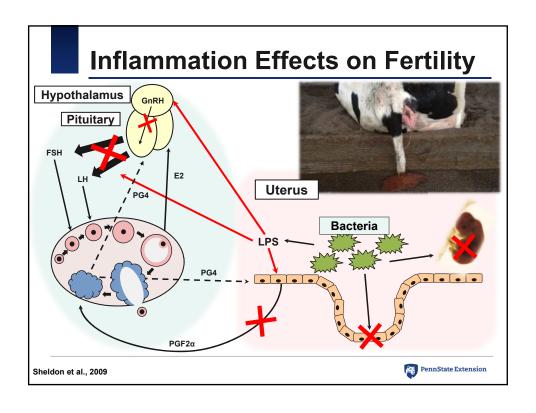
Uterine Disease Overview

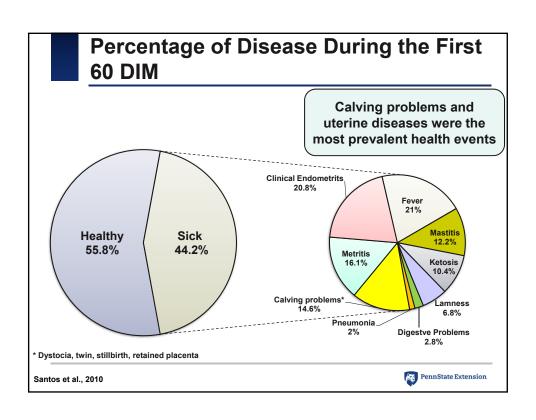
- Some of the most prevalent diseases in dairy farms (8.6% - 50%)
- Costs between \$106 and \$360/case (direct and indirect costs)
- Negatively affects
 - Milk production (3 lbs/d-12.5 lbs/d)
 - Reproductive performance (↓15 CR, ↓31 PR, ↑15% PL)
 - Culling rate (↑2.2 risk)
 - Animal welfare

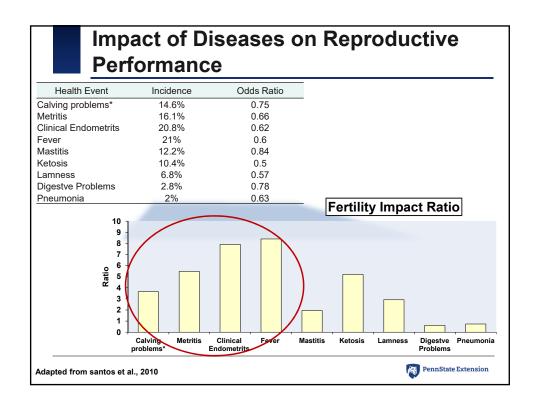


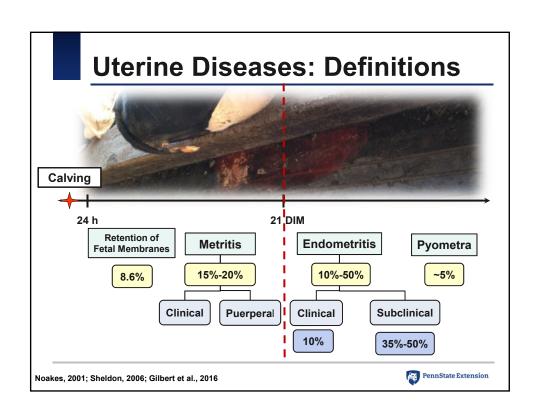
Rajala and Gröhn, 1998; Han et al., 2005; Ospina et al, 2010; Potter et al., 2010; Gilbert et al., 2012

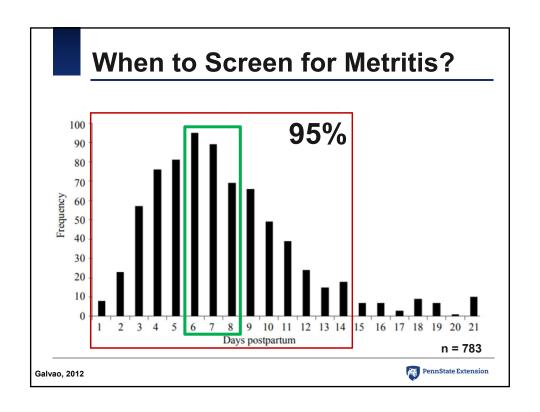


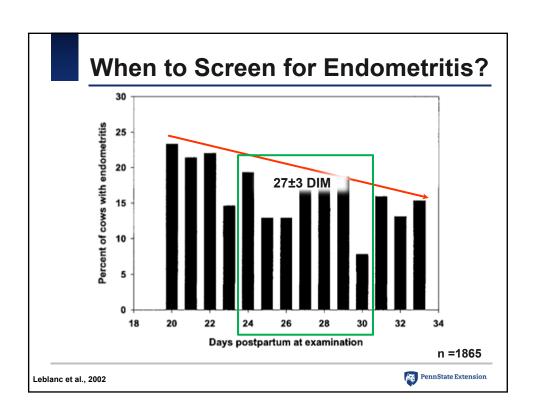


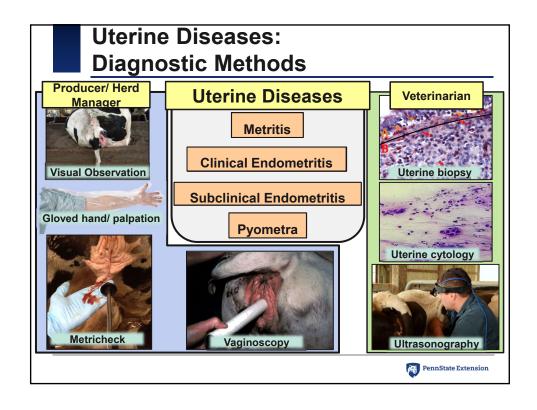


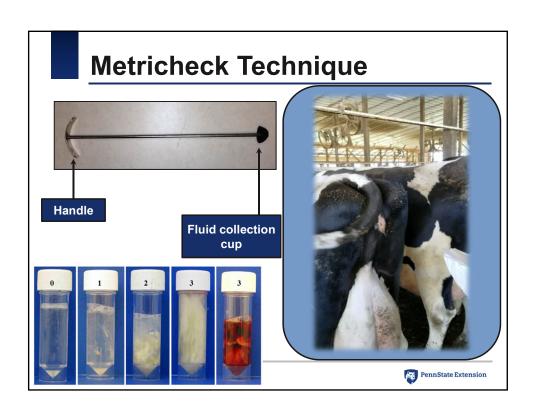


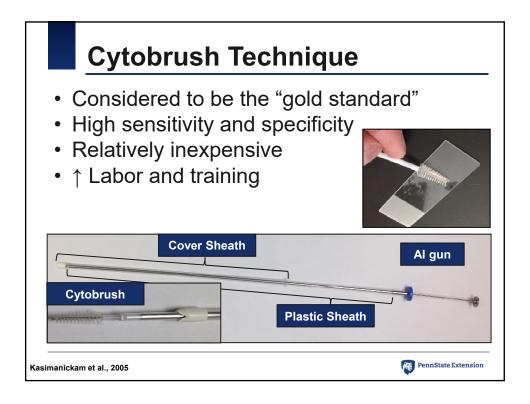


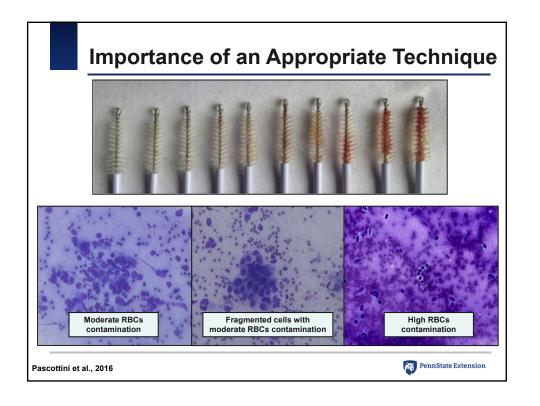






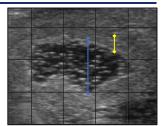






Uterine Ultrasonography

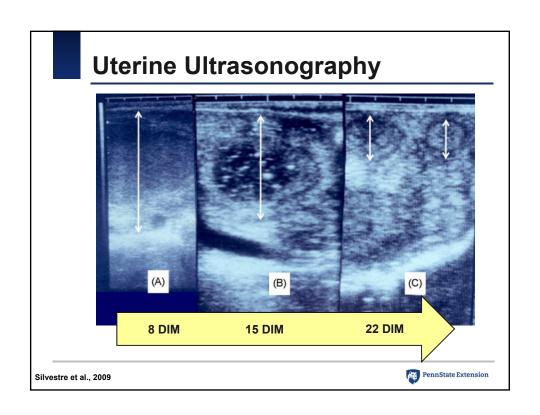
- Identify abnormal fluid in uterus
 - > 1 mm
 - o > 3 mm
 - o > 5 mm
- Measure thickness of the uterine wall
 - o > 7 mm
 - o > 8 mm
- Cervix diameter
 - o > 7.5 cm

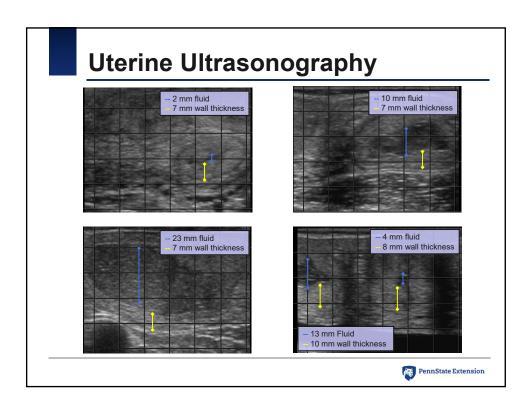


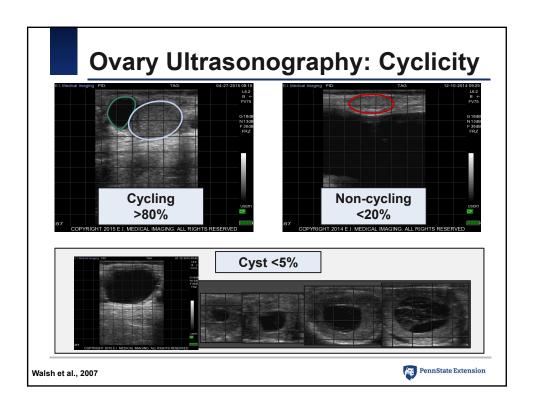


Leblanc et al., 2002; kasimanickam et al., 2004; Gilbert et al., 2005











Reproductive Performance Assessment

- 1. Define the specific reproductive problem
- 2. Record analysis:
 - Herd assessment
 - Reproductive performance
- 3. Make and rank recommendations







Herd Assessment

- Records quality
- Herd Structure
 - Proportion of cows by reproductive code
 - Proportion of cows and heifers
 - Milk production
- Incidence of fresh cow diseases (e.g., uterine diseases)





Records quality

LIST ID LACT PEN DIM RPRO DSLH DCC FOR		
Description	FOR statement contents	
Cows milking more than 2 years	DIM > 730	
Cows with prolonged gestation	DCC > 300	
Heat date greater than today	HDAT > TODAY	
Pregnant with no conception date	RC= 5-6 CDAT= 0	
Conception date greater than today	CDAT > TODAY	
Cows with no fresh date	LACT > 0 FDAT= 0	
Heifers with a fresh date	LACT= 0 FDAT > 0	
Fresh date greater than today	FDAT > TODAY	





Herd Assessment

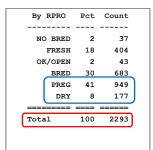
Herd structure

SUM BY RPRO

By RPRO Pct Count 40 1555 NO BRED 1 37 FRESH 10 404 OK/OPEN 1 43 BRED 17 684 PREG 26 1029 DRY 5 177 Total 100 3929

· Calves and heifer included

SUM BY RPRO FOR LACT>0



· Just cows included



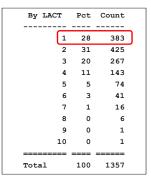
Herd Assessment

Herd structure

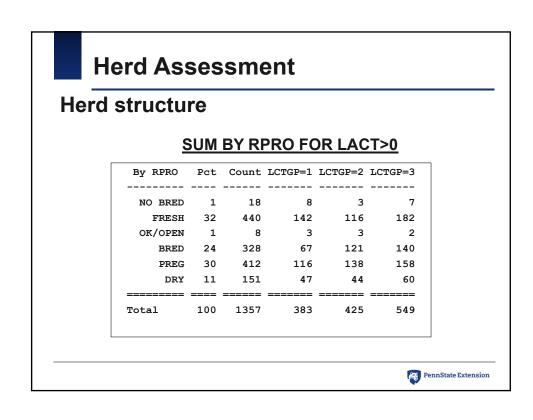
SUM BY LACT FOR LACT>0

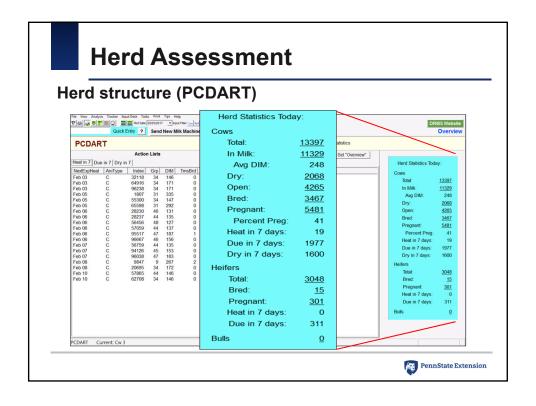
By LACT	Pct	Count
1	69	1175
2	26	440
3	4	66
4	1	21
5	0	8
6	0	1
7	0	1
Total	100	1712

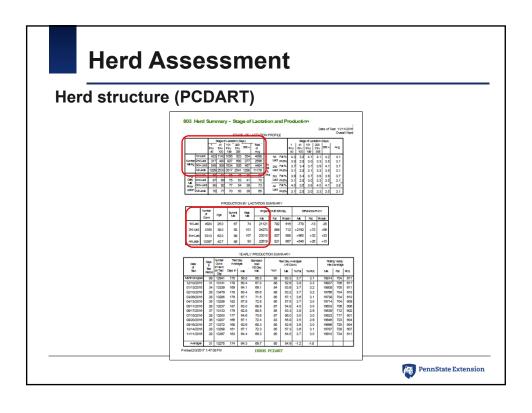
- Expanding herd
- · High Culling rate

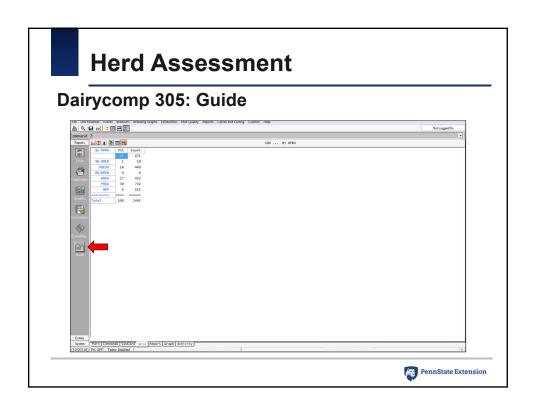


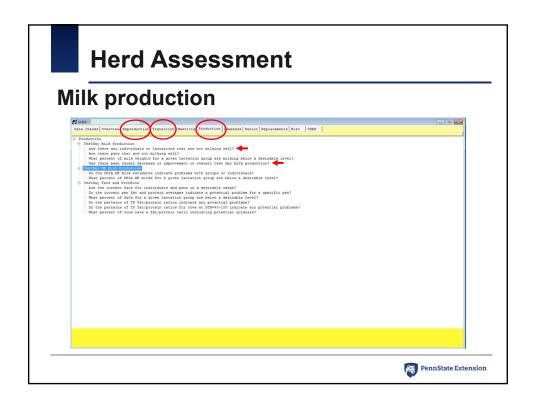
PennState Extension

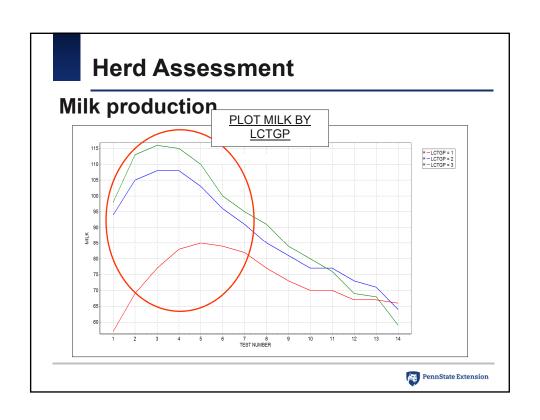


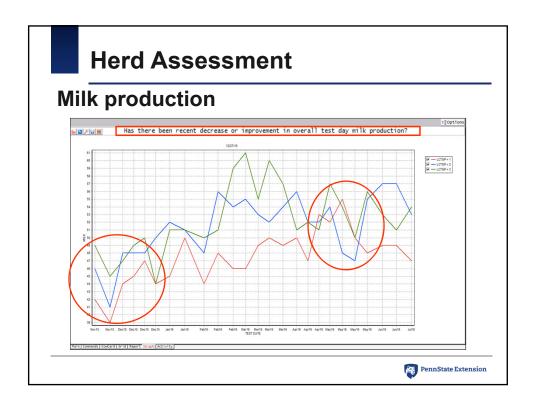


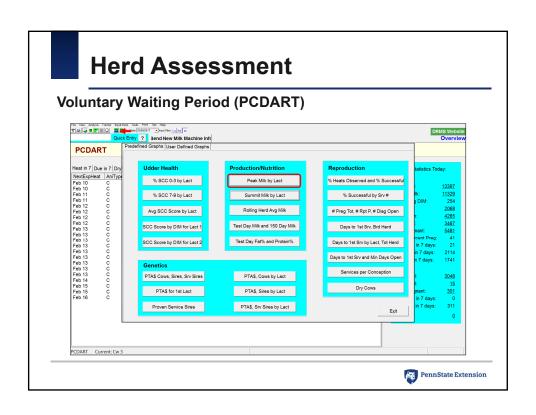


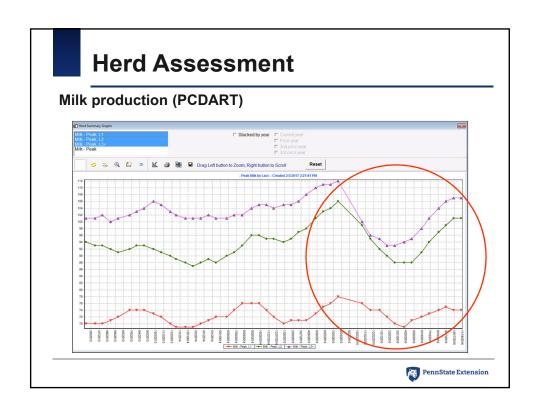


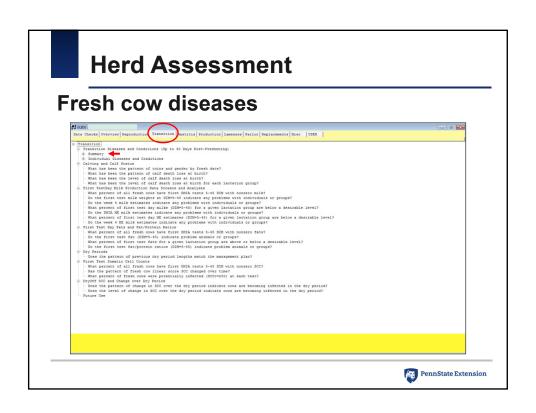


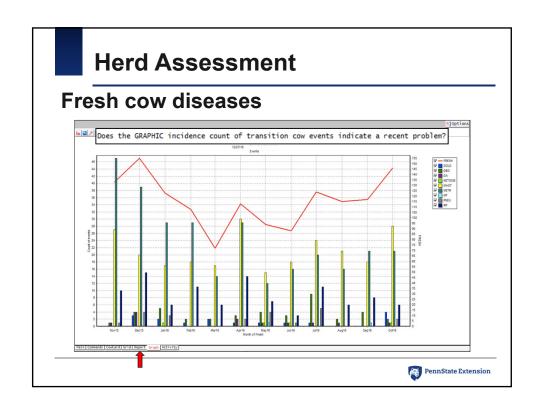


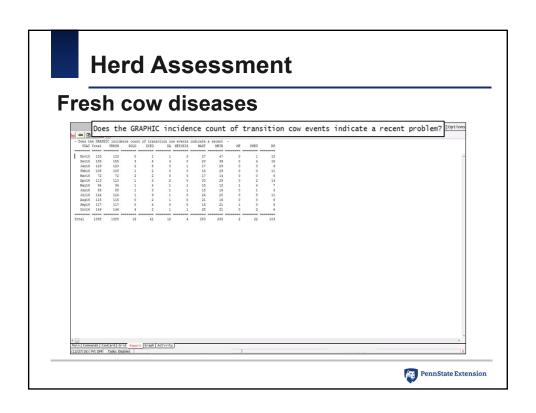


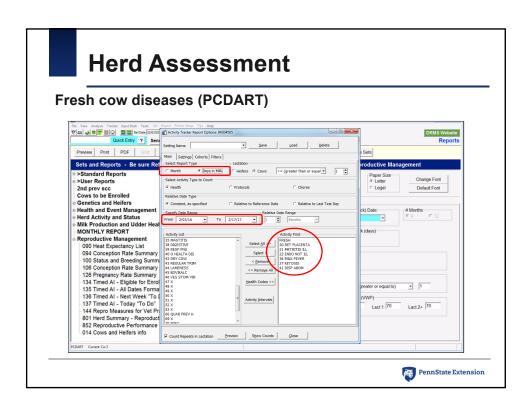


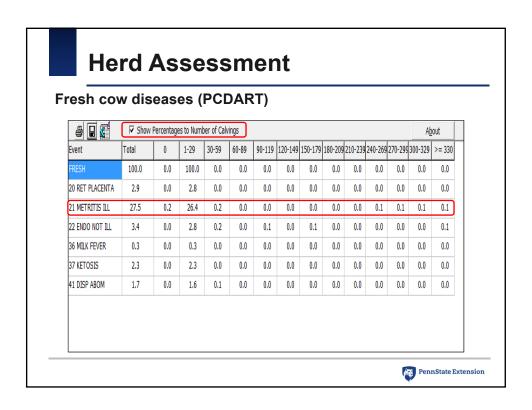








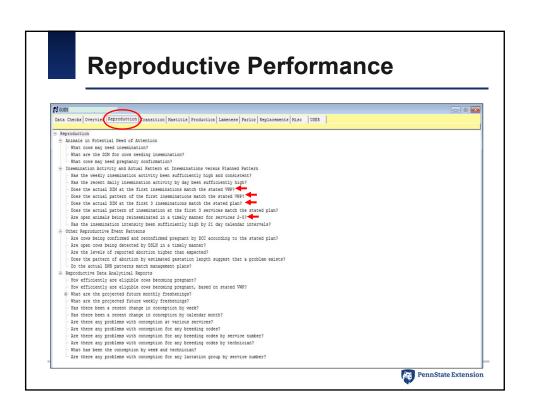


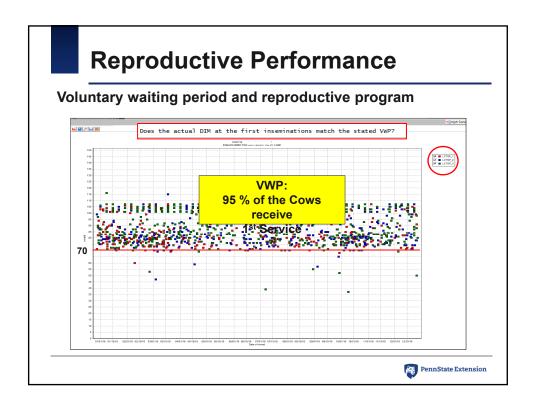


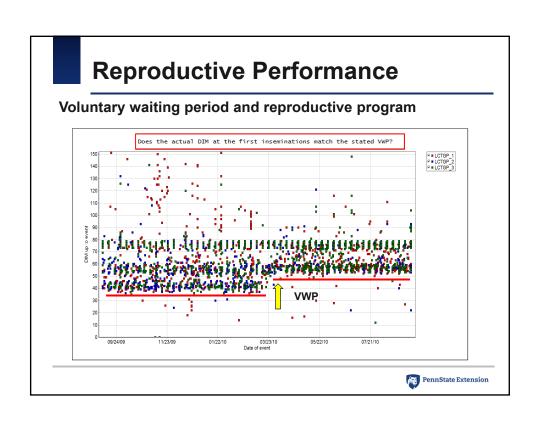


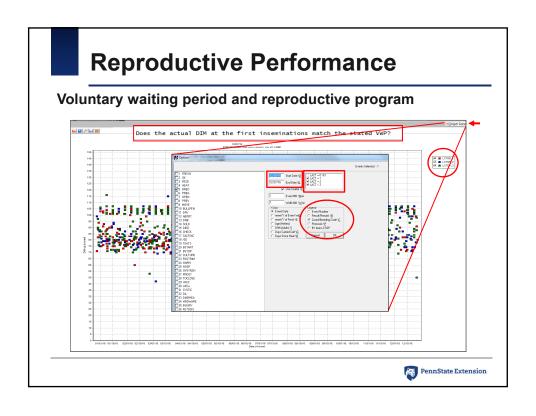
- · Define Reproductive Program
 - VWP
 - Type of program (e.g., HD, TAI or HD+TAI)
- Reproductive efficiency
 - Service rate
 - Conception rate
 - By service
 - · By AI method
 - · By AI technician
 - · By parity
 - By month (e.g., heat stress)
 - Pregnancy rate

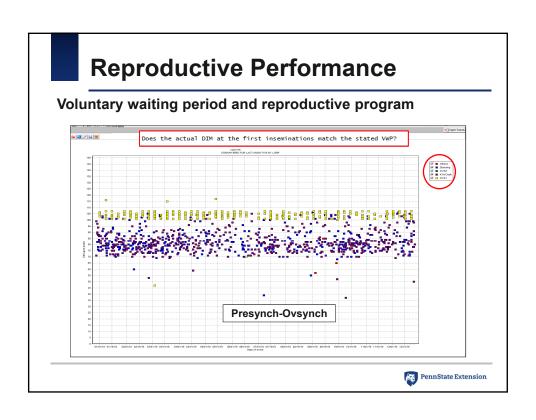


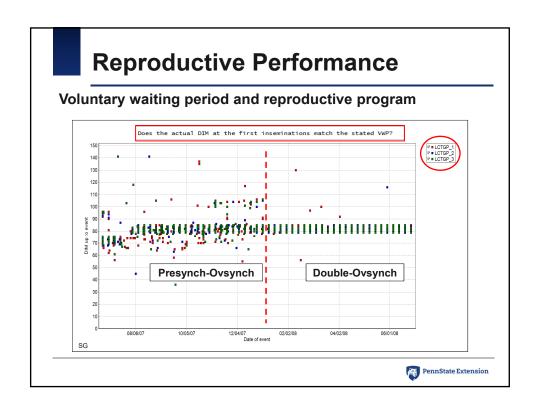


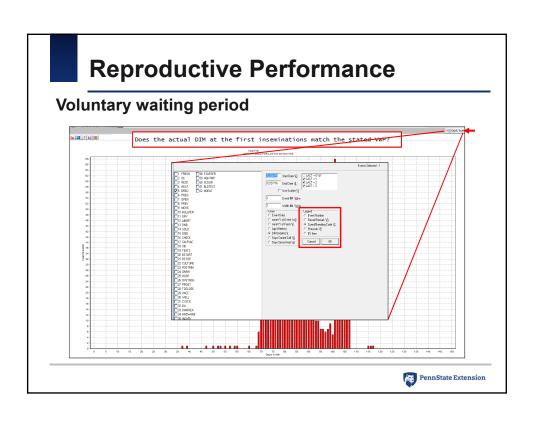


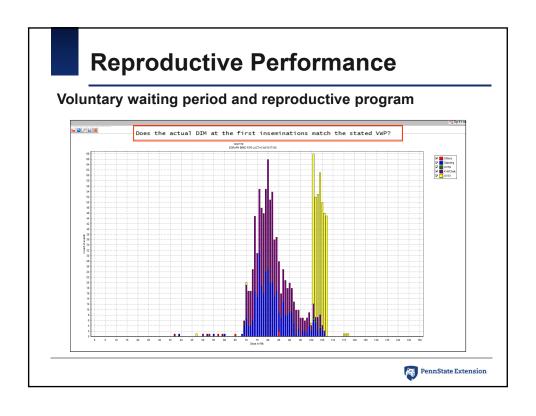


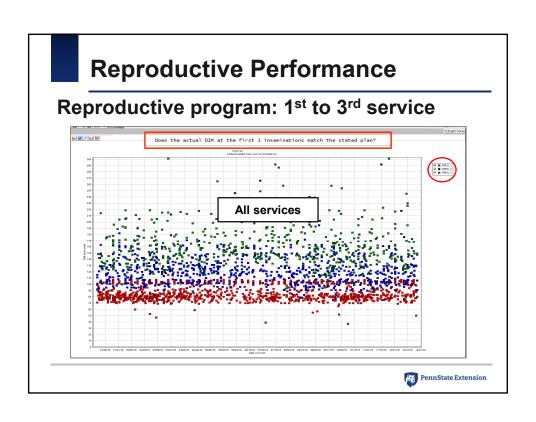


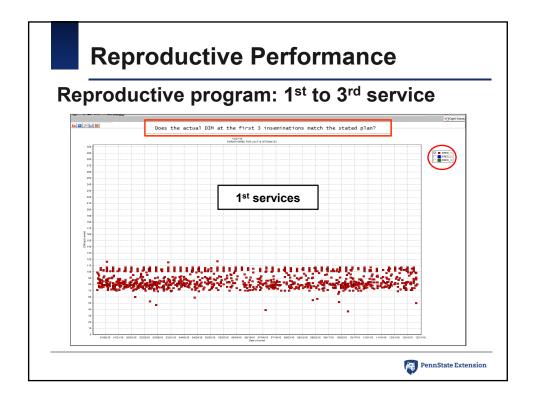


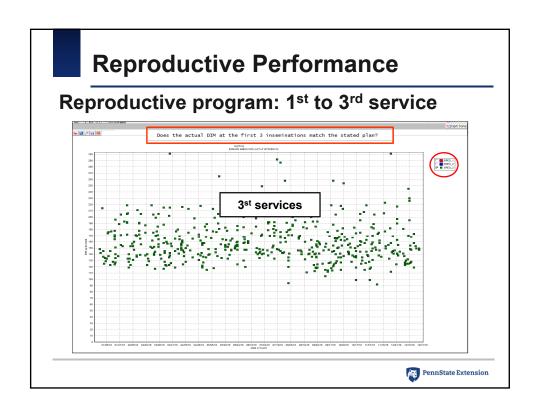


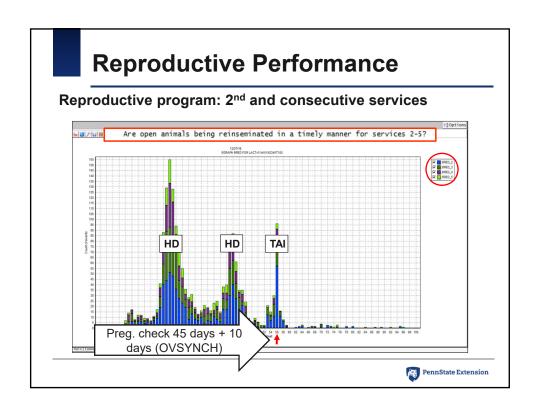


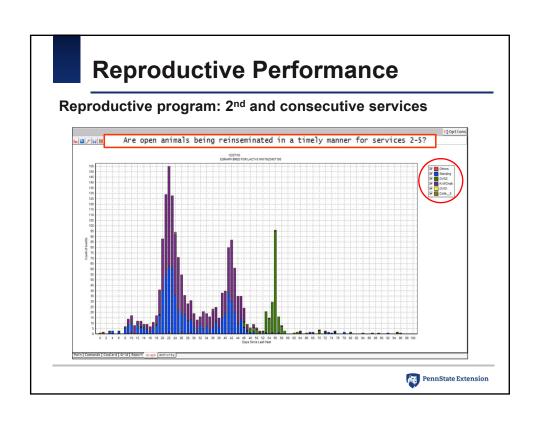


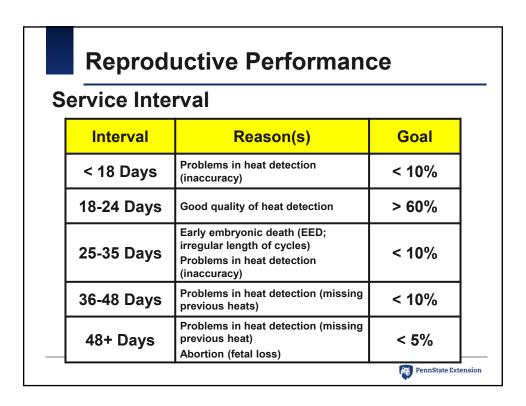


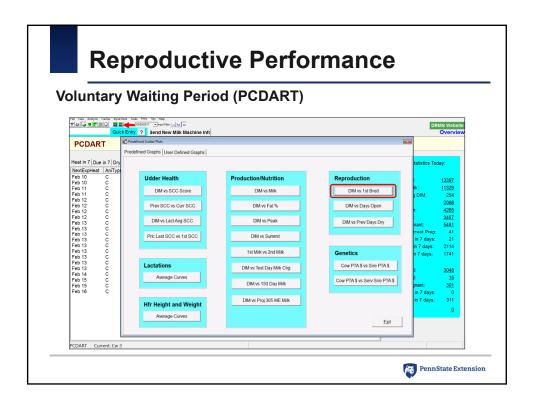


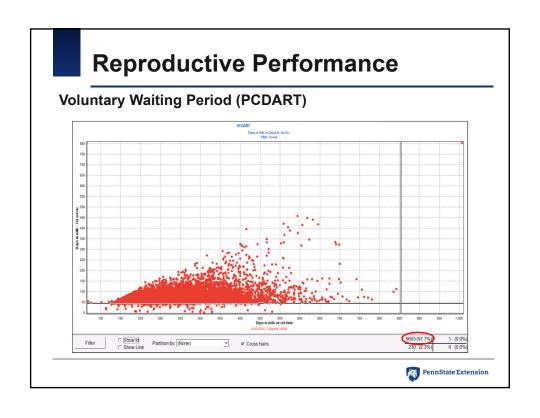


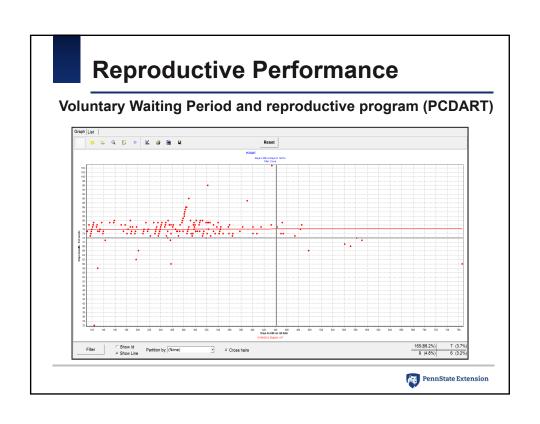


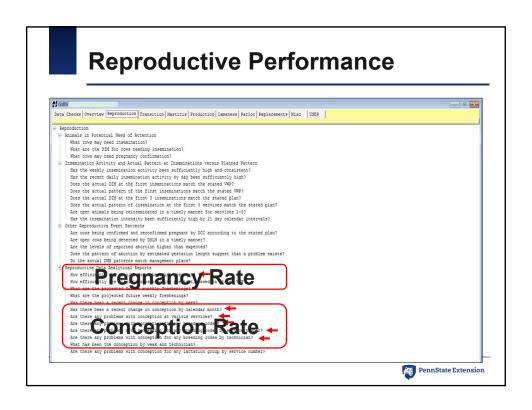


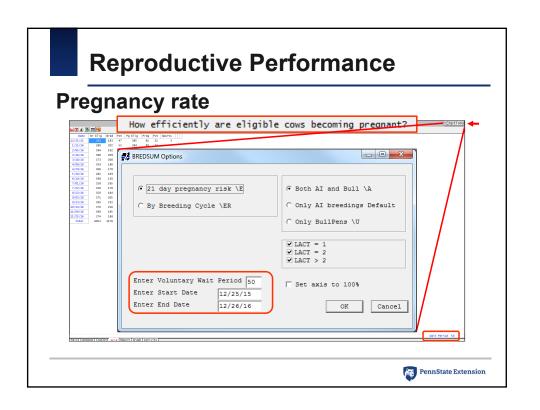


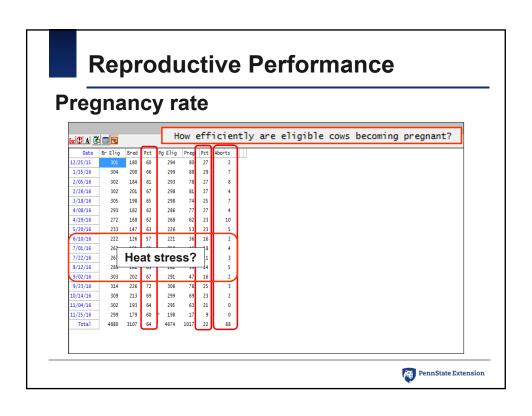


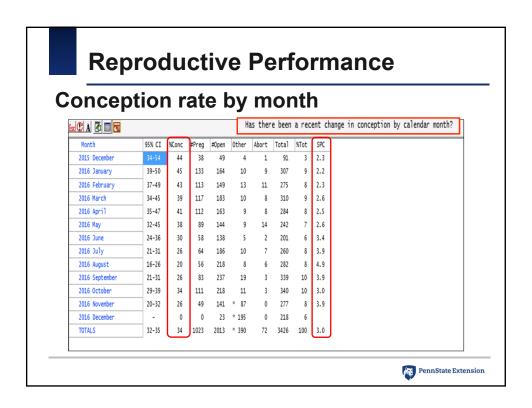


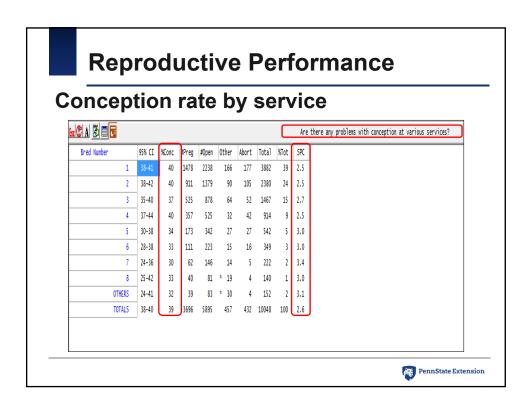


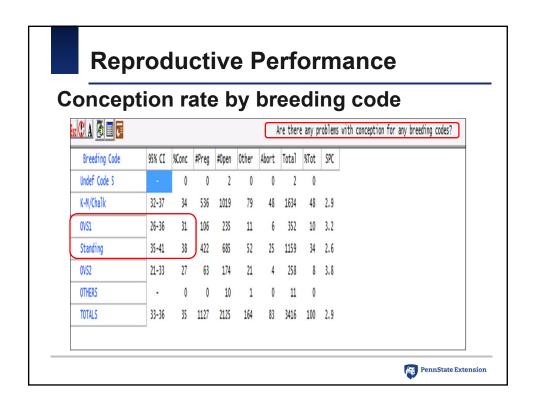


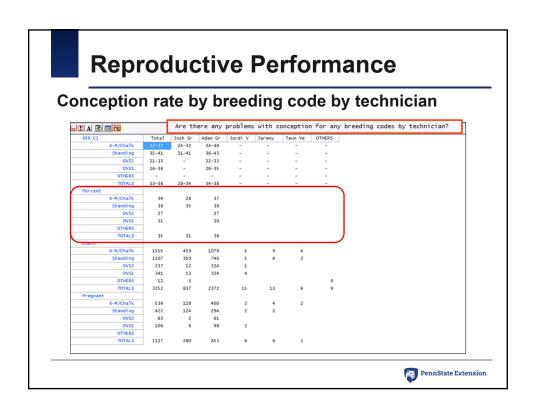


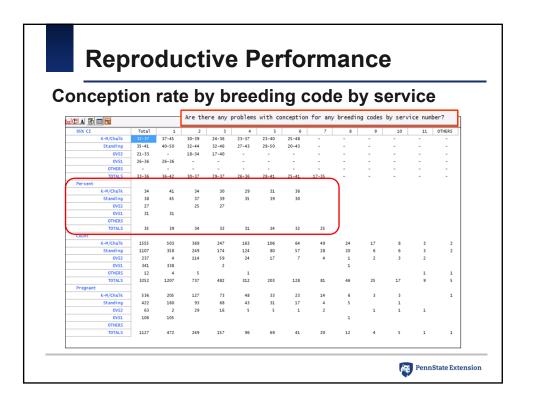


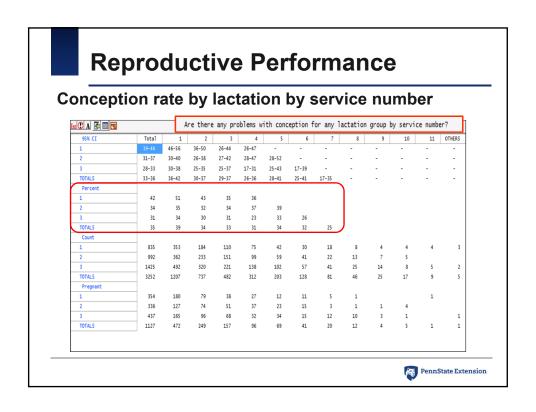


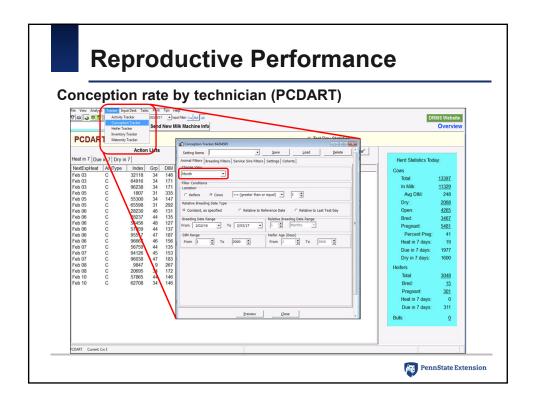


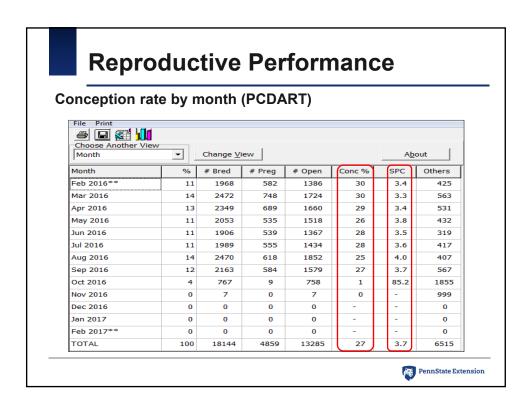


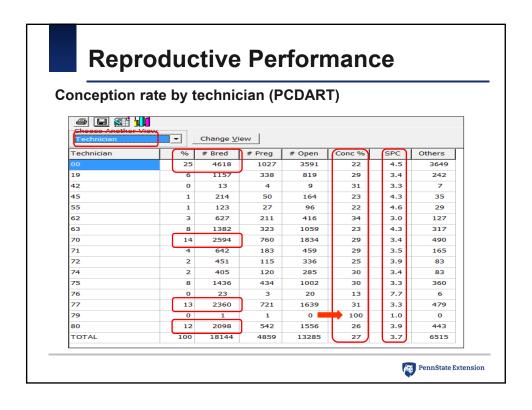


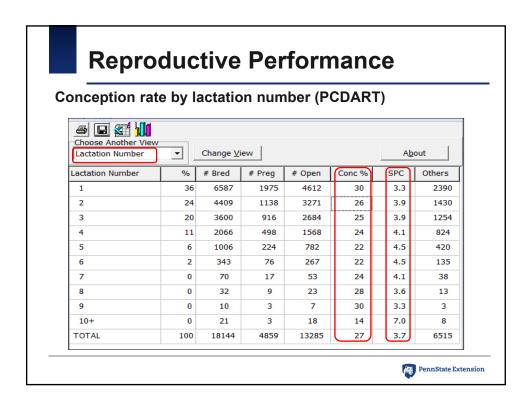


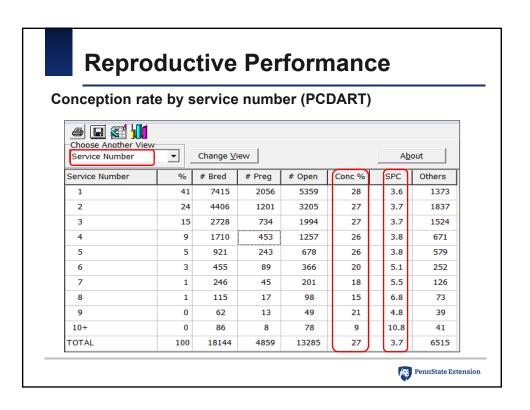


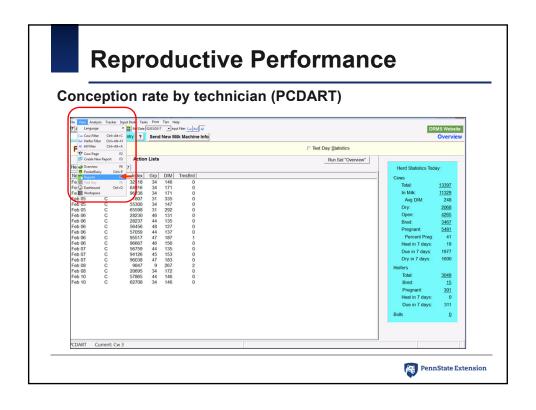


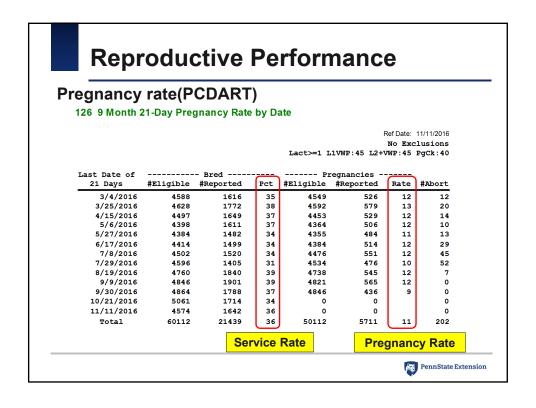


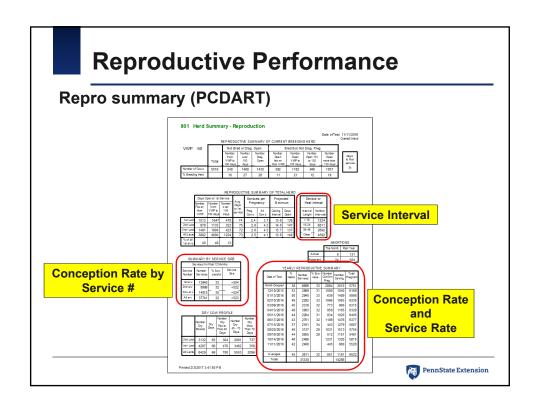












Troubleshooting Process

- Step-by-step approach
 - · Meeting with the producer
 - Farm walk-through: field data collection
 - Record analysis
- Identify risk factors and rank them in order of importance
- · Provide recommendations
 - Be aware of operation limitations
 - Set small goals for reaching your benchmarks (avoid producer's frustration)







Hands-On Lab : Uterine Disease Diagnosis

Objectives:

 Perform calving diagnostic methods described in the oral presentation









Adrian A. Barragan, DVM, MS, PhD Assistant Clinical Professor Tel: 814.863.5849 Email: axb779@psu.edu

Thank you



Department of Veterinary and Biomedical Sciences College of Agricultural Sciences Penn State University

extension.psu.edu



Penn State Dairy Cattle Nutrition Conference Red Lion Hotel, Harrisburg PA November 1, 2018



Competitive Advantages for Farms of Different Sizes

T. Beck, R. Goodling, M. Haan, **V. Ishler**, M. Rosales, A. Sandeen & C. Williams



Project supported in part by:

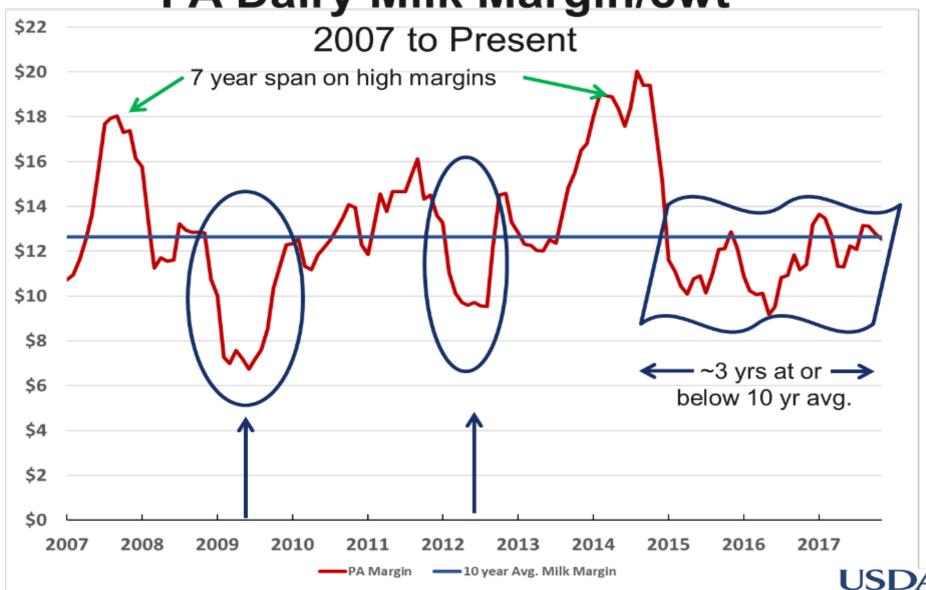
Sustainable Agriculture Research & Education

USDA

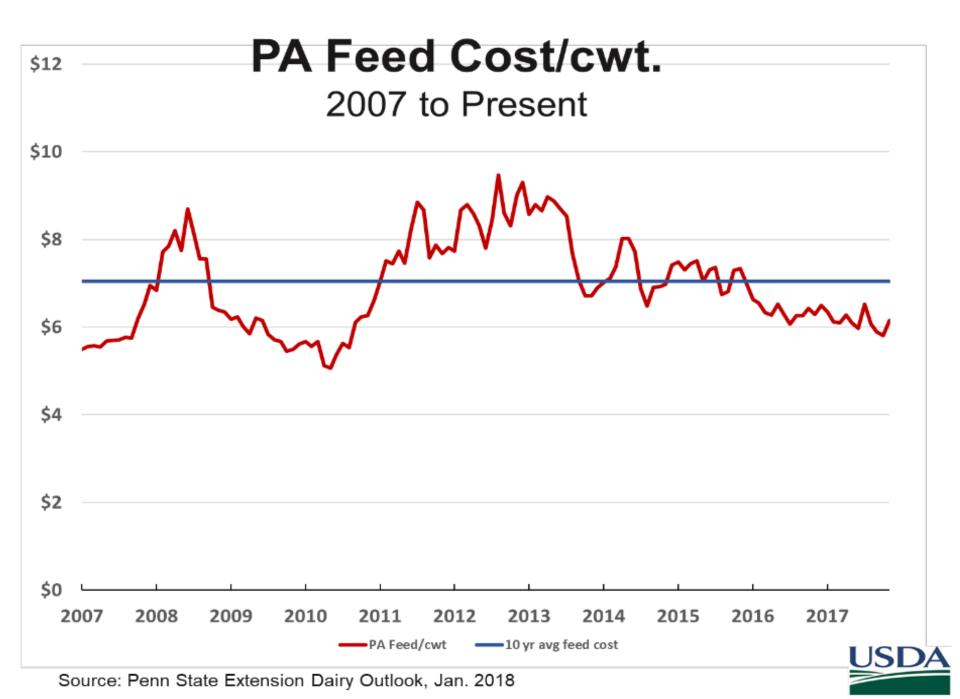
Risk
Management

Agency (RMA)

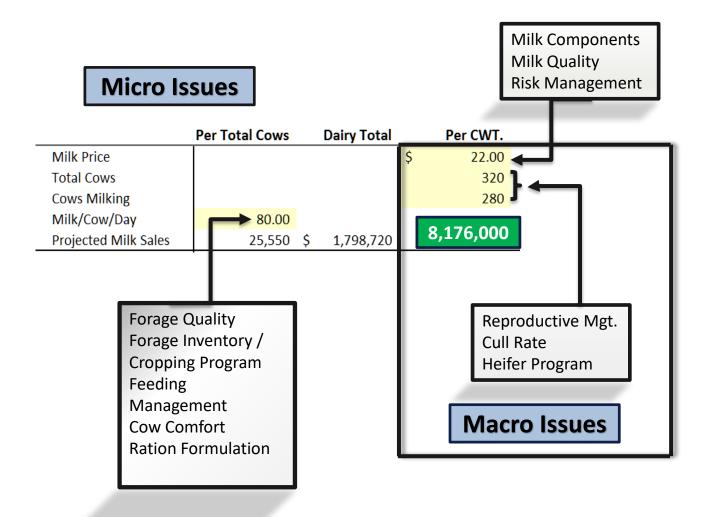
PA Dairy Milk Margin/cwt



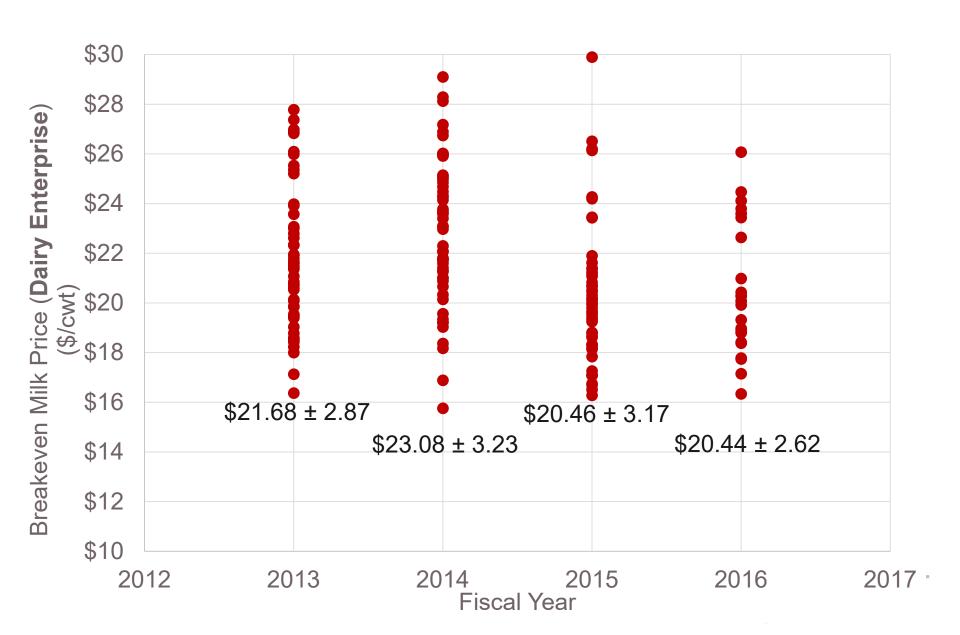
Source: Penn State Extension Dairy Outlook, Jan. 2018



Cash Flow "Mechanics"



4 Year Actuals: Dairy Breakeven/CWT



Crops to Cow Farms 2016 & 2017

Item	2017 –	27 farms	2016 – 2	20 farms
	Quantity	Value	Quantity	Value
Milk sold/cow	24,643	\$4,568	24,623	\$4,256
Gross income/cow		\$4,896		\$4,665
Total direct expenses/cow		\$3,220		\$3,314
Total overhead expenses/cow		\$1,694		\$1,535
Net return/cow		-\$18.71		-\$184.80
Labor & mgt. charge		\$217		\$205
Return over labor & mgt.		-\$236		-\$390
COP w/ Labor & Mgt./cwt (Dairy Enterprise Only)		\$19.50		\$18.87
Feed cost/cow		\$2,312		\$2,315
Milk price/feed margin (cwt)		\$9.15		\$7.88

PennState Extension

Dairy Industry in Transition





Milk Price Variation--2018

Milk Buyer	2018 Avg TD Gross	Location Adjustment		Market Adjustment		Hauling	M	arketing	Mailbox Price	D	Total eductions
Rutter's	\$ 17.62				\$	0.57	\$	0.06	\$ 16.98	\$	0.63
Rutter's	\$ 16.50				\$	0.56	\$	0.30	\$ 15.64	\$	0.86
Rutter's	\$ 17.30				\$	0.57	\$	0.33	\$ 16.40	\$	0.90
Clover	\$ 16.91				\$	0.73	\$	0.20	\$ 15.98	\$	0.93
Land O Lakes	\$ 17.30	\$ 0.450			\$	0.51	\$	0.51	\$ 16.29	\$	1.46
Land O Lakes	\$ 17.12	\$ 0.450	\$	0.20	\$	0.63	\$	0.51	\$ 15.77	\$	1.79
DFA	\$ 15.62	\$ 0.450	\$	0.43	\$	0.51	\$	0.41	\$ 14.70	\$	1.80
Lanco-Pennland	\$ 16.65		\$	1.40	\$	1.05	\$	0.38	\$ 13.83	\$	2.82
MD-Va	\$ 15.09	\$ 0.400	\$	1.20	\$	1.13	\$	0.37	\$ 13.59	\$	3.10
MD-Va	\$ 14.57	\$ 0.400	\$	1.20	\$	1.18	\$	0.33	\$ 13.06	\$	3.11
MD-Va	\$ 14.73	\$ 0.400	\$	1.20	\$	1.10	\$	0.77	\$ 12.86	\$	3.48
11	\$ 16.31	\$ 0.425	\$	0.94	\$	0.78	\$	0.38	\$ 15.01	\$	1.90

Ave	rage Ma	ilbox	De	Average ductions
\$	16.25	Class I Fluid market	\$	0.83
\$	16.03	Land O Lakes average	\$	1.63
\$	13.61	Other Coops	\$	2.86
\$	2.64	Fluid compared to Other	Coops	
\$	2.42	LOL compared to Other O	Coops	

Maryland and Virginia Milk Producers Coop. Assn. Inc. 08/17/2018

							March 1 Comment of the Comment of th				
July 2018 F	Inel Pa	yroll						Pounds	Rate	Month Y	set To Date
Butterfat Tes	ıt .		3.47			whole descriptions in the second				restriction of VA	
FO1 3.5%	Uniform	Price				Producer Price	Diff	404,428	2.0400	8,250.33	38,020.17
Your Gross I	Price at	Test				Butterfat		14,034	2.5287	35,487.78	269,948.30
MdVa 3.5%	Bland P	nice		YTO		Protein	2.9100	11,769	1.4827	17,449.90	155,794.6
Pounds Oelh	vered	40	4,428	3,079,993		Other Solids	5.7400	23,214	0.1422	3,301.03	14,650.3
Devende De	livered:					Location Adjust	ment	404,428	-0.4000	-1,617.71	-12,319.9
ACCORDS	g 1th	0	21st	0		Market Adiustra		404,428	-1,2000	-4,853,14	-36,959.93
2nd 27,20		26,893	22nd	27,003		Premiums / Per		Market Market		3.226.12	30.417.4
	0 3th	20,000	23rd	27,000						5,	,,,,,,,
4th 25,63		26,856	248h	27,698							
	0 5th	20,000	25th	27,090							
6th 25,51	· 1000	27,113	26th	27,479		2018 Mar PPD		0	0.0000	\$0.00	\$3,343.8
7th	0 700	27,113	27th	2.,		ZOTO MAGI PPD		U	0.0000	₩0.00	40,040.0
Bth 25,93		27,168	28#1	27,589							
9th	0 901	0	29th	0		Gross Value				61,244.31	462,894.7
Oth 27,07		27,278	30th	27,981							
27,0	A		31 st	- , , , ,							
						Less Advance				27.601.24	
emiuma and	Perset	ies: 8	mtm/CW	T Total Amt	YTD Amt	Less Hauling				4,742.56	34,840.2
ality Premiu	nvPerez	ty	0.7977	3,226.12	28,517.47	Less Assignme	nts			1,530.72	11,250.3
SP.				0.00	1,900.00						
						Not Earnings				27,389.79	416,804.1
То	tal Amo	ount		3,226.12	30,417.47						
5091MV				Asse	mbly	Destination	N				
				Che	TVIS.	Charge	9		F	otal Amount	Year To Da
TRANSPO	RTATIO	N CHARG	ES	718	8.10	4.024.40	S			4,742,56	34,840.
							n 150v		224	228	W T- D-
Assi Sies		1004.000				PerCWT			I	Amenati	Year To Da
				RESEARC		0.0500	202.21 762.31			202.21 762.31	1,539.
00012 MA			Streets Vancouver	DOLL TION		0.1000	. 500000 50000			/62,31 404,43	5,398. 3,060.
30615 CV		NITO DIGH	(T ASSI	OCIATION		0.1000				161.77	1,232
	r i Total Ar					0.0400	101.77			1,530,72	11,250
	I OFM 'AI	TARES.	-							1,000.12	13,200

LAND O'LAKES, INC. - CHECK REMITTANCE DETAIL PAY PERIOD: 08/01 - 08/31, 2018 SETTLEMENT CHECK

Payment Date: 09/17/2018

FARM ID:

FARM NAME:

Payment ID:

PAYOUT ID:

PAYOUT NAME:

TEST AVERAGES:

Bfat: 3.557

PROT: 2.97 **BAC**: 3

OSOL: 5.745

QUALITY AVERAGES:

SCC: 177

PI: 4

CRYOS: 538

CHARGEABLE STOPS: 46
DAILY BASE LBS: 43,939
PROD % OF BASE: 97.5%

PRODUCTION Grade A Pounds	POUNDS 1,327,918.00	RATE	TYPE	YOUR TOTAL	FARM TOTAL
Grade A Bfat Grade A Protein Grade A Other Solids Producer Price Diff @ Bos Loc adj to PPD Volume Quality LOL Premium Variable Hauling Cost CWT Program Cost Gross Amount Total Deductions Bank Deposit Your Mailbox Price	47,234.04 39,439.16 76,288.89 1,327,918.00 1,327,918.00 1,327,918.00 1,327,918.00 1,327,918.00 1,327,918.00 1,327,918.00	2.6009 1.6245 0.1741 1.2600 -0.4500 0.2500 0.2000 0.6000 -0.1650 -0.0400	per lb bfat per lb protein per lb o-sol per cwt	122,851.02 64,068.92 13,281.90 16,731.77 -5,975.63 3,319.80 2,655.84 7,967.51 -2,191.06 -531.17 222,178.88 124,897.50 97,281.38	122,851.02 64,068.92 13,281.90 16,731.77 -5,975.63 3,319.80 2,655.84 7,967.51 -2,191.06 -531.17 222,178.88

Payment Date: 09/17/2018 FARM ID: Payment ID: PAYOUT II PAYOUT ID:

FARM NAME: PAYOUT NAME:

Advance Deductions	Dollars
BANK	802.04
BANK	9,128.86
ADVANCE PAYMENT	79,424.19
	89,355.09
Final Deductions	, To
HAULING	8,365.88
NATIONAL DAIRY PROMO	663.96
LOCAL DAIRY PROMO	1,327.92
ADMINISTRATIVE FEES	250.00
MARKET ADJ.	2,655.84
ADVANCE 08/30/18	20,000.00
OTHER	676.00
OTHER	265.58
BANK	1,337.23
.	35,542.41
	

TOTAL DEDUCTIONS:	124 997 50
TOTAL DEDUCTIONS.	124,897.50

YEAR TO DATE TOTALS:									
POUNDS	10,147,874.00								
GROSS DOLLARS	1,736,855.86								
ADA/LDP	10,147.88								
HAULING	63,931.60								
MKT/ADM	36,761.05								
NDPO	5,073.94								

2016 Whole Farm Income by Farm Size

Whole Farm per Cow:	30	0-50	52	:-70	7	71-100	10	5-176	18	3 0-2 89	;	>290	A۱	verage
Milk sold per milking cow	2	25,201	2	6,135		26,645	2	26,899		25,631		28,865		26,425
Avg. Lbs. Milk per cow		69		72		73		74		70		79		72
Total Inflow	\$	5,022	\$	4,775	\$	4,560	\$	4,807	\$	4,482	\$	4,989	\$	4,793
Total Outflow	\$	4,785	\$	4,712	\$	4,639	\$	4,926	\$	4,730	\$	5,089	\$	4,801
Gross Milk Price Breakeven	\$	17.25	\$	16.86	\$	17.66	\$	17.82	\$	18.89	\$	17.43	\$	17.47
Total Inflow – Total Outflow	\$	237	\$	64	\$	(79)	\$	(119)	\$	(247)	\$	(100)	\$	(7)

2016 Whole Farm Overhead Expenses by Farm Size

Whole Farm per Cow:	30-50		52-70		71-100		105-176		180-289		>290		Ave	erage
Fuel and oil	\$	198	\$	137	\$	155	\$	119	\$	139	\$	104	\$	143
Repairs	\$	159	\$	190	\$	164	\$	226	\$	235	\$	229	\$	197
Hired labor	\$	43	\$	81	\$	129	\$	335	\$	459	\$	585	\$	218
Farm insurance	\$	9	\$	28	\$	47	\$	92	\$	83	\$	69	\$	50
Utilities	\$	18	\$	61	\$	98	\$	139	\$	106	\$	133	\$	86
Dues and fees	\$	13	\$	13	¢	10	\$	22	\$	17	\$	25	\$	16
			-											
Misc	\$	80	\$	80	Ş	43	\$	52	\$	28	\$	31	\$	60
Total Overhead Costs	\$	739	\$	765	\$	792	\$	1,151	\$	1,236	\$	1,435	\$	955

(104 farms)

2016 Whole-Farm Breakeven Inflow Summary

Whole-Farm per Cow:	<	< \$16		\$16-\$18		\$18-\$19		\$19-\$20		20-\$22	>\$22		A۱	verage
Milk Inflow/Cow/Year	\$	3,851	\$	4,044	\$	3,907	\$	4,105	\$	4,194	\$	3,849	\$	3,980
Cull Cow Sales	\$	232	\$	246	\$	241	\$	258	\$	230	\$	226	\$	242
Bull Calf Sales	\$	100	\$	75	\$	95	\$	80	\$	59	\$	83	\$	85
Crop Sales	\$	278	Ś	74	\$	137	\$	282	\$	2	Ś	149	Ś	169
Other Farm Income		375				72						29	•	
									•				•	224
Non-Milk Inflow (subtotal)	\$	1,070	\$	604	\$	644	\$	1,132	\$	467	\$	742	\$	813
Total Inflow	\$	4,921	\$	4,648	\$	4,551	\$	5,236	\$	4,661	\$	4,590	\$	4,793
Gross Milk Price Breakeven	\$	14.62	\$	17.11	\$	18.38	\$	19.46	\$	20.62	\$	23.94	\$	17.47
(104 farms)									-		v			

2016 Dairy Compared to Whole-Farm Data

Per Cow/Year	< \$16		\$16-\$18		\$18-\$19		\$19-\$20		\$20-\$22		>\$22		Αv	erage
Total InflowDairy	\$	4,461	\$ 4,	350	\$	4,305	\$	4,425	\$	4,320	\$	4,311	\$	4,361
Total Inflow—Whole Farm	\$	4,921	\$ 4,6	548	\$	4,551	\$	5,236	\$	4,661	\$	4,590	\$	4,793
Difference	\$	460	\$	298	\$	246	\$	811	\$	341	\$	279	\$	432
Dairy Breakeven Price		14.67	17	7.27		18.48		19.44		20.89		24.03		18.48
Whole-Farm Breakeven Price		14.62	17	7.11		18.38		19.46		20.62		23.94		17.47
Difference		.05		.16		.10		02		.27		.09	\$	1.01

How Much Milk Does a Herd Need to Breakeven?







Clear Form

Determining milk income needed	Dairy Enterprise Only*	*Do not include custo other farm income	om work or
Number of milking cows	125		
			Dairy
Expenses:			Enterprise
Direct costs	\$ 152,124	Farm Total	Percentage
Overhead costs	\$ 207,391	\$ 243,989	85.00
Family living expense	\$ 65,000		
Taxes			
Loan payments (principal + Interest)	\$ 45,557		
Total feed cost	\$ 365,318	home raised and pure	chased feed
Total outflow	\$ 835,390		
Non-Milk Income	\$ 83,539		
Minus non-milk income	\$ 751,851	•	
Average milk price			
Minimum pounds of milk shipped/year			
Average production, lbs/day			



Clear Form

Determining milk income needed	Dairy Enterprise Only*	*Do not include custo other farm income	om work or
Number of milking cows	270]	Dainy
Expenses: Direct costs	\$ 245,830	Farm Total	Dairy Enterprise Percentage
Overhead costs Family living expense	\$ 459,391 \$ 70,000	\$ 524,000	
Taxes Loan payments (principal + Interest) Total feed cost	\$ 84,854		shood food
Total outflow Non-Milk Income Minus non-milk income	\$ 551,153 \$ 1,411,228 \$ 220,250 \$ 1,190,978		Lnased Teed
Average milk price Minimum pounds of milk shipped/year	, , , , , , , , , , , , , , , , , , , ,		
Average production, lbs/day			

2016 Corn Silage Production Costs by Farm Size

Per Acre	30-50	52-70	71-100	105-176	180-289	>290	Average
Average Number of Cows	45	58	80	139	230	543	135
Yield Per Acre	23.7	23.1	21.8	21.6	19.2	24.3	22.5
Cost per Ton	\$19.18	\$20.57	\$28.08	\$30.67	\$28.69	\$27.67	\$24.55
Total Direct Costs/Acre	\$307	\$303	\$429			\$455	\$364
Seed/Acre	\$76	\$75	\$106			\$100	
Fertilizer/Acre	\$67	\$71	\$106		·	\$42	
Chemical/Acre	\$23	\$27	\$45			\$70	
Custom Hire/Acre	\$41	\$30	·			\$143	
			·			·	
Overhead Costs/Acre (98 farms)	\$60	\$63	\$70	\$118	\$122	\$130	\$85

2016 Dairy Breakeven Summary

Dairy Enterprise per Cow:	< \$16	\$ 16-\$18	\$ 18-\$19	\$ 19-\$20	\$ 20-\$22	>\$22	A	verage
Total Inflow/Cow/Year	\$ 4,461	\$ 4,350	\$ 4,305	\$ 4,425	\$ 4,320	\$ 4,311	\$	4,361
Total Feed (\$/Cow/Year)	\$ 1,695	\$ 2,114	\$ 2,180	\$ 2,359	\$ 2,344	\$ 2,525	\$	2,148
Dairy Expenses	\$ 789	\$ 780	\$ 808	\$ 797	\$ 916	\$ 964	\$	828
Overhead Expenses	\$ 711	\$ 688	\$ 714	\$ 774	\$ 989	\$ 966	\$	775
Owner Draw	\$ 218	\$ 286	\$ 326	\$ 333	\$ 254	\$ 408	\$	297
Loan Payments	\$ 498	\$ 489	\$ 525	\$ 638	\$ 540	\$ 785	\$	555
Expenses Other than Feed	\$ 2,216	\$ 2,244	\$ 2,372	\$ 2,542	\$ 2,700	\$ 3,123	\$	2,456
Total Inflow – Total Outflow	\$ 549	\$ (8)	\$ (247)	\$ (476)	\$ (724)	\$ (1,337)	\$	(243)
(104 farms)								

2016 Dairy Breakeven Summary

	_												
Dairy Enterprise per Cow:		< \$16	\$16-\$18		\$18-\$19		\$19-\$20		\$20-\$22		>\$22	Average	
Gross Milk Price Farm Breakeven	\$	14.67	\$	17.27	\$	18.48	\$	19.44	\$	20.89	\$ 24.03	\$	18.48
IOFC Breakeven	\$	6.96	\$	7.44	\$			8.46	\$	8.73		\$	7.96
Total Inflow - Total Outflow	\$	549	\$	(8)	\$	(247)	\$	(476)	\$	(724)	\$ (1,337)	\$	(243)
Total Feed (\$/Cow/Year)	\$	1,695	\$	2,114	\$	2,180	\$	2,359	\$	2,344	\$ 2,525	\$	2,148

(104 farms)



Conclusion

No One Approach to Success







Management

Crops – Cow – Cash = All intertwined Good management allows various strategies to work.

Balance

Forage quality with quantity
Formulated diet with actual
Herd management with
feeding management
Income and expenses

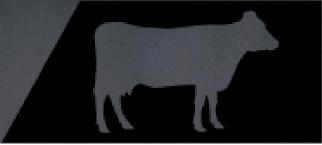
Assets

Need to keep adequate assets – animals, facilities, equipment, land to remain profitable.

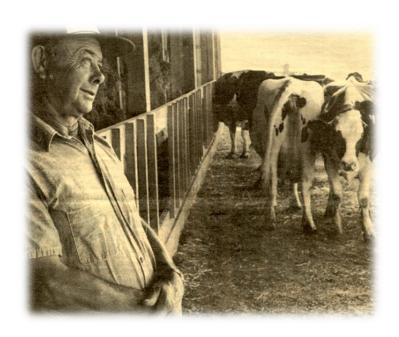




I Come From a Small Farm



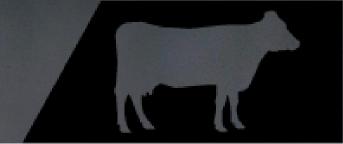


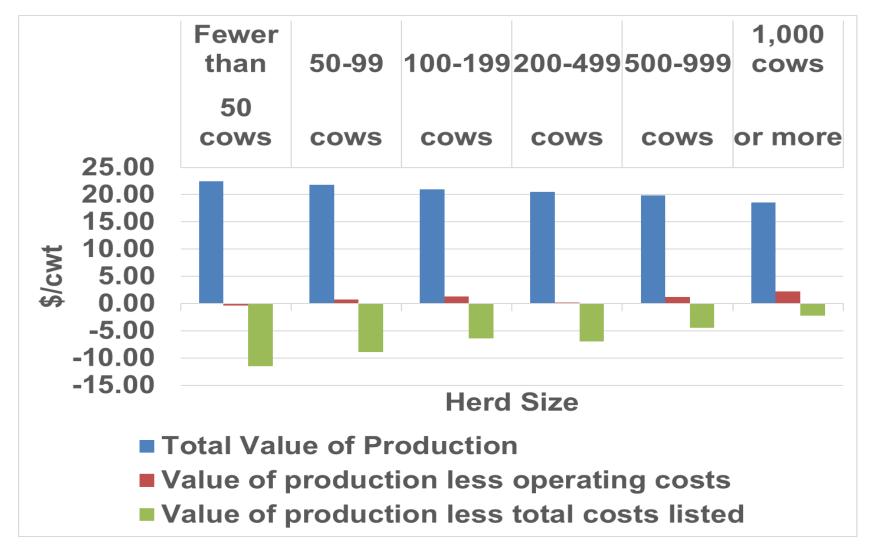






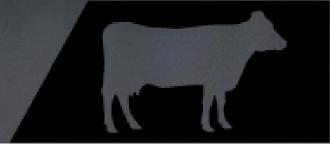
I Understand the Realities







What is a Small Dairy? Anyone Who Can't Ship a Tanker Load Each Day?







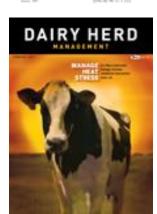
Read More than Just Dairy





Total Control

.....

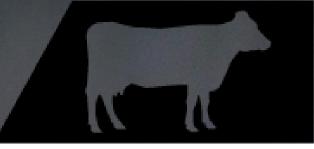








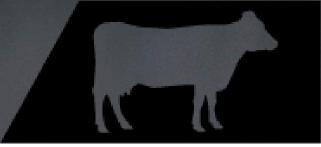
Small Giant Characteristics



- The Leader Factor. Self-aware leaders with a vision
- The Community Factor. Rooted within their local communities
- 3. Employee Factor. Engaged and valued employees



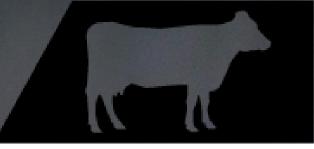
Small Giant Characteristics



- 4. The Customer/Supplier Factor. Personal ties to customers and suppliers
- 5. The Margin Factor. Sound business models with some margin protection
- 6. The Passion Factor. "They have the soul of an artist, but happen to be in business"



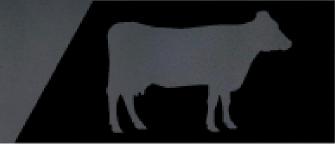
Mojo---the corporate equivalent of charisma in a person







Five Mojo Elements



- 1.Be the best
- 2. Know your business and its limitations
- 3.Be responsive to consumer demands
- 4. Build relationships
- 5. Stay privately held



How Will You Be Great?

- High yield
- Marketing genetics
- On-farm processing
- Grazing
- Organic
- Agri-tourism
- Partnerships with other farmers
- Contract heifer raising (either direction)
- Contract feed
- Strategic investments

Strive for Farm Resilience

- 1. Learn to live with change and uncertainty
 - Expect the unexpected
 - Learn from crises
 - Remain flexible
 - Spread risk

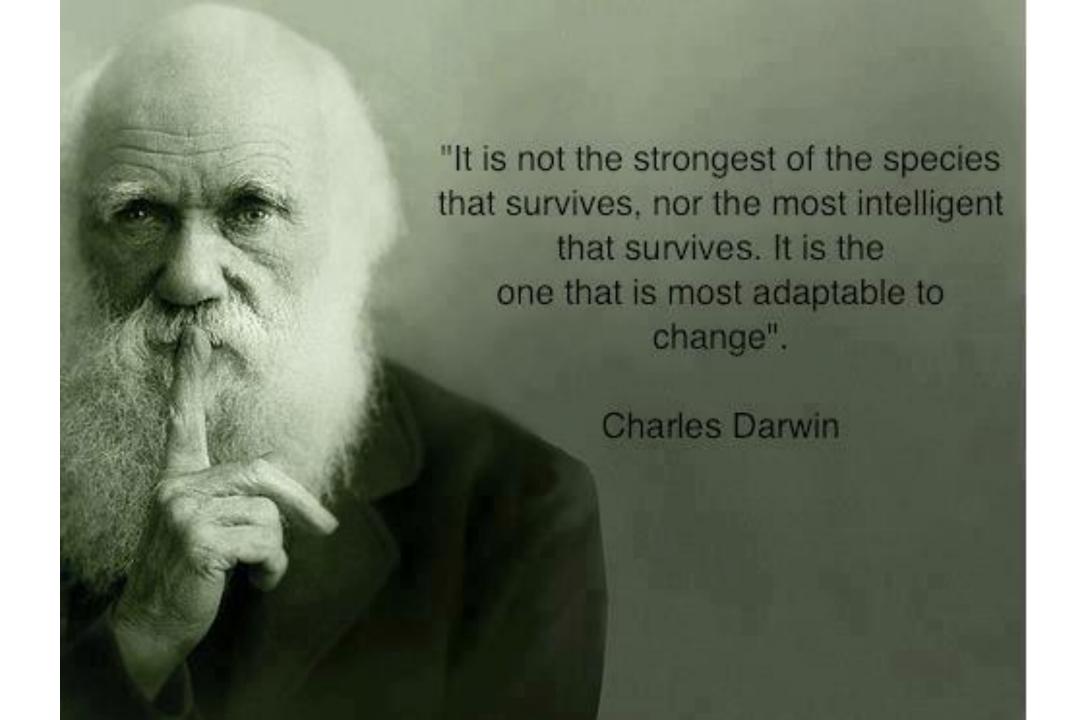
Strive for Farm Resilience

2. Nurture Diversity

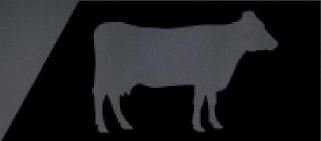
- Diversity of crops, animals, breed, products, and enterprises
- Look for ways to rely less on others for labor, nutrient management, energy use or money

Strive for Farm Resilience

- 3. Create opportunities for organizing yourself and links with others
 - Strong network of friends, family, and contacts
 - Political organizations help deal with change through collective action
 - Be involved in community groups (church, local sports, civic organizations



Dairy Business Management





Owners/Managers should have a CEO/CFO mentality



Consider biological parameters and economic considerations simultaneously



Detailed financial and economic information systems have not been adopted by dairy managers as well as production or simple accounting information systems



Economies of size----it's just basic math

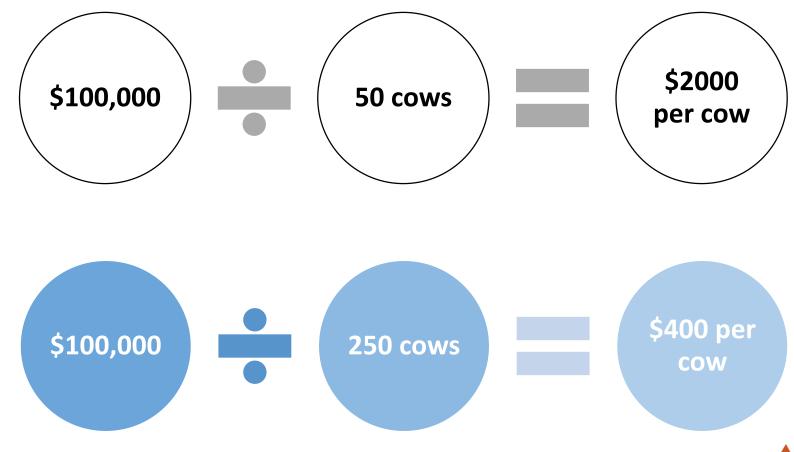




SIZE

Sometimes it does matter.

Spreading Fixed Costs over More Animals





Economies of Size

- Average cost of production per cow declines as the size of the operation grows
- Increasing returns to size
- Economies of size result from:
 - Full utilization of labor, machinery, buildings
 - Ability to afford specialized labor and machinery and new technology
 - Price discounts for volume purchasing of inputs
 - Price advantages when selling large amounts of output



Starting Out At a Competitive Disadvantage



Don't Shoot Yourself in the Foot Through Your Cost of Production

Cost of Production Overcapitalization Example

	Full use	Half use	Quarter use
Cows milked per milk stall	30	15	7.5
Parlor investment per stall per cow	\$600	\$1200	\$2400
Repayment cost (\$/cow/yr)*	\$116	\$232	\$463
Parlor labor cost (\$/cow/yr)*	\$218	\$233	\$264
Total cost (\$/cow/yr)	\$334	\$465	\$727

\$1.67

\$2.33

^{*}Based on 9% interest and 7-year repayment, 20,000 lb annual milk production and \$10/hr labor



Cost per cwt to harvest milk



\$3.63



Do you know?

- Rolling herd average
- Bulk tank average
- Culling rate
- Calving interval
- SCC

- Return on assets
- Asset turnover ratio
- Operating expense ratio
- Current ratio
- Debt: asset ratio





Calculating Cost of Production

- Collecting the information is the hard part
- Doing the calculations is the easy part
- Important to focus on the right enterprise
- Labor, Depreciation, Inventory adjustments all really need to be included

Reality Check

- We can't calculate COP with just "3 or 4" numbers
- You probably don't know some of the numbers you need
- Garbage in, garbage out
- It's not just the destination, it's the journey
- An attempt (even if inaccurate) to calculate COP is better than not trying

Investment Types

The Over's

- Investments
 - Land, toys, and parlors
- Labor/owner withdrawals
- Hospital
- Cull rate

The Under's

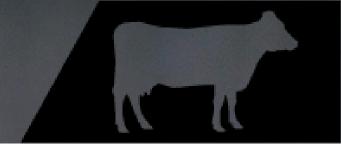
- Production
- Cow comfort
- Cow cooling
- Forage storage
- Transition cow facilities and nutrition
- Preventive health
- Human resources



Investment analysis should be more than just gut feel



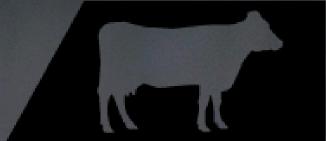
Partial Budgeting



- Examines the expected economic returns to a specific management change
- Total benefit-Total Costs=Profitability of Intervention
- Used to calculate Benefit: Cost ratios
- Examples: Using sexed semen, adding a feed additive, using a synchronization protocol



Partial Budget Calculations



Benefits

Costs

Increased revenue

+ Decreased costs

=

Total benefit

Decreased revenue

+ Increased Costs

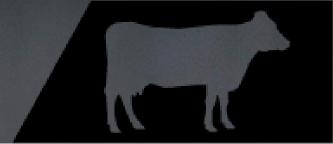
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Total costs

Profitability=Total benefit-total costs



Net Present Value



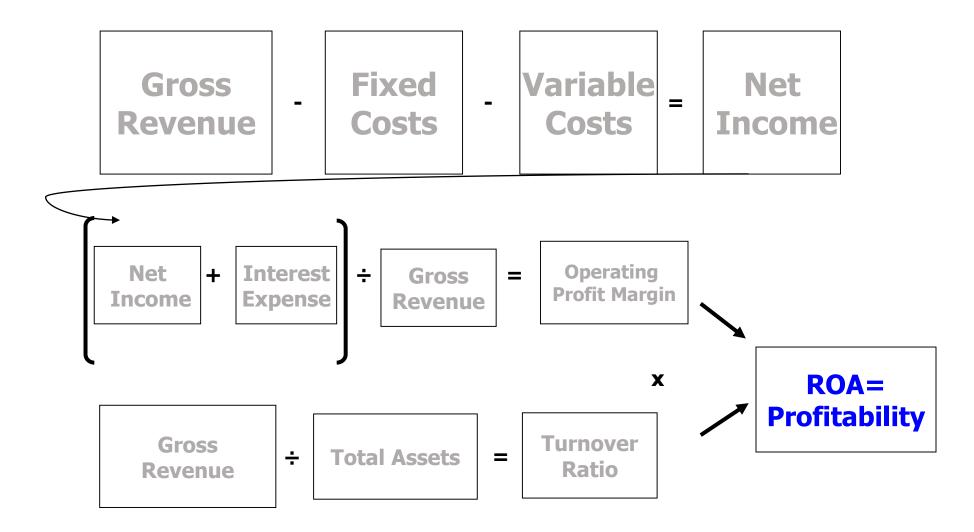
- Considers the "Time Value of Money"—a dollar today is worth more than a dollar tomorrow
- Considers timing of expenses and income
- More accurate way of examining an investment decision
- A little more complex and time consuming
- Should be used for major capital investments



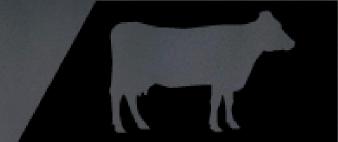
Agriculture has Low Margins

- FALSE!!!! (OK, maybe not lately)
- Agriculture has high margins (~32%)
- Only computer/software businesses are higher
- Wal-Mart (~3 to 4%-think not much inventory, lots of product out the door)
- Struggle with asset turnover (large proportion of assets in real estate)

DuPont Analysis



Revenues or Costs?



- Most people spend most of their time lowering costs
- Cost control only impacts earns, not turns
- Biggest impact comes from changes that impact both earns and turns
- So, efforts should be focused on
 - Increasing throughput
 - Improving product quality
 - Taking advantage of market price premiums
 - Remove non-productive assets



If you don't measure it, you can't manage it



Analytics can be your competitive advantage



Business Intelligence and Analytics

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Optimization	What's the best that can happen?	
Predictive Modeling	What will happen next?	
Forecasting/Extrapolation	What if these trends continue?	
Statistical Analysis	Why is this happening?	
Alerts	What actions are needed?	
Query/Drill Down	What exactly is the problem?	
Ad hoc Reports	How many, how often, where? •	
Standard Reports	What happened?	

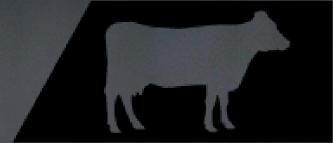
Degree of Intelligence



Be precise. A lack of precision is dangerous when the margin of error is small.

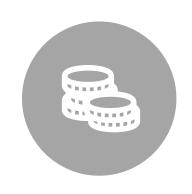
Donald Rumsfeld

Big Data, Small Farms





Trend toward more data and better use of data is rapid



Small dairies can also take advantage of herd and financial data



Too often, we fall into the trap of saying "that only applies to the big guys, not me"



Reality check: biology and business management principles are not size dependent



Common Modern Benefits Missed by Small Dairies

- Full use of herd records
- Monitoring technologies
- Financial records
- Genomic testing
- Negotiating semen pricing
- Alternative semen sources (i.e. Amazon)
- Forward contracting

- Raising and storing forages 1980's style
- Comparison shopping inputs
- Purchasing in bulk with neighbors
- Updated vaccination programs
- Comfortable housing
- Prioritizing dry and fresh cows



"You can only do what the markets will let you do, no matter how clever you are" -Dr. Joseph Steinman

Control the Controllable

- Most of a business manager's energy, time, effort, and thoughts should be focused on the parts of the business over which he/she maintains control
- Limited time dedicated to parts where the manager has no control
- Not saying don't pay attention to policy, just don't let it dominate your thoughts and time



6 Controllables

1. Milk yield

- a. More control than price
- b. Spreads fixed costs

2. Herd health

- a. Healthy cows last longer
- b. Be around when things get better
- c. Get quality bonuses

3. Reproduction

- a. Breakeven milk yield level is higher so consequences are greater
- b. Want cows in milk when things get better

6 Controllables

4. Replacement heifer quality

- a. Tomorrow's milk cows
- b. 24 month age at first calving reduces costs

5. Feed costs

- a. Forage quality
- b. Byproduct feeds
- c. Feed additives
- d. Shrink

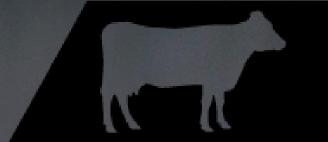
6. Asset base

- a. Non-productive assets
- b. Machinery, land, toys
- c. Custom hiring possibilities

Know When It's Time to Walk Away

- Don't let "fear of failure" lead to bad decisions
- Run cash flows for next couple years
- Are you better off to sell now or continue until prices are better?
- Don't let the situation take all your equity away
- Don't wait until creditors force you out
- Dream about what else you might like to do
- Develop an exit strategy

Work with Your Banker



- Have conversations before it's too late
- Bring your balance sheet with you
- See if you can refinance credit card debt
- See if you can refinance loans
- Operating lines of credit
- Don't let your banker be the captain steering your ship into the iceberg

Potential Reductions

- Cull cows that don't cover variable expenses
- Limit major capital expenditures to necessities
- Purchases that can be delayed because inventory is available
- Volume discounts
- Bargains
- Focus on what you need, not what you want
- Consider high-group/low-group rations

Be Proactive About the Future

- Communicate with consumers
- Environmental issues
- Animal well-being issues
- Dairy consumption promotion
- Financial planning
- Business planning
- Succession plans

Questions?



Biology and business management principles are not size dependent

Jeffrey Bewley, PhD, PAS jbewley@alltech.com







Across Species Research

All Products					
	Number of Studies				
	Total	Journal Articles			
Aquaculture	21	8			
Beef	56	16			
Dairy	124	48			
Equine	19	6			
Pets	9	-			
Poultry	82	26			
Sheep & Goat	16	5			
Swine	75	19			
In vitro	103	7			
Other	3	2			
Total	508	137			



Ruminant Research Alone



Animal Health: 10 Peer-Reviewed Studies

 Bacterial challenges (Salmonella and E. colì), viral challenges (IBR), dietary challenges (acidosis), physiological challenges (calving), and environmental challenges (heat stress)



Production Efficiency: 50 Peer-Reviewed Studies

Feed intake; feed conversion, milk production, body weight gain, rumen fermentation (volatile fatty acid production)



Pre-Harvest Food Safety: 4 Peer-Reviewed Studies

Broad-spectrum protection (Salmonella, Campylobacter, E. coli); reduced prevalence and number, reduced risk of food recall



Antibiotic Stewardship: 8 Peer-Reviewed Studies

- Non-antibiotic technologies that naturally maintain immune strength and digestive health
- $\bullet \ \ \text{Effective in both conventional and antibiotic-free systems}$
- Enhanced consumer confidence
- Support for environmental conservation



© Diamond V, Inc

2012 Meta-analysis



J. Dairy Sci. 95:6027–6041 http://dx.doi.org/10.3168/jds.2012-5577 © American Dairy Science Association®, 2012.

A meta-analysis of the effects of feeding yeast culture produced by anaerobic fermentation of Saccharomyces cerevisiae on milk production of lactating dairy cows

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*Department of Clinical Sciences, College of Veterinary Medicine and Biomedical Sciences, Colorado State University, Fort Collins 80523
†Diamond V, Cedar Rapids, IA 52405
‡SBScibus, PO Box 660, Camden 2570, NSW, Australia

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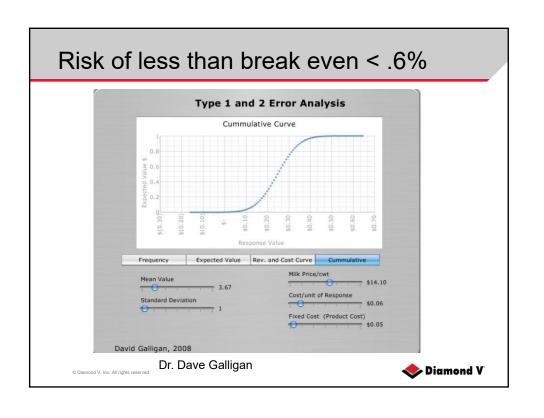
Meta analysis responses in 36 peer reviewed studies

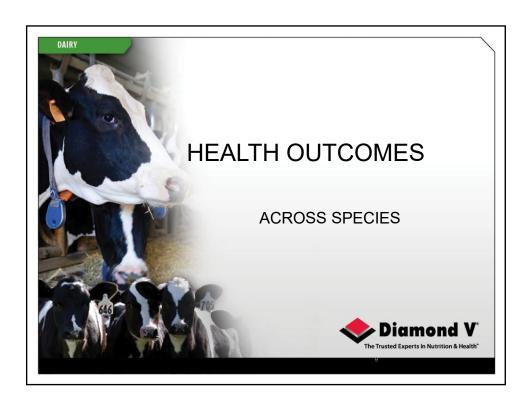
Item	Response	P-value	95% Confidence interval
Milk			
Early lactation (lb.)	3.01	0.001	1.39 to 4.64
Mid-late lactation (lb.)	2.16	0.049	0.02 to 4.29
Dry Matter Intake			
Early lactation (lb.)	+1.36	0.003	0.46 to 2.24
Mid-late lactation(lb.)	-1.72	0.008	-2.99 to46

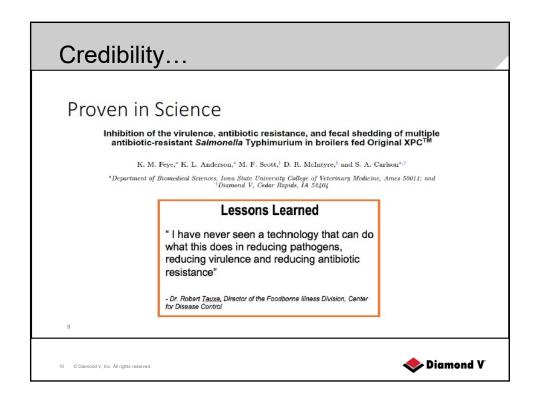
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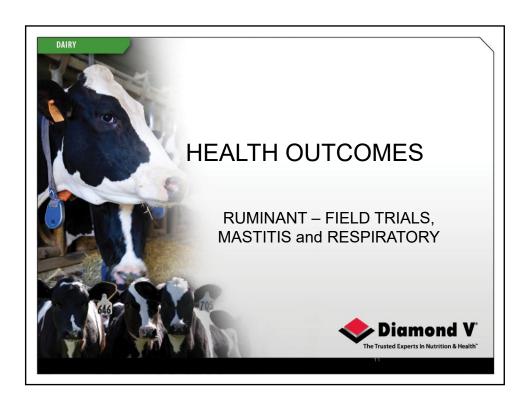


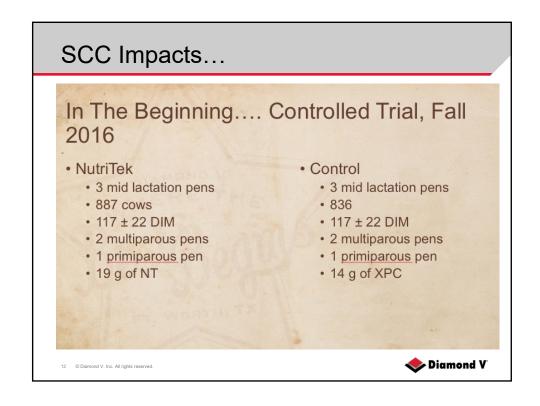
Economics of R	esponse by Sta	ge of Lactation
ltem	Early Lactation	Mid-late Lactation
Milk (lb.)	3.01	2.16
Dry Matter Intake (lb.)	+1.36	-1.72
Milk value @ \$15/cwt	\$0.45	\$.32
DMI value @ \$.12/lb. DM	(\$0.16)	\$0.20
Diamond V product cost	\$0.05	\$0.05
Bottom line IOFC (dollars/cow/day)	\$0.24	\$0.47
* Poppy et al., 2012, J.	Dairy Sci.	◆ Diamond V

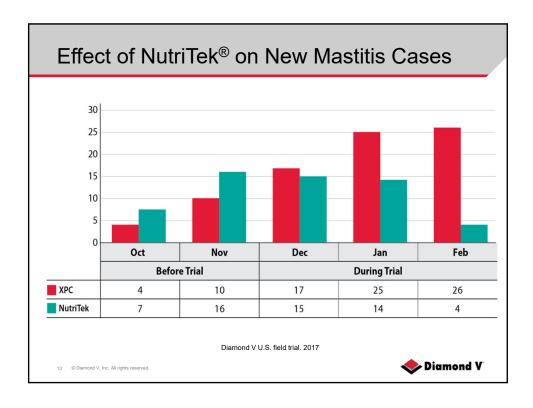












NutriTek®: Role in Mastitis Reduction

	XPC	NutriTek
Number of cows	836	887
Cases	68	33
Risk ¹	0.08	0.04
RRR/RRI ²	0	.54

^{1.}Incedent cases of mastitis per group

NutriTek® Reduced the Relative Risk of Mastitis Cases by 54%

Diamond V U.S. field trial. 2017

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²·Relative Risk Reduction (RRR) or Increase (RRI) represents the reduced (or increased) risk of an event occurring vs. Control on this operation. A negative value would indicates a relative risk increase (Ex. RRR of 0.40 = 40% reduced risk.)

Epi Retrospective Analysis

- Evaluate mastitis incidence and Linear Score on herds with minimum 12 months of feeding NT, 25 herds.
 - ◆ Data evaluated the same # days pre/post implementation
- Herds ranged from 880 to 10,727 adult cows and milk production ranged from 17,100 to 27,900 lbs on 305d bases

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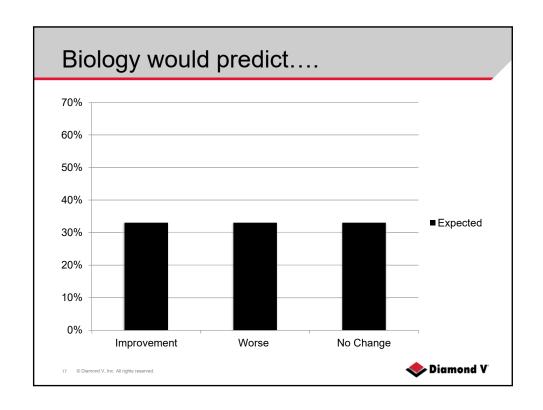


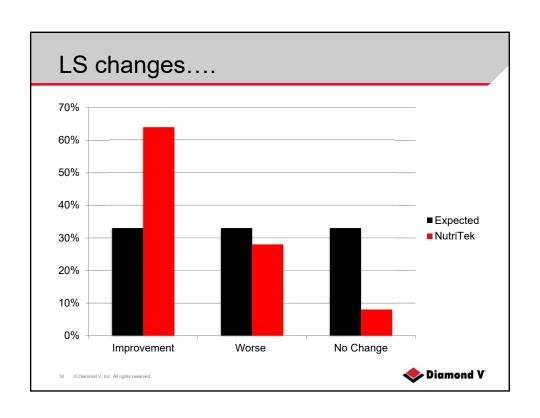
Clinical case defined...

- Case- Defined as an animal that received treatment for mastitis on farm.
- 10 day interval between incident cases

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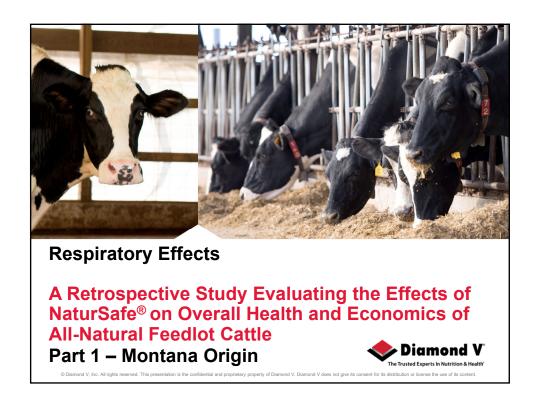
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Clinical incidence... Clinical Incidence Decreased 71% Increased 23.6% No Change 5.4%

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	Control	NaturSafe	RRR or RRI1	95% CI of RRR or RRI	P-Value	NNT ²
# Head	2594	1726				
# Lots	5	4				
Average In-weight (Ib)	861	878				
Average Days on Feed	166	176				
1 st Pulls, %	7.2	2.9	0.60	0.45 to 0.70	<0.01	23.4
2 nd Pulls, %	2.4	1.1	0.53	0.22 to 0.72	<0.01	80.0
3+ Pulls, %	1.0	0.6	0.30	-0.40 to 0.65	0.31	361.4
Fallouts, % of all Cattle	6.2	0.9	0.85	0.75 to 0.91	<0.01	19.1
Fallouts, % of 1 st Pulls	86.0	32.0	0.63	0.44 to 0.75	<0.01	1.9
Railers, %	0.1	0.5	-1.99	-8.92 to 0.10	0.07	-325.6
Mortality. %	0.5	0.2	0.50	-0.55 to 0.84 versus Control. A negative value indic	0.23	. 433,2

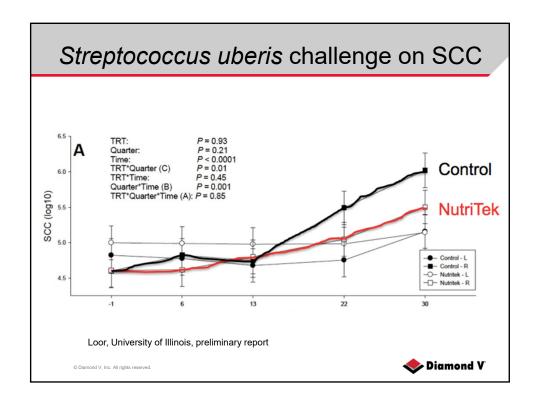


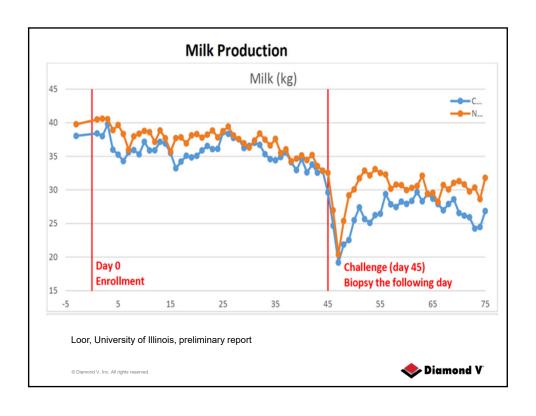
University of Illinois Update

- Mastitis Trial
 - ♦ N=16 2nd lact+ cows
 - ◆ <200,000 SCC and no history of mastitis trt
 - ◆ Approximately 60 DIM at start of trial
- Treatments
 - ◆ Control TMR
 - ◆ Experimental TMR + 19 g/NutriTek/head/d
- Challenge
 - ♦ 42 days on trial
 - ◆ Strep Uberis, 5,000 CFU, one rear quarter

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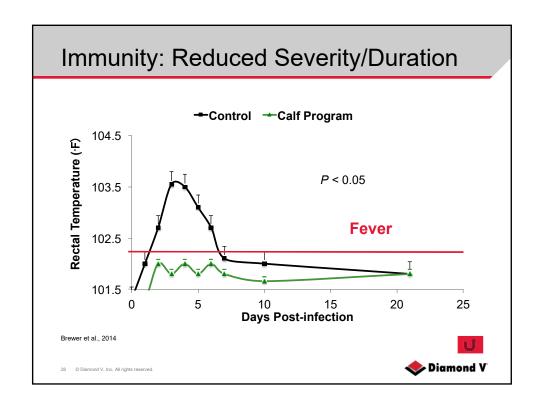
2018 NutriTek Transition Cow Studies	(Universities of Alberta	and Kansas)	
Overall Average (2 Studies; 3 comparisons)	Control	NutriTek	Diff
Milk, lbs.	84.5	84.6	(
Fat, %	4.02	4.19	0.
SCC, cells/ml	130,943	90,848	-40,0
Fat-Corrected Milk (FCM), lbs. (3.5% FCM basis)	93.8	97.2	3
Dry Matter Intake (DMI), lbs.	42.3	42.2	-(
FCM/DMI	2.22	2.30	3.9
conomics	Control	NutriTek	Diff
Fat-Corrected Milk revenue, \$/cow/d (FCM @ \$14.50/cwt.)	\$13.595	\$14.099	\$0.
DMI, cost (@ \$0.12/lbs. DM)	-\$5.073	-\$5.065	\$0.
SCC bonus (< 100,000 = \$0.10/100 lbs. milk)	\$0.00	\$0.08	\$0.
Cost of NutriTek (\$0.13/hd/d)	\$0.00	(\$0.13)	(\$0.
IOFC (Milk revenue - Feed costs)	\$8.522	\$8.988	\$0.
Annualized IOFC for 1,000 cow Dairy, \$/year			\$170,1
Fat-Corrected Milk was used instead of Energy-Corrected milk because both Unit ECM (U of Albert reported Solids-Corrected Milk). SCC bonus varies throughout the U.S. 10 cents per cwt is a very conservative es below 200,000 or below 100,000)		·	
Shi et al., 2018 University of Alberta, preliminary report Olagary et al., 2018 KSU, preliminary report			

Amelioration of Salmonellosis in Pre-weaned Dairy Calves using Diamond V Calf Program

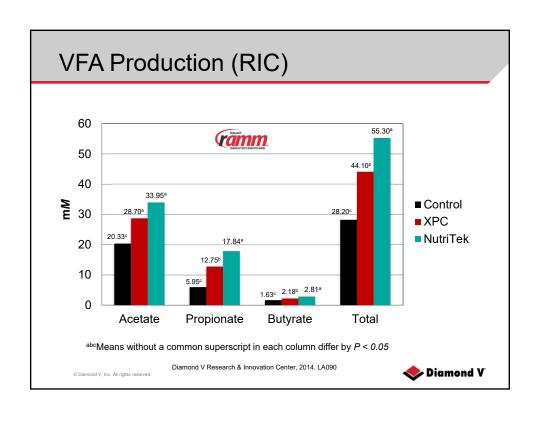
- N= 40 dairy calves (20/trt), <8 days old at trial initiation
- Treatments 0-35 days post arrival
 - ◆ Control milk replacer + 3.5 g/head/d grain matrix in gelatin capsule given as bolus
 - ◆ Experimental milk replacer with 1 g SmartCare/d + 3.5g/head/d Original XPC in gelatin capsule given as bolus
- 2 Phases
 - ◆ Pre-infection 0-14 days post arrival
 - ◆ Challenge 14-35 days post arrival
- Challenge
 - ◆ Day 14
 - Salmonella typhimurium
 - Gelatin capsule with either control or Original XPC

Brewer et al. 2014. Amelioration of salmonellosis in pre-weaned dairy calves fed Saccharomyces cerevisiae fermentation products in feed and milk replacer. Veterinary Microbiology 172:248-255.

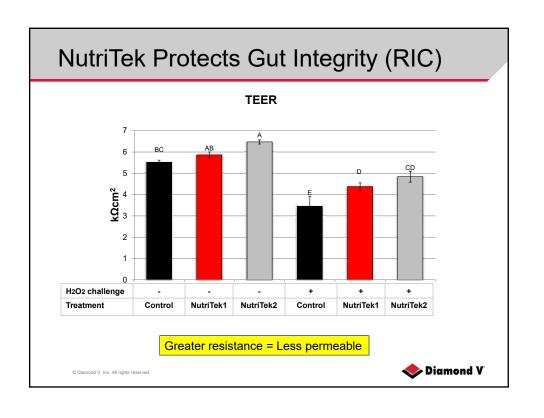
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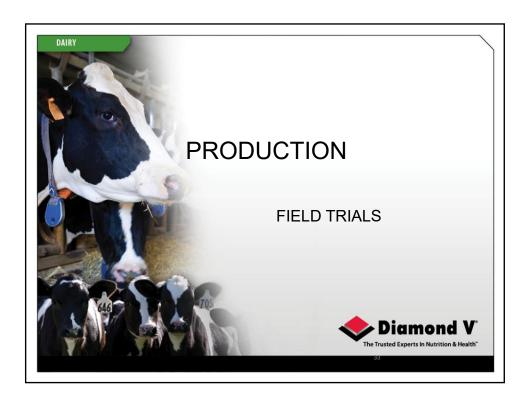






Gut Permeability (RIC) ◆ TEER – Transepithelial Electrical Resistance ◆ Measurement to assess the barrier function of epithelial cell ◆ Applied for assessing the permeability of tight junction





NutriTek in Lactating Diets: Performance Trends in 34 Dairies

- 34 herd assessment
 - ◆ 7 herds were established control and experimental group studies (3+ month duration per site)
 - ◆ 27 herds were retrospective summaries of performance 12 month prior to NutriTek compared to 12 months on NutriTek
- In the majority of trials, NutriTek performance was compared to XPC (either in the prior 12 months or in the positive control)

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NutriTek has demonstrated consistent increases in ECM/Milk in 6 out of 7 Experimental/Control Group Field Trials

Dairy	Replaced XP/XPC	Milk/ECM
Controlled PNW TRIAL	No	4.4 lbs ECM
Controlled PNW TRIAL	Yes	3.4 lbs ECM
Controlled West TRIAL	Yes	2.3 lbs ECM
Controlled West TRIAL	Yes	3.2 lbs Milk
Controlled SE TRIAL	Yes	4.5 lbs ECM
Controlled PNW TRIAL	Yes	No Change
Controlled PNW TRIAL	Yes	6.4 lbs ECM
Average		3.5 lbs ECM

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Performance Under Heat Stress

Pacific Northwest NutriTek Controlled Trial



Interrusived experts in nutrition or health

Background

- NutriTek® trial was conducted in summer 2017
- Prior to the trial initiation, Original XPC[™] and OmniGen-AF[®] were fed to all cows
- NutriTek was fed for 90 days to pens 4 & 6
- Original XPC and OmniGen-AF feeding continued for pens 5 & 7
- Cows were moved into treatment pens as they left the fresh pen and remained until dry off

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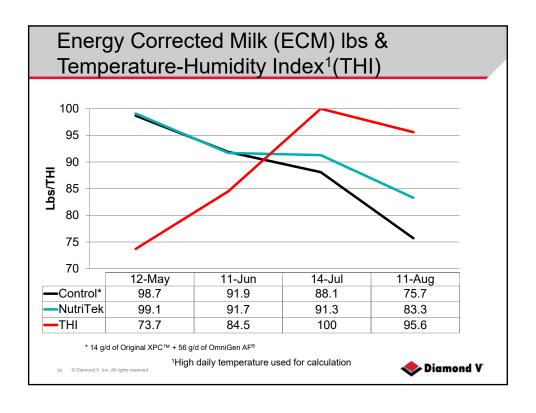


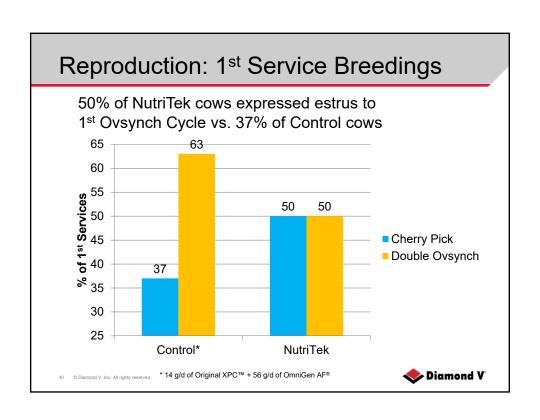
Background

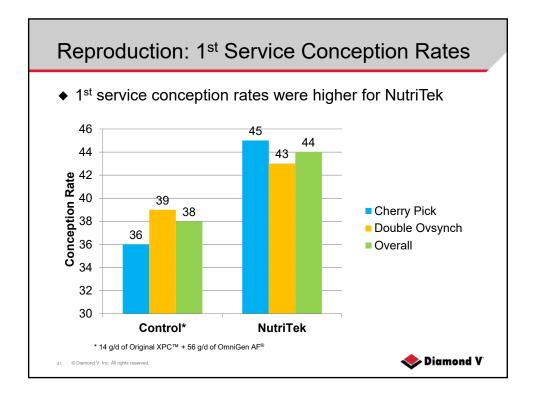
- Premix was used to deliver both treatments to the mixer
- Trial began on May 27, 2017
- Trial ended on August 18, 2017
- Data observations included: Milk, Components, Somatic
 Cell Count, Health, and Reproduction

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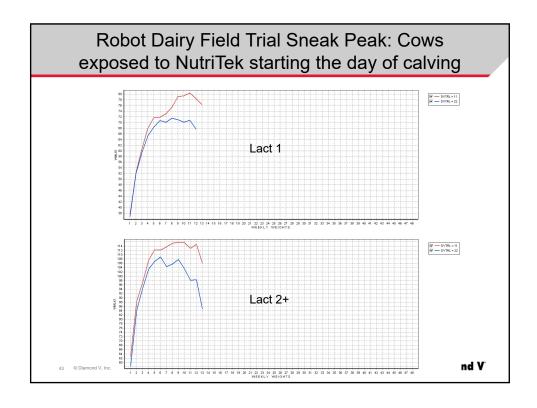


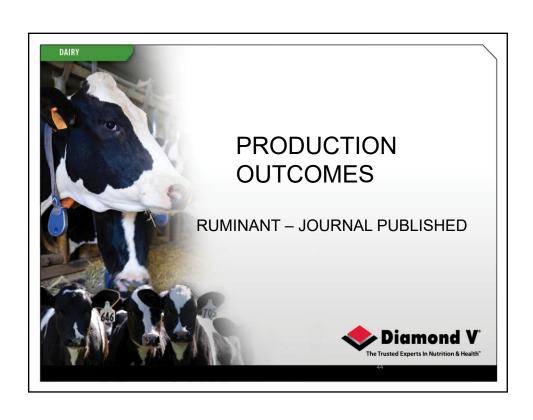
Summary

- Trial that compared cows fed Original XPC + OmniGen-AF vs. NutriTek
- Positive outcomes of NutriTek in the diet were multi-factorial:
 - Improvements in milk quality/udder health during heat stress.
 - Stronger milk production persistence, maintenance of milk fat percent, and better overall ECM production through periods of heat stress.
 - Promising trends in reproduction efficiency.

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NutriTek: Effects of saccharomyces cerevisiae fermentation products on lactational performance of mid-lactation cows

- Acharya et al., American Society of Animal Science 2017
- South Dakota State University
- N=80 mid lactation cows
- Control vs. NutriTek
- Trial length 8 weeks

Economic Summary from Controlled University Studies	Control	NutriTek	Diff
Acharya et al., 2017 (19.4% starch) 165 days in milk			
Milk, lbs	73.3	81.1	7.7
Fat, %	4.17	3.85	-0.32
SCC, 10 ³ cells/ml	Not reported	Not reported	
Fat-Corrected Milk (FCM), lbs (3.5% FCM basis)	81.1	84.6	3.5
Dry Matter Intake (DMI), Ibs	56.6	57.7	1.1
FCM/DMI	1.43	1.47	2.4%

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2 University trials submitted for publication: Transition Cows

- University of Alberta; Shi et al. 2018
 - ◆ Transition cow study
 - → -28 to 42 d relative to calving
 - ◆ Total of 120 cows (n = 30 per treatment)
 - Main effects
 - ◆ NutriTek vs. Control
 - ◆ Starch level
 - ◆ 1–21 DIM: High starch (26.7 %) vs. Low starch (21.4%)
 - ◆ 22-42 DIM: High starch diet for all cows
- Kansas State University; Olagary et al. 2018
 - Transition cow study
 - → -28 to 42 d relative to calving
 - ◆ Total of 60 cows (n = 30 per treatment)
 - ◆ Control vs. NutriTek

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Economics Summary from 2018 NutriTek Transition Cow Studies

Overall Average (2 Studies; 3 comparisons)	Control	NutriTek	Diff
Milk, lbs.	84.5	84.6	0.1
Fat, %	4.02	4.19	0.17
SCC, cells/ml	130,943	90,848	-40,095
Fat-Corrected Milk (FCM), lbs. (3.5% FCM basis)	93.8	97.2	3.5
Dry Matter Intake (DMI), lbs.	42.3	42.2	-0.1
FCM/DMI	2.22	2.30	3.9%
Economics	Control	NutriTek	Diff
Fat-Corrected Milk revenue, \$/cow/d (FCM @ \$14.50/cwt.)	\$13.595	\$14.099	\$0.50
DMI, cost (@ \$0.12/lbs. DM)	-\$5.073	-\$5.065	\$0.01
SCC bonus (< 100,000 = \$0.10/100 lbs. milk)	\$0.00	\$0.08	\$0.08
Cost of NutriTek (\$0.13/hd/d)	\$0.00	(\$0.13)	(\$0.13
IOFC (Milk revenue - Feed costs)	\$8.522	\$8.988	\$0.47
Annualized IOFC for 1,000 cow Dairy, \$/year			\$170,124

Fat-Corrected Milk was used instead of Energy-Corrected milk because both Universities reported FCM and only KSU reported ECM (U of Albert reported Solids-Corrected Milk).

SCC bonus varies throughout the U.S. 10 cents per cwt is a very conservative estimate based on normal bonus incentives (i.e., below 200,000 or below 100,000)

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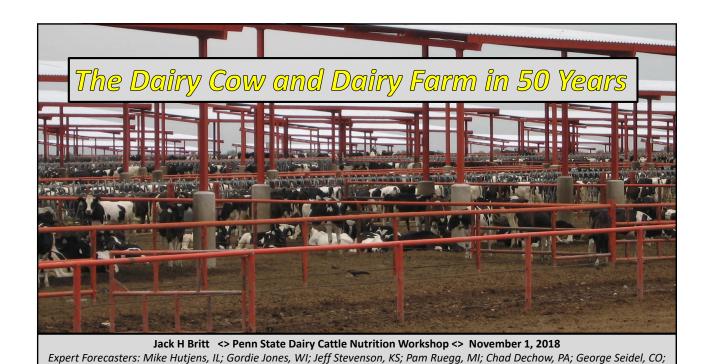
In conclusion - why XPC and NutriTek?

- Most published research for any non-antibiotic feed additive
- Chance of XPC not making your clients money <0.06%
- Proven performance through
 - Altered microbiome and increased VFA production
 - Improved lower gut integrity
 - Pathogen risk mitigation
 - · Improved innate immunity

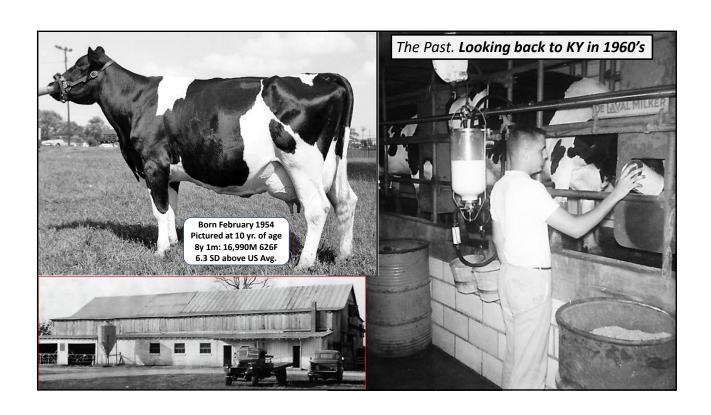
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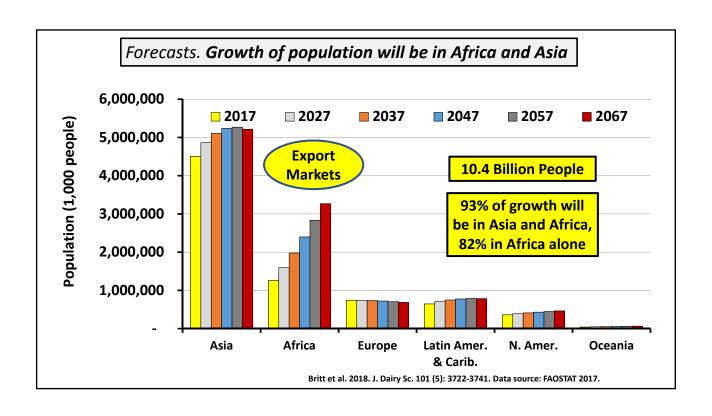


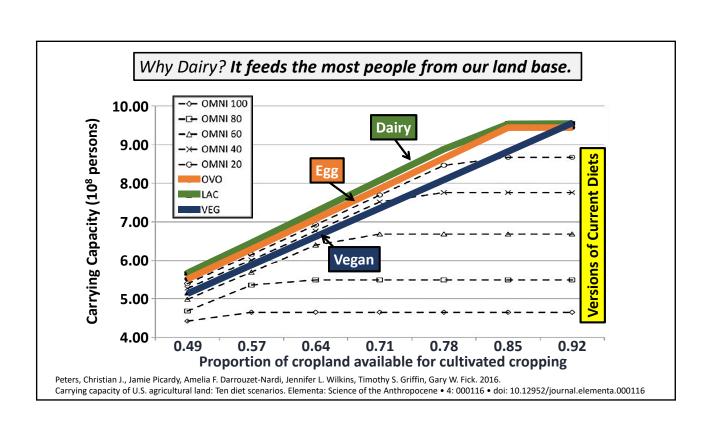


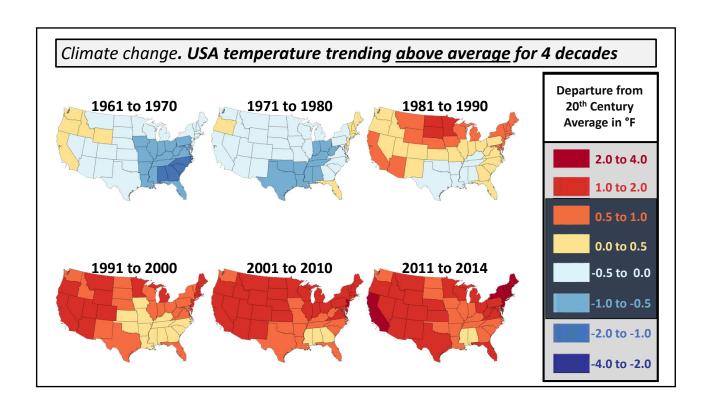


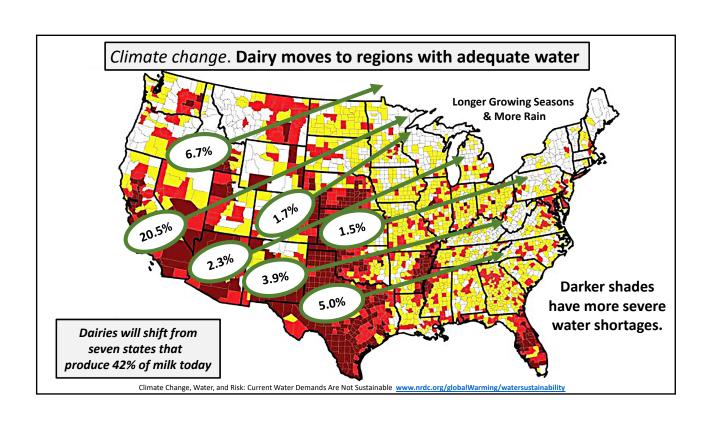
Bob Cushman, NB; Tony McNeel, MI; Hilary Dobson, UK; Martin Sheldon, UK; Patrice Humblot; SE

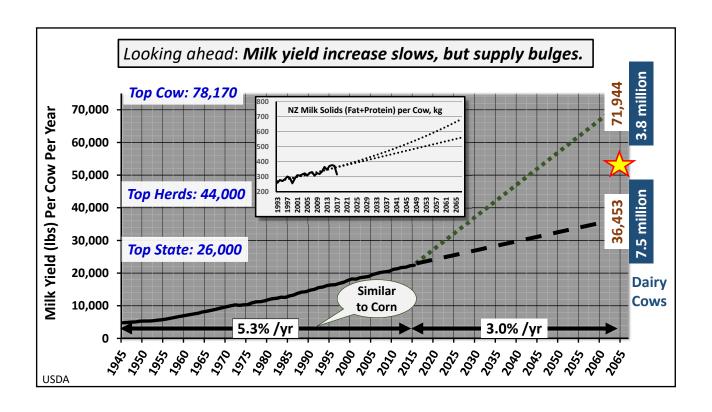


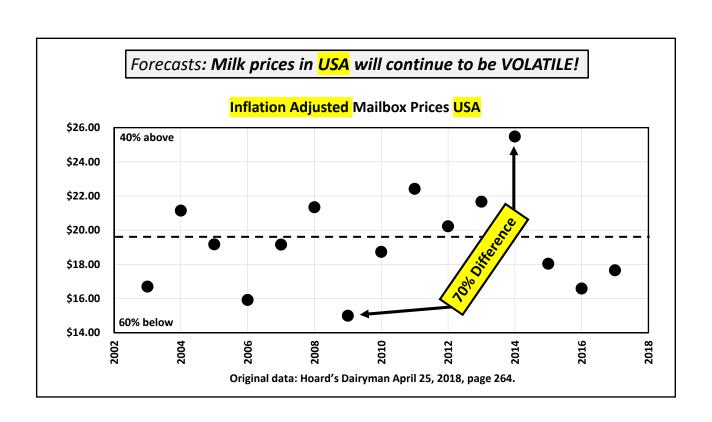


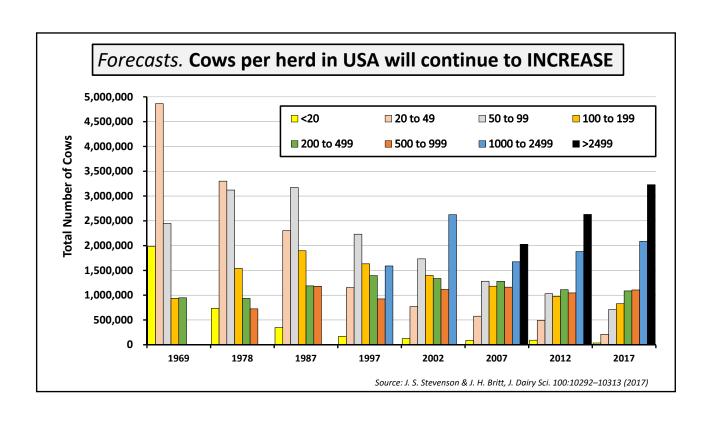




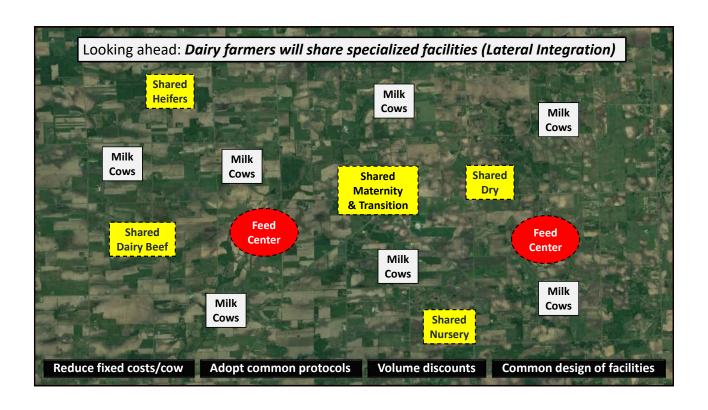


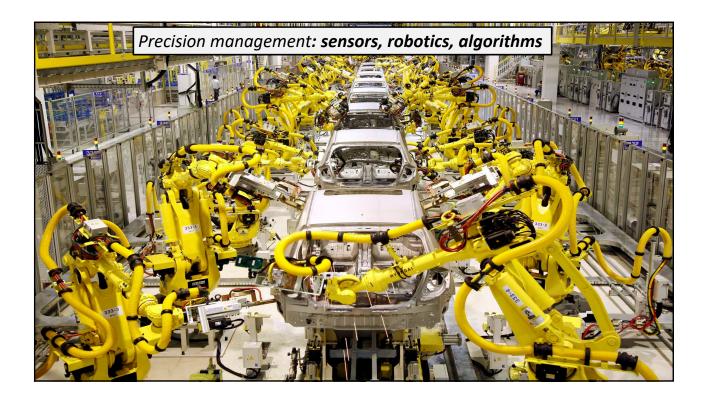


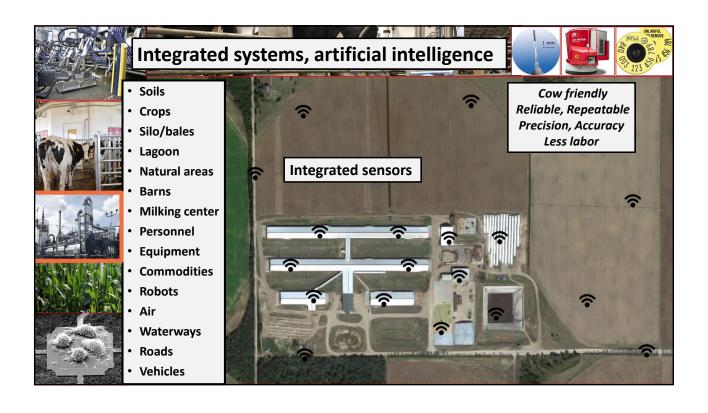


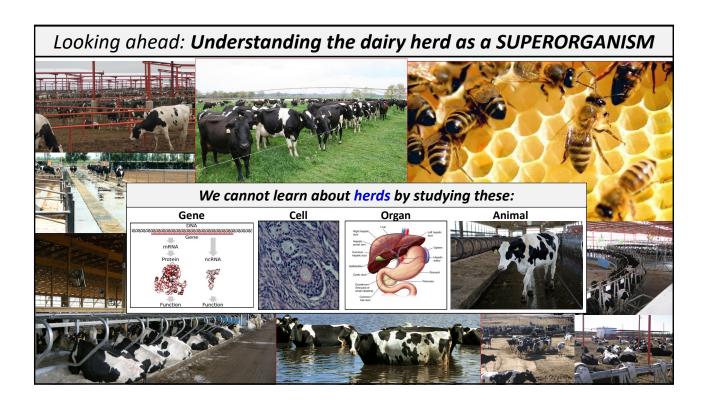


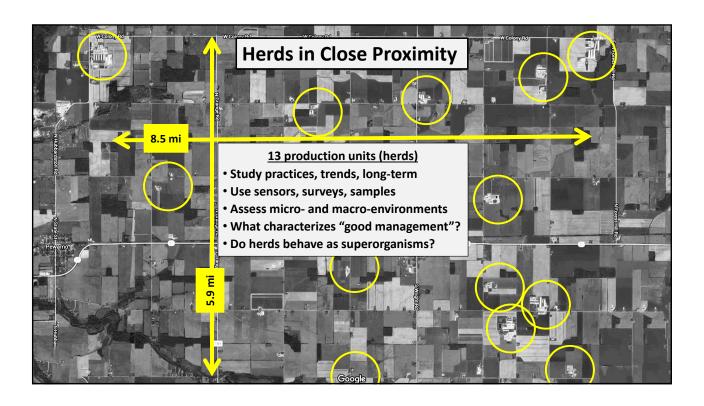
Revenue (ECM adjusted)	\$/100 lbs
Net Milk Price per 100 lbs. (Mailbox)	\$16.67
Total Revenue per 100 lbs.	\$17.83
Expenses (ECM adjusted)	
Feed Costs	\$7.54
Herd Replacement Costs	\$1.86
Labor Costs	\$1.75
Other Costs	\$5.27
Total Expenses per 100 lbs.	\$16.41
Net income per 100 lbs	\$ \$1.44
Net income per cow	\$359

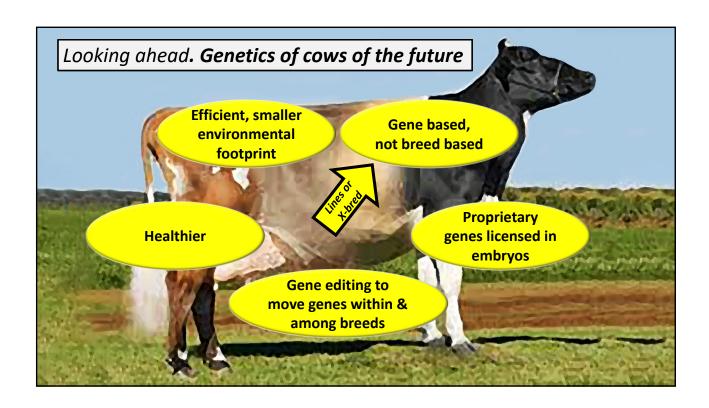


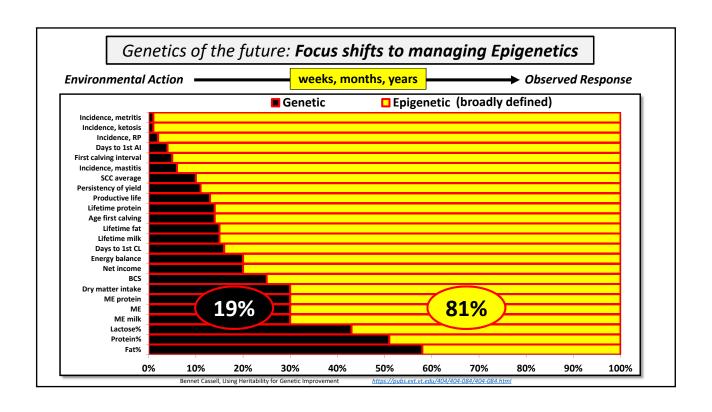


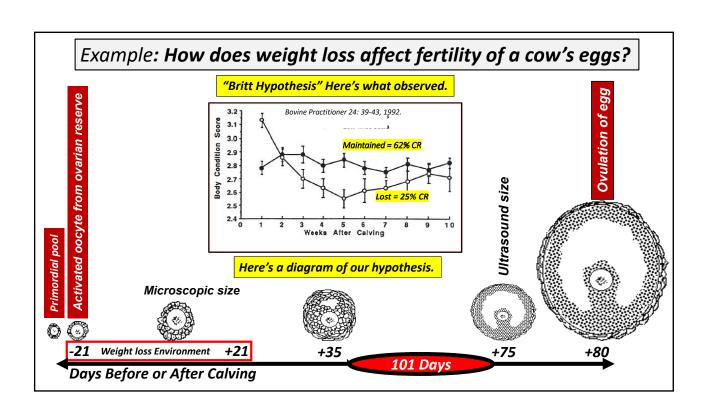


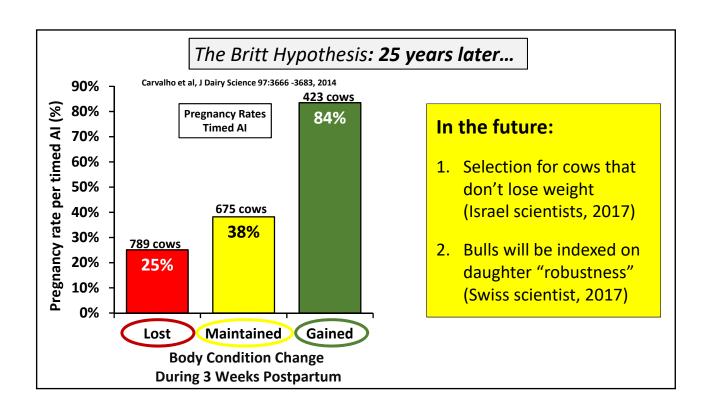


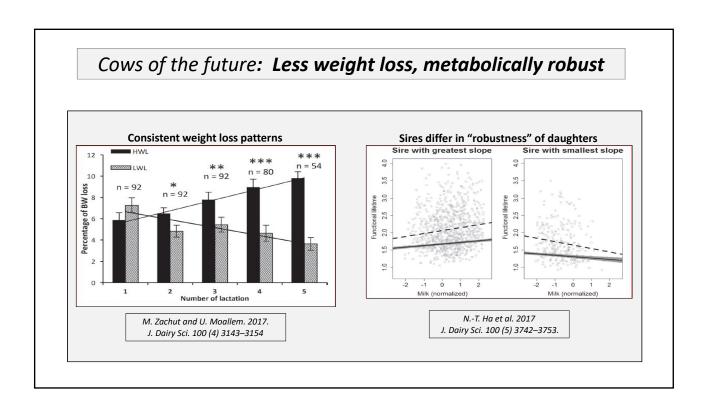












Current examples of epigenetic-like effects



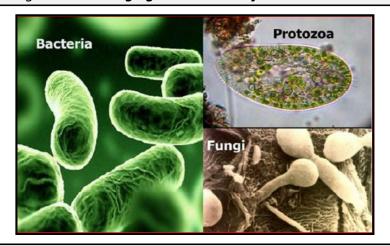
Milk fresh cows 4X for first 3 weeks of lactation



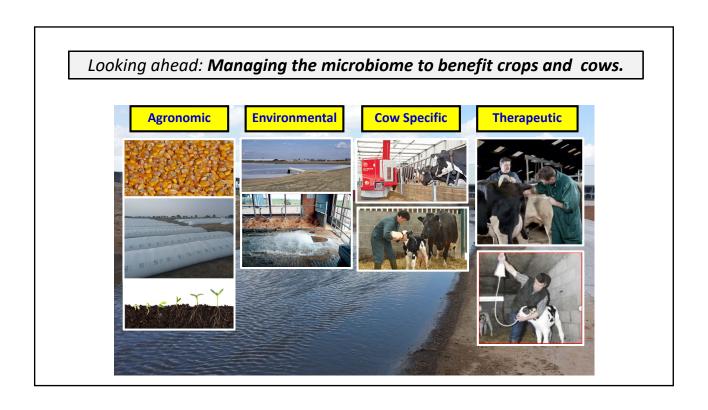
Ensure maximum growth of calves to 70 days of age

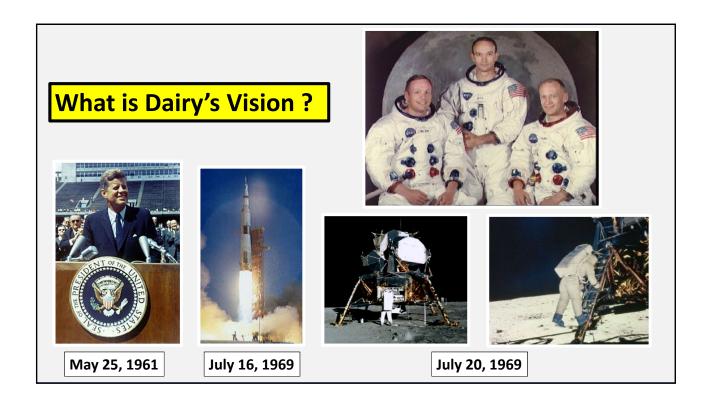
Practices for Managing the Epigenome

Looking ahead: Managing the cow's and farm's natural Microbiome



Microbiomics –relationships with genomically beneficial microbes that live within animals, plants, soils and in all environments





The Dairy Cow and Dairy Farm in 50 Years

Jack H. Britt

Jack H. Britt Consulting Etowah, NC

Over the next 50 years there will be significant changes in dairy cows and farms in North America and globally. Changes will be driven by population growth and associated increases in consumption of dairy products; climate change and northward migration of growing seasons; growth in herd sizes associated with adoption of automation, robotics and specialized waste processing equipment; increased milk component yields and improvements in cow health and fertility; adoption of new cropping systems; increased management of epigenetics of cows and crops; and increased management of the microbes of animals, crops and farmsteads.

POPULATION GROWTH

Growth in global population to over 10 billion people will push worldwide dairy demand strongly upward. This growth will be almost exclusively in Asia and Africa, outside of dairy's traditional production centers such as Ireland, the European Union, North America, New Zealand, and Australia (Figure 1). Dairy consumption in Africa and Asia will be important because dairy products provide essential amino acids, vitamins, and minerals more efficiently and sustainably than most crops and other animal products.

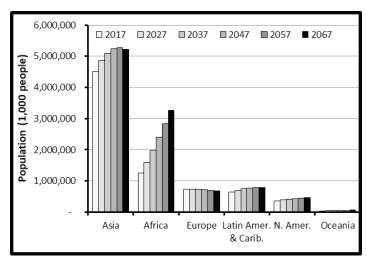


Figure 1. Estimated populations of major regions of the world by 2067. Estimates are from the United Nations. Adapted from Britt et al., 2018.

Countries such as China are increasing output per cow and herd size; however, there will be limits on how much such countries can produce because of limits on land suitable for producing feeds for livestock. There will be substantial opportunities for dairy exporters to provide products to countries and regions that cannot produce milk to meet all of their needs.

Countries that already are developing new products for these growing regions will capture most of this demand. North America is behind other regions in developing products for African and Asian countries. It must up its game if it expects to capture that market in the future.

CLIMATE CHANGE

Climate change will cause dairying to shift in the Northern Hemisphere, mostly because of limits on water availability. In the USA dairying will move away from the west and southwest to the upper Great Lakes region and into Canada (Figure 2). Growing seasons in the upper tier of states and in Canada will increase by 4 to 6 weeks, allowing longer-season corn and other crops to be grown with greater yields.

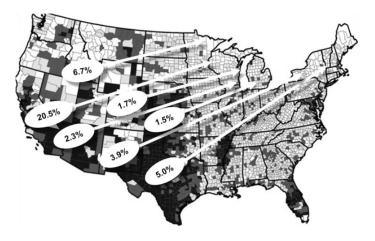


Figure 2. Projected shifts in dairy cattle in the USA associated with climate change. Dark-shaded areas will have limited water resources. Percentages represent the approximate proportion of USA milk produced by associated states in 2016. Source: Britt et al., 2018.

Dairy cows will have genes from within breeds or moved among breeds to enhance tolerance to climate stress. This will allow cows to produce higher yields in hot arid or humid climates. Breeders should be developing these specialized lines now.

Similarly, feed crops that are more tolerant of heat stress will be developed for use worldwide. As the growing season moves north because of climate change, there will be new varieties of crops developed for a broader range of environmental conditions. We will also see some traditional tropical or subtropical crops move northward, providing some new resources for dairy farmers.

MILK YIELD AND COMPOSITION

Milk output per cow will continue to climb across the globe, with average production exceeding 50,000 lbs. per cow annually in the USA (Figure 3). Components will increase and there will be discounts to dairy farms that have too much volume in relation to components. On larger farms, filtration will be used to remove lactose from milk to concentrate protein and fat. The lactose will be used as a source of sugar in rations.

There will be increased differentiation of milk in terms of value, primarily related to genes that control casein, other milk proteins, and fat. Some highly-valued milks with unique genetic traits will be licensed through embryos sold to farmers by genetic companies.

HERD SIZES AND TECHNOLOGY

Average herd size will continue to grow, driven by automation, sensors, and robotics and paid for by reduced fixed cost per unit of milk (Figure 4). Many functions

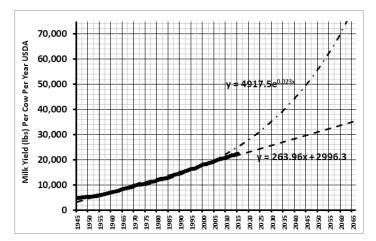


Figure 3. Extrapolation of milk yield using linear (straight line) or exponential (curved line) from existing yield data (heavy black line) in USA. Source: Britt et al., 2018.

on dairy farms will be done by robots and automated systems that will be controlled by artificial intelligence systems. For example, driverless vehicles and automated equipment will prepare and deliver partial TMR rations to cows that are milked in robotic systems. Cows love robotic systems and automation! Consistency and lack of emotions of robots and automated systems are keys to making cows comfortable.

Manure and waste water on dairy farms will be processed through emerging on-farm systems that convert waste streams into chemical-like fertilizers, energy, and potable water to reduce environmental impacts. Herds will need to be larger for such systems to be operated economically, and environmental regulations may require such systems in areas with heavier livestock concentrations.

Herds will be viewed as superorganisms, and we will understand why herds that use similar genetics and feeds differ in terms of performance, health, and profitability. This will provide information to improve protocols and management and reduce issues associated with lameness and animal welfare.

Smaller-scale farms will utilize lateral integration to share facilities, feed centers, and production facilities to reduce fixed costs per unit of milk produced. Laterally-integrated operations will mimic larger dairy farms and provide some of the benefits of size to owners and operators.

NEW CROPS

New perennial forage crops high in starch will be introduced along with perennial corn (maize) and new legumes to provide feed that is produced with less

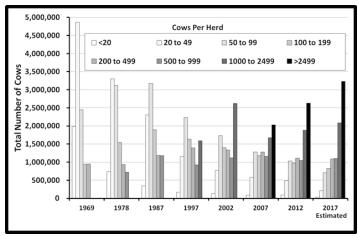


Figure 4. Change in dairy herd sizes in the USA from 1969 to 2017. Projections for the future are that dairy cows will continue to be milked in larger herds. Source: Stevenson and Britt, 2017.

inputs. Digestibility of feeds will continue to improve through manipulation of plant genomes. More crops will be heat- and drought-tolerant.

A challenge in many African and Asian countries will be production of high quality forages with a limited land base. This issue cannot be clearly resolved by technology; therefore, it provides additional opportunities for exporting countries where land resources are available.

MANAGING A COW'S GENOME

Breeds did not evolve naturally—they were created by mankind. Commercial dairy cattle will move from being breed-based to gene-based, with movement of genes among cattle breeds using gene editing and traditional breeding. Cows will be smaller and have smaller environmental footprints.

Cows of the future will have different metabolic profiles during the transition period and will not lose body condition or experience severe negative energy balance—resulting in better health and longer productivity. Overall health and fertility will improve, and some diseases will be reduced greatly or eliminated.

Embryos will replace semen as the major product sold by breeding companies. Multiple generations of embryos will be produced in a few months through cell- and embryo-culture systems before a line of female or male embryos is released for sale.

MANAGING THE EPIGENOME

Cause and effect events that are separated by days, weeks, months, years, or generations reflect epigenetic responses. Epigenetic or environmental-directed gene expression will become a major part of herd manage-

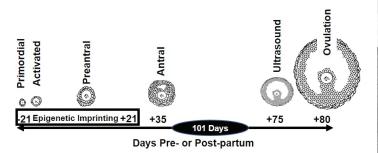


Figure 5. Illustration of how an oocyte exposed to negative energy balance during the transition period is altered by epigenetic mechanisms to be less fertile at breeding about 90 days later. Modified from Britt (1992).

ment, driven by cloud-based data-mining of records from millions of cows.

We already have examples of how epigenetics affects some important traits.

- Calves fed to gain more weight during the first 10 weeks of life produce more milk in their first lactation, about 2 years later. We are just beginning to understand the mechanisms that control this response.
- We know that oocytes developing in the ovaries of cows that experience greater body weight loss during the transition period are less fertile at 80 days postpartum. These oocytes seem okay at ovulation, but then die during the first week after fertilization (Figure 5).

MANAGING MICROBIOMES

Genomics will expand to include dairy farm microbiomes (genes in the microbes) and the microbiome will be managed to improve health and longevity of cattle, reduce use of antibiotics and drugs, and increase yield and disease resistance in crops.

Commercial microbial products with specified genomes and functions will be used routinely on dairy farms (Figure 6). Seeds will be coated with selected microbes before planting to boost yield, enhance nitrogen efficiency, and control diseases. Microbes will be added to waste water to reduce pollution and improve fermentation for production of energy. Microbial supplements will be given to cows and calves at specific ages to improve health, improve digestibility of feeds, and change milk components. Some special microbial mixtures will be used as prescription drugs to treat diseases.

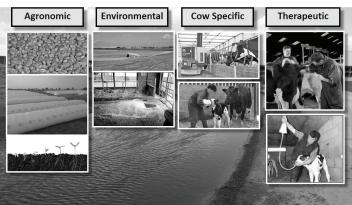


Figure 6. Examples of use of microbiome products for crops, wastewater, calves and cows, and disease treatments.

VISION FOR THE DAIRY INDUSTRY

The most significant challenge for the USA dairy industry will be to develop a vision for what it will be in 50 years. It must be profitable and sustainable, and it must produce products that will be in demand domestically and worldwide. To grow in the future, the USA dairy industry needs to develop new products for domestic use and export that will be sought by consumers worldwide.

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- Stevenson, J. S., and J. H. Britt. 2017. A 100-year review: Practical female reproductive management. J. Dairy Sci. 100:10292-10313.



What Is the Right Composition of Milk for the Future?



Farm Transport Process Market

jackhbritt@gmail.com

Jack H Britt <> Penn State Dairy Cattle Nutrition Workshop <> November 1, 2018

Milk is mostly consumed in non-fluid forms in the USA.

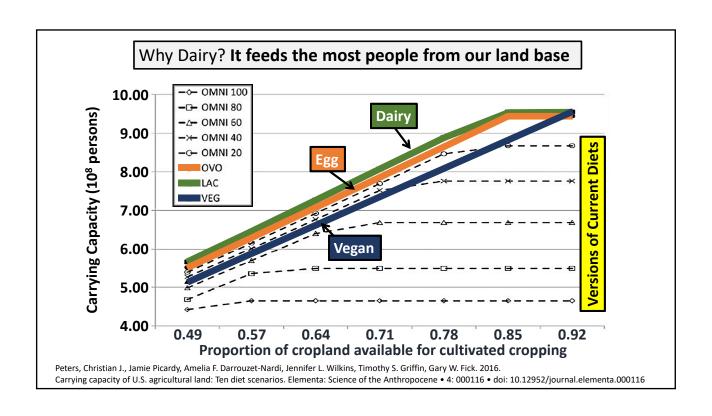


23% vs 77%

Milk vs Other dairy



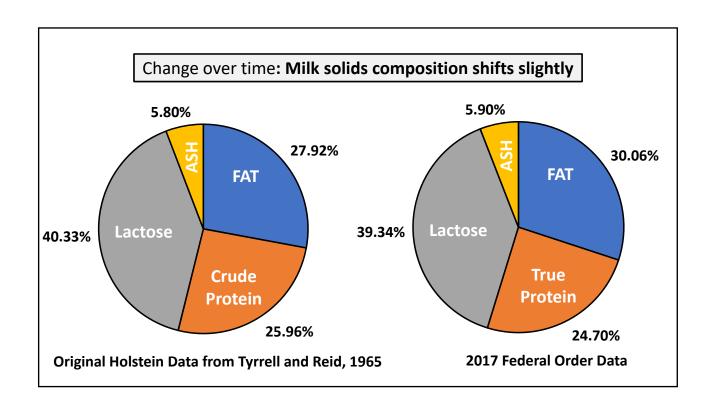
159 billion lbs.

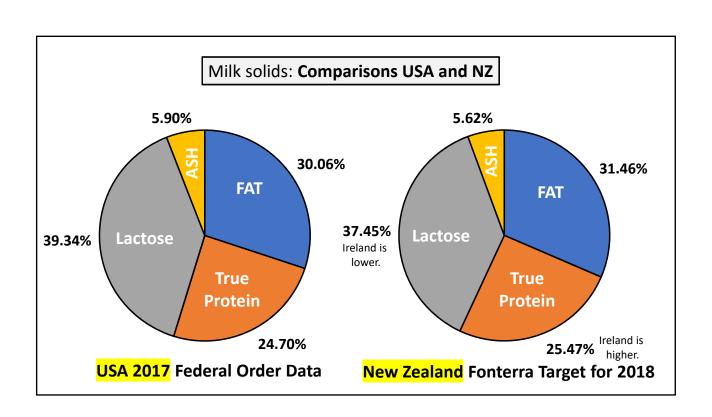


Cow's milk: Composition of milk from Holstein cows

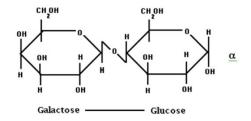
Component	Average	Range
Total solids	12.2%	10.46% - 15.6%
Solids-not-fat	8.8%	7.82% - 10.52%
Milk fat	3.4%	1.60% - 6.40%
<u>Crude</u> protein	3.2%	2.52% - 5.40%
Lactose	4.9%	3.76% - 5.72%
Ash	0.7%	0.54% - 1.00%
Energy, kcal/lb.	314	250 - 445

Source: H.F. Tyrrell and J.T. Reid. 1965. Prediction of the energy value of cow's milk. J. Dairy Sci. 48: 1212-1223. [600 composite samples]



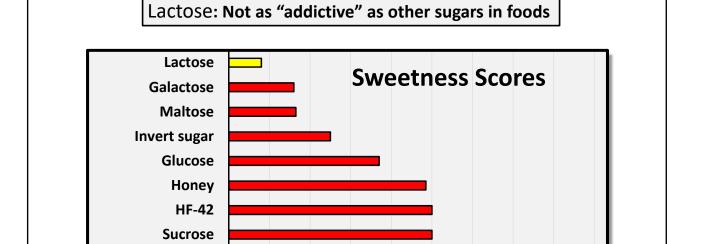


Lactose: Controls volume, but has least value



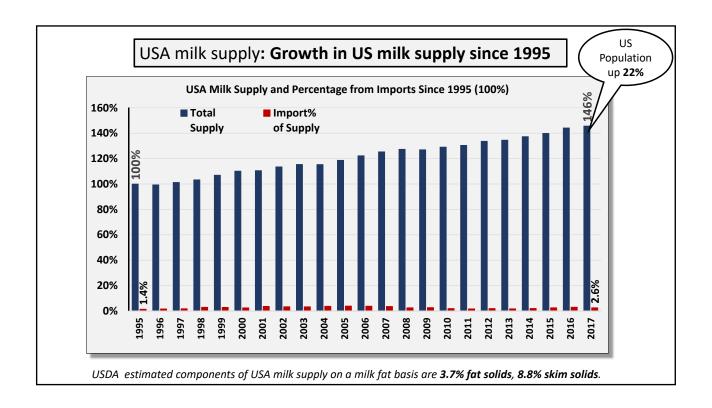
"Milk yield greatly depends on mammary lactose synthesis due to its osmoregulation of milk, one that induces mammary uptake of water. Therefore, the rate of lactose synthesis in the epithelial cells of the mammary gland serves as a major factor influencing milk volume production."

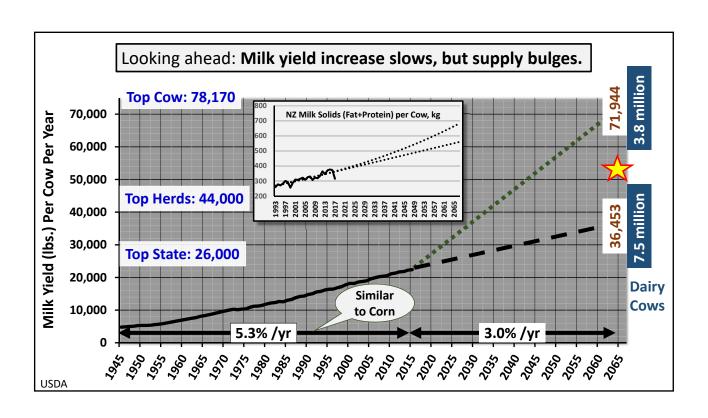
J. S. Osorio, J. Lohakare, and M. Bionaz. 2016. Biosynthesis of milk fat, protein, and lactose: roles of transcriptional and posttranscriptional regulation. Physiological Genomics https://doi.org/10.1152/physiolgenomics.00016.2015

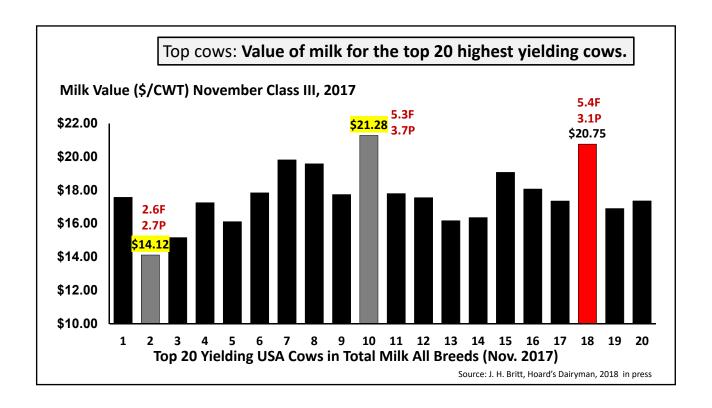


Source: https://en.wikipedia.org/wiki/Sweetness

Fructose





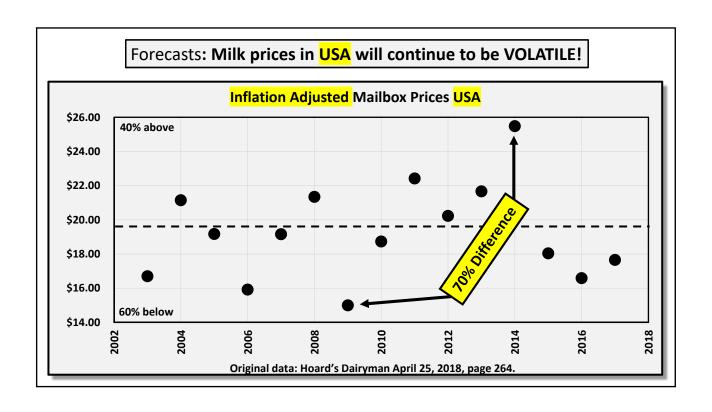


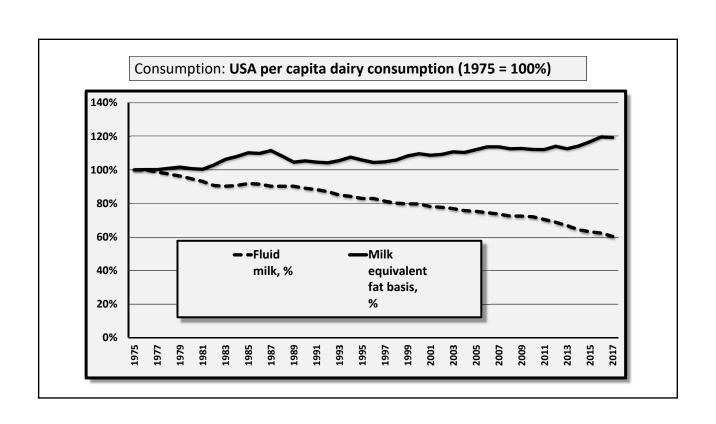
Value of USA milk supply 2017: \$ per CWT in today's market

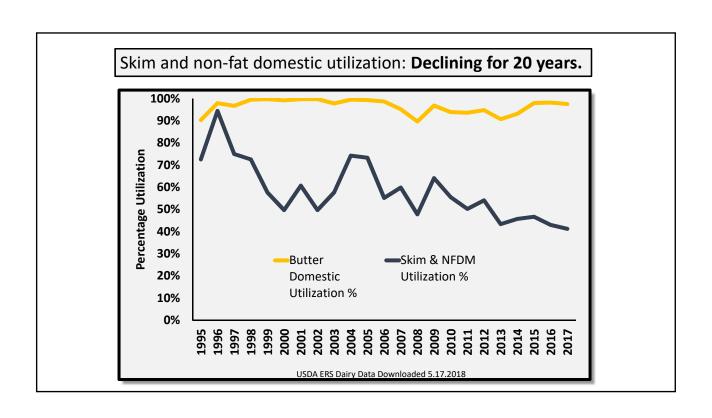
US Federal Order 2017 Values							
Component Percentage Value/Lb. Value/CWT							
Milk fat	3.82%	\$2.54	\$9.70				
True Protein	3.14%	\$2.00	\$6.28				
Lactose	5.00%	\$0.35	\$1.75				
			\$17.73				

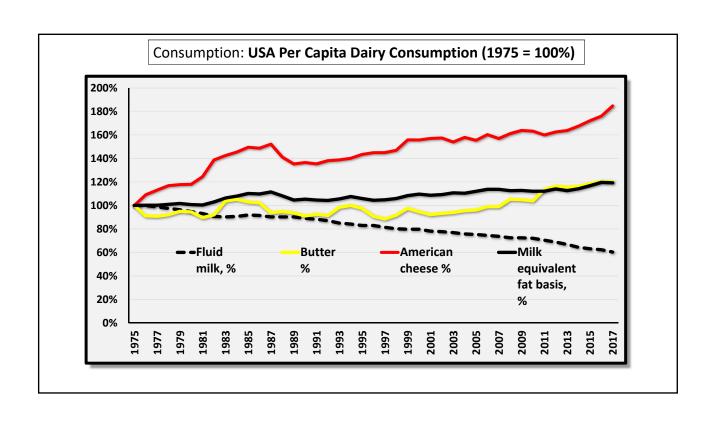
USDA-Agricultural Marketing Service

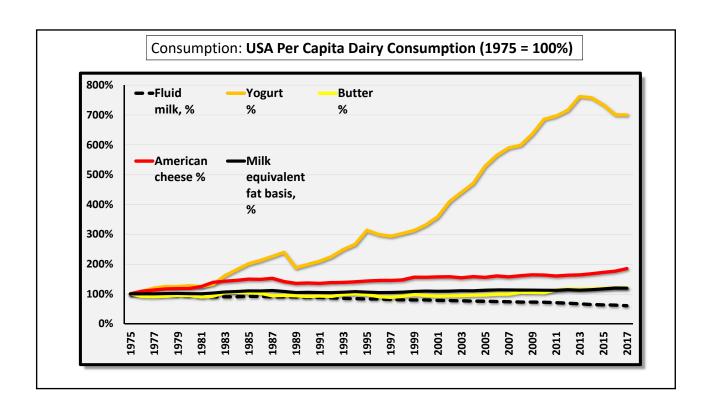
DAIRY MARKET NEWS, WEEK OF OCTOBER 1 - 5, 2018, VOLUME 85, REPORT 40

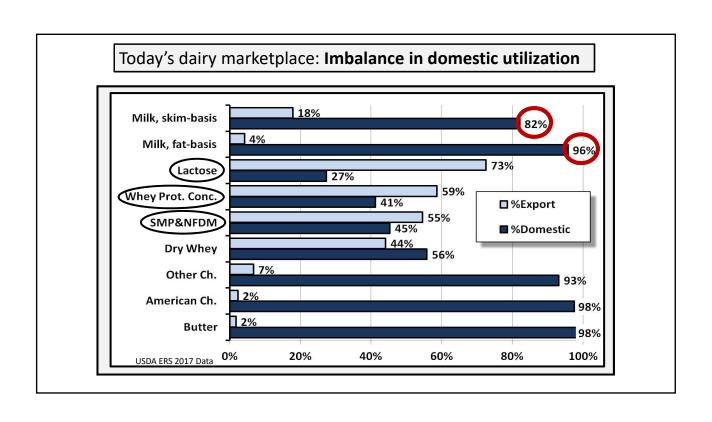


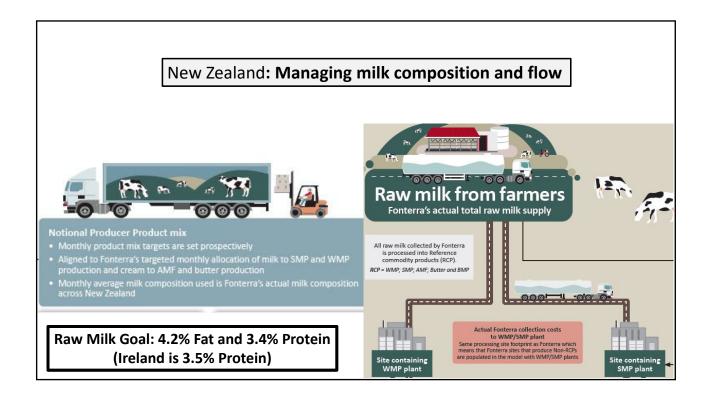












Change in USA supply with NZ-like standards (4.2%F & 3.3%P)

Milk supply (-7.0%) -14,902,682,078 lbs.

Lactose supply (-7%) -737,682,763 lbs.

Fat supply (-2.3%) -189,138,713 lbs.

Protein supply (+2.2%) 148,608,989 lbs.

Value/CWT (+7.3%) \$1.29 per CWT

USDA-Agricultural Marketing Service
DAIRY MARKET NEWS , WEEK OF OCTOBER 1 - 5, 2018 , VOLUME 85, REPORT 40

Current Value vs. a NZ-like Model in USA

New Zealand-like Model for USA milk						
Component	Value USA-type	Value NZ-type				
Milk fat	\$9.70	\$10.67				
True Protein	\$6.28	\$6.60				
Lactose	\$1.75	\$1.75				
	\$17.73	\$19.02				

USDA-Agricultural Marketing Service DAIRY MARKET NEWS , WEEK OF OCTOBER 1 - 5, 2018 , VOLUME 85, REPORT 40

Increasing value: Increasing butterfat and protein levels in milk

Improving butterfat:

- Genetic selection (h²=.53)
- Roughage
- peNDF
- Buffers in ration
- Rumen inert fats
- Methionine hydroxy analog

Improving protein:

- Genetic selection (h²=.56)
- Adequate rumen starch (energy) for rumen organisms
- Adequate protein or nitrogen for rumen organisms
- Adequate by-pass protein
- Protein intake balanced to meet needs without excess
- Avoid slug feeding, especially protein before energy
- Monitor MUN

Source: C. M. Jones, J. Heinrichs and K. Bailey. Milk Components: Understanding Milk Fat and Protein Variation in Your Dairy Herd (updated 2016). https://extension.psu.edu/milk-components-understanding-milk-fat-and-protein-variation-in-your-dairy-herd

Milk: Other issues.

• Caseins: A1, A2, better yield, etc.

• SCC: 400,00 or lower

• **bST**: Mostly a non-issue

• "Humane" milk: economically viable?

• **Processing**: Pasteurized, UHT, Aseptic

• New Products: USA is lagging

Nut milks: Innovators are often "nutty"

Let's Talk

jackhbritt@gmail.com

Managing Highly Digestible Alfalfa in the Rations of High Producing NE Dairy Herds

Dr. Dave Combs University of Wisconsin



What makes a better forage?

- High digestibility
 - Fiber (-)
 - Fiber digestibility (+)
- High intake potential
 - Fiber (-)
 - Fiber digestibility (+)



BOTH NDF and NDF digestibility are needed to assess forage quality

Why is fiber digestibility important?

Oba and Allen (1999)
A 1% change in vitro or in situ NDF digestibility (primarily 30-h or 48-h NDFD) was correlated with:

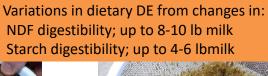
- ✓ 0.4 lb increase in dry matter intake
- ✓ 0.5 lb increase in 4% fat corrected milk yield

Improved fiber digestibility in dairy nutrition also has other benefits

- Energy
- Rumen microbial protein production (lysine/methionine) supply
- Milk components
- Cow health









Poor digestion < 40%

Excellent digestion > 50%

A 2-3 unit change in diet DE digestibility corresponds to 1 lb change in milk yield.

The most well known reduced lignin trait: BMR

- Brown Mid-Rib trait
 - Discovered in 1924 in St. Paul, MN
 - Natural mutation that results in reduced lignin in corn
 - Four BMR mutations known: bm3 is most common in today's corn hybrids
 - Caused by a mutation in the COMT lignin synthetic pathway

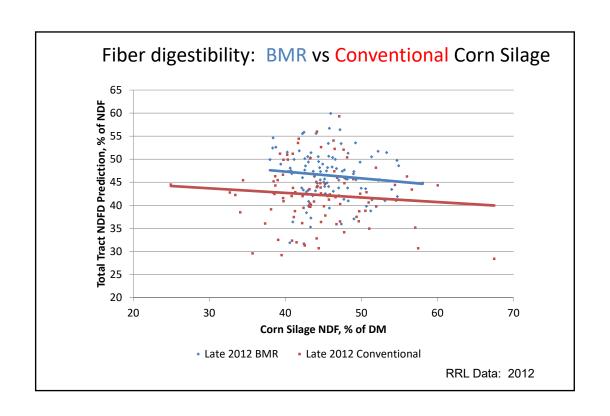






Cherney et al, 1991

6



DMI & Milk Yield greater in BMR/HFD

Item	BMR	CONS	HFD	LFY	SEM	P-value
DMI, lb/d	55.2°	52.8 ^b	54.1ª	50.6 ^b	1.1	0.001
Milk, lb/d	84.9ª	81.8 ^b	83.8ª	82.3 ^b	1.8	0.001
Fat, %	3.55	3.62	3.61	3.64	0.08	0.25
Protein, %	3.07	3.07	3.09	3.07	0.03	0.45

Ferraretto & Shaver, 2013

Methods to improve alfalfa quality

- Harvesting at early maturity
- Selection for high leaf:stem ratio today's "High Quality" lines
- Selection for reduced lignin in the stem/overall plant
- Harvest technologies that reduce respiration losses, reduce risk of weather (rain), RETAIN LEAVES

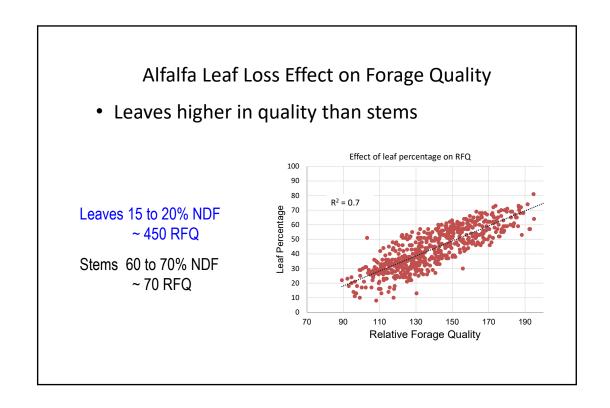


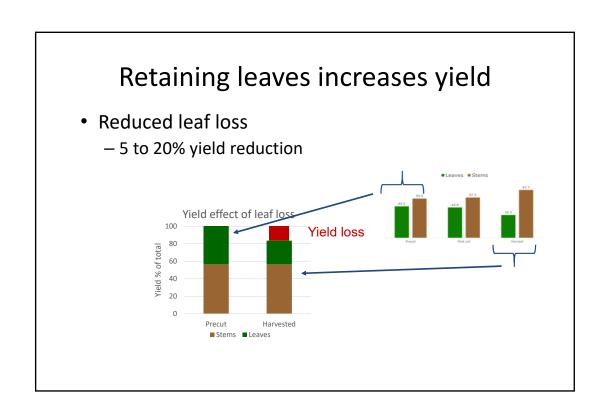




Composition and Digestibility of Alfalfa Changes with Maturity

	NDF	Lignin	TTNDFD	DOM
	% of DM	% of DM	% of NDF	% of DM
Immature	33	5.4	54	71
Vegetative	37	6.2	50	67
Mid-maturity	43	7.3	47	63
Mature	50	8.4	46	60





Typical TTNDFD values of forages harvested in 2015

Forage	aNDF	TTNDFD	range in TTNDFD*
Corn silage	41.0	40	30 to 50
Alfalfa silage	41.0	43	30 to 54
Grass silage	52.4	51	31 to 71
Grass hay	61.1	45	24 to 65

^{*} mean value ± 2 standard deviations Samples submitted to Rock River Laboratories in 2015 and 2016

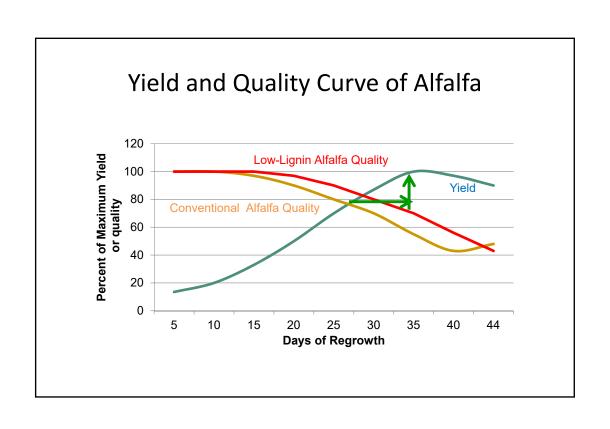
Variation in iNDF and kd of forages harvested in 2015

Forage	Average iNDF, % of NDF	Range in iNDF	Average kd, %/h	Range in kd
Corn silage	26.5	12.5 to 40.8	2.73	1.7 to 4.7
Alfalfa silage	40.5	26.5 to 54.5	5.3	1.56 to 9.04
Grass silage * mean value ± 2 stand	25.5 lard deviations	0 to 51.5	4.46	2.08 to 6.84

Samples submitted to Rock River Laboratories in 2015 and 2016

The proportion of iNDF and rate of fiber digestion (kd) vary in forages

High Quality Alfalfa HiGest™ Alforex HarvXtra™ Forage Genetics International



Opportunities with Reduced Lignin Alfalfa

- Wider harvest window?
- Later harvest
 - Greater tonnage per cutting
 - Make use of full growing season
 - Reduce number of cuttings
 - a 15 to 18% lignin reduction means we could harvest 8 to 10 days later
- Improved forage quality

Evaluating Reduced Lignin Alfalfa



a

How does RL trait affect digestibility?

- HiGest, HarvXtra and a Conventional HQ Alfalfa sampled over first crop 2017
 - Sampled twice a week from May 4th to June 19th
 - Approximately 500 g of fresh alfalfa harvested via scissor clipping
- Leaves and stems were separated manually
- Acid Detergent Lignin (ADL) was conducted on stem samples
- Stems were analyzed Total Tract NDF Digestibility (TTNDFD)



Fiber digestion in Stems of RL and HQ lines of Alfalfa

		Alfalfa variety				P - value		
Variable	C1	C2	GMO	CB	SEM	Variety	Day	Variety × day
L:S ratio, DM	0.57 ^b	0.59 ^b	0.64a	0.65a	0.01	< 0.01	< 0.01	< 0.01
Stem composition and								
Digestibility								
ADL, % DM	7.61^{b}	7.95^{a}	6.74°	7.42 ^b	0.08	< 0.01	< 0.01	< 0.01
NDF, % DM	46.0	48.4	45.7	45.8	0.8	0.06	< 0.01	0.24
iNDF, % NDF ¹	45.6^{ab}	48.8^{a}	41.3 ^b	45.2^{ab}	1.6	< 0.04	< 0.01	0.12
TTNDFD, % NDF	39.5^{bc}	37.3°	$43.5^{a\dagger}$	41.5^{ab}	0.6	< 0.01	< 0.01	0.10

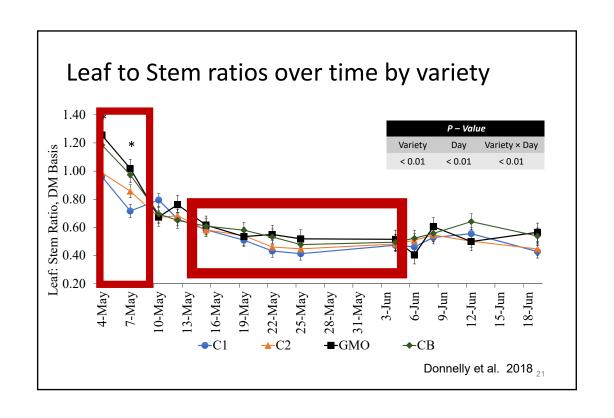
^{a,b,c} Means within a row with different superscripts differ (P < 0.05).

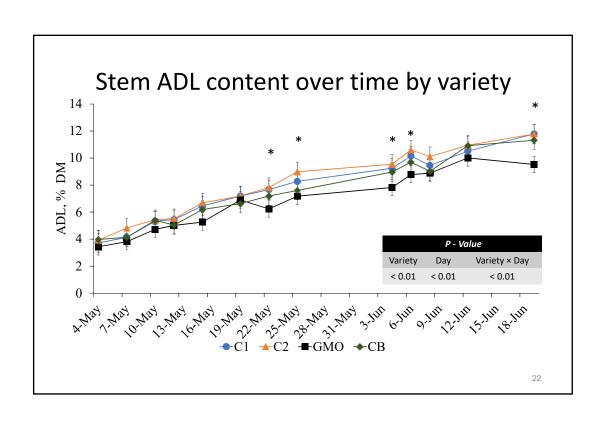
¹Indigestible NDF, based on 240 h in situ incubation.

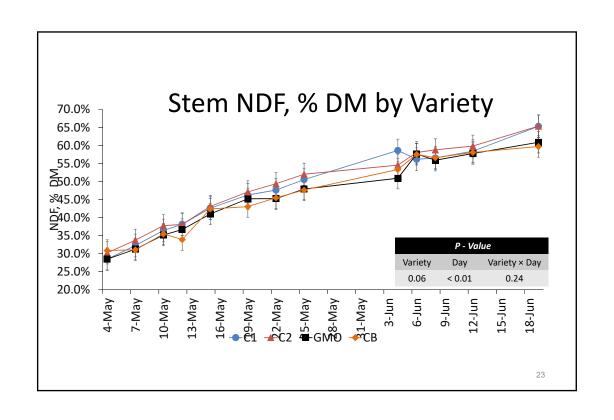
Donnelly et al. 2018

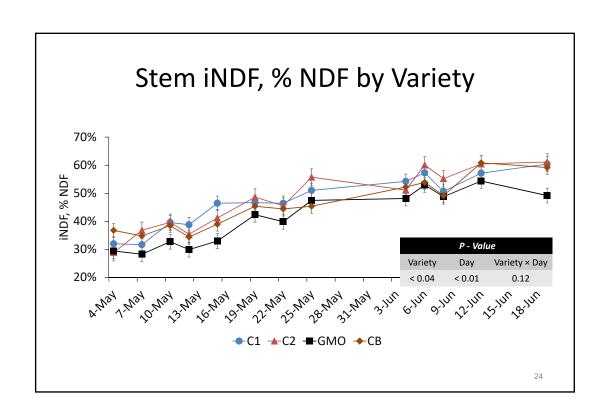
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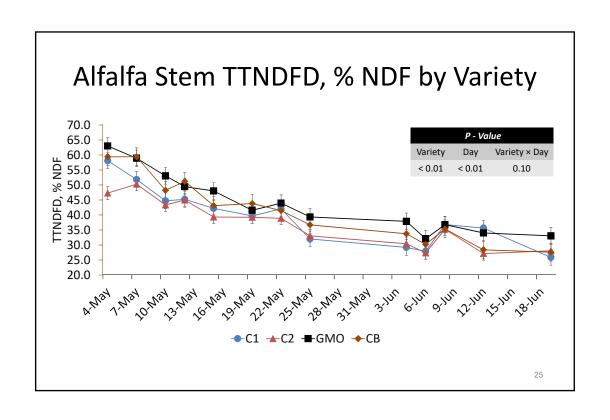
[†]The GMO and CB varieties differed by < 0.10, C1 and C2 differed from each other by < 0.10.

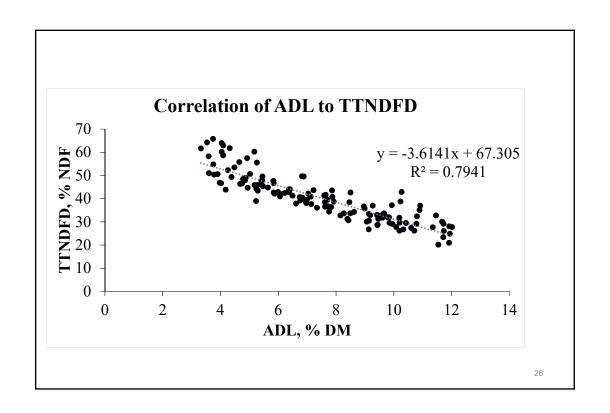


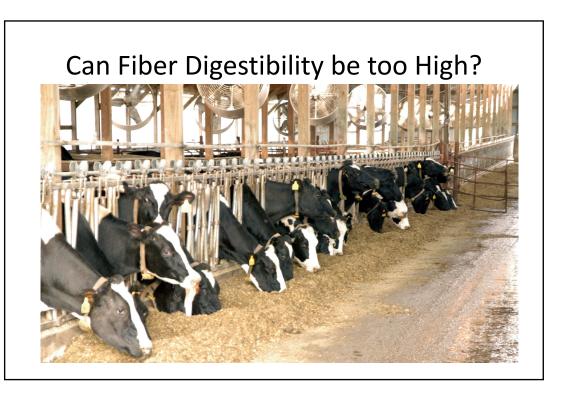












What happens if we add grass fiber (high TTNDFD) or wheat straw fiber (low TTNDFD) to a diet with high quality alfalfa and corn silage?								
			Meadow					
	Control	Tall Fescue	Fescue	Straw				
		% of Diet DN	Л					
Corn silage	26	17	17	20				
Alfalfa silage	26	17	17	20				
Tall Fescue*		17						
Meadow Fescue*			17					
Wheat Straw				8				
High Moisture Corn	26	25	26	24				
Protein/minerals	22	24	23	28				
	100	100	100	100				
	(Verbeten et al., 2012)							

Adding grass or wheat straw to TMR with high quality corn silage and alfalfa

			Meadow	
	Control	Tall Fescue	Fescue	Straw
Diet NDF	24	27	27	28
in Vivo NDFD	25	41	41	29
3.5 % FCM, lb	91	92	95	92
Milk Fat, %	2.9ª	3.4 ^b	3.4 ^b	3.2 ^{ab}
DMI, lb	58 ^{ab}	54ª	59 ^b	58 ^{ab}

(Verbeten et al., 2012)

Adding more digestible fiber from grass increased ration fiber digestibility and increased fat test

Animal Response to fiber digestibility in corn silage*

	WPCS	BMR	ТОР	TRTCS	SED	P Value Diet
ECM, lb	93°	99 ^b	99 ^b	103ª	0.8	<0.01
(difference from WPCS)		+6	+6	+11		
Rumination min	510 ^a	474bc	459c	459c	12	0.01
min / NDF intake	70.3a	64.0 ^b	63.6 ^b	61.4 ^b	2.9	0.05

^{*}No difference in BW, BCS, or BW gain

Digestibility

	WPCS	BMR	ТОР	TRTCS	SED	P Value Diet
DM	70.0	70.6	71.0	72.6	0.6	0.07
NDF	51.4 ^b	51.7 ^b	52.1 ^b	58.4a	1.2	<0.01

Milk production responses most highly correlated NDF digestibility

Intake, lb/cow/d

	WPCS	BMR	ТОР	TRTCS	SED	P value Diet
DMI	52 ^b	53 ^{ab}	55 ^{ab}	56 ^a	1.1	0.02
(difference from						
WPCS)		+1	+3	+4		
NDF intake	16.1	16.8	17.1	17.0	0.5	0.21
uNDF ₂₄₀ intake	5.3ª	4.3 ^b	5.3a	4.2 ^b	0.2	<0.001
pdNDF intake	10.7 ^b	12.5ª	11.8ab	12.7a	0.3	<0.001

Typical dietary profiles for high producing
dairy cows

Item	
NDF, % of DM	28-30
TTNDFD, % of NDF	> 42%
Starch, % of DM	21-28
Starch Digestibility, % of starch	>95%
CP, % of DM	 16-18% *
,	
Fat, % of DM	3-7%



The **Wisconsin Idea** is a philosophy embraced by the University of Wisconsin System, which holds that research conducted at the University of Wisconsin System should be applied to solve problems and improve health, quality of life, the environment and agriculture for all citizens of the state.



Low Lignin Alfalfa (High Digestibility): Dairy Applications

Duarte Diaz

Dairy Extension Specialist

University of Arizona



Talking points

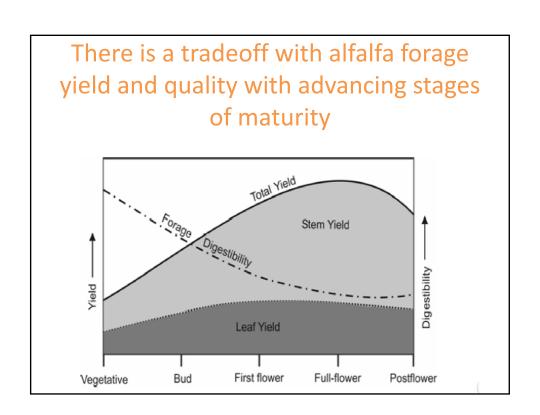
- Disclaimers
- Crossroads between agronomy and nutrition
- Analysis of forage digestibility
- Will we be ready to maximize new technologies/climate
- Studies

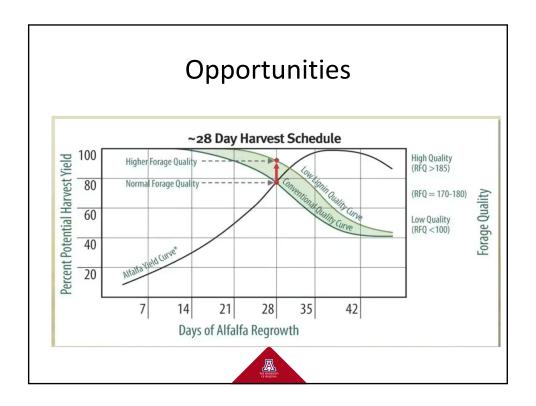


Why Lignin?

- Lignin is an indigestible phenolic compound in alfalfa cell walls
- As alfalfa matures, lignin content increases
- Lignin cross-links with cellulose which decreases digestibility of fiber (dNDF)
- A 10% increase in fiber digestibility
 - Increase milk/beef by 350M/yr
 - Decrease manure by 2.8M T/yr







Potential Benefits of reduced lignin alfalfa from an agronomic perspective

- Forage quality advantage
 - Maintain current harvest schedule
 - Higher likelihood of harvesting premium quality hay (Higher NDFd and RFQ)
- Delayed harvest
 - Fewer harvests
 - Higher forage yields
 - Improved resistance
- Flexibility
 - Increased harvest timing flexibility

