



Agriculture and Natural Resources
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NOTE to editor: This is one in a series of articles produced by University of Wisconsin-Extension agents and specialists to address farming through difficult times. More articles can be found on the Extension Responds website at:
www.uwex.edu/ces/ag/farmingindifficulttimes.html

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Managing through Difficult Times: Using the *CULL.xls* Decision Making Tool

Madison, Wis. – One of the first questions dairy producers ask themselves during periods of negative profit margins is, “What is my breakeven milk production level?” Similar questions include, “Should I still be feeding the low producers the high group ration?” and, “How long to do I continue to milk a cull cow?”

Producers can get help with these and many other pertinent business management questions from University of Wisconsin-Extension resources. The *CULL.xls* spreadsheet is one opportunity to answer the questions posed above.

CULL.xls requires only a few commonly known inputs to access your specific farm situation. Needed is your herd’s average milk production per day in pounds, average butterfat, protein and SCC tests along with your latest base price for milk and value of components. The spreadsheet asks for dollar values per point of fat and protein, while today’s market quotes values per pound of product, so just move the decimal point one place to the left. For example, the February quoted value for butterfat is \$1.0941/lb. so simply moving the decimal point one place to the left yields a value per point of \$0.10942.

Your ration consultant can help you with the average feed amounts and cost/cow/day. Feel free to use the standard values resident to the spreadsheet or your own labor costs per cwt per day and the value of miscellaneous (all other variable costs) supplies per cwt. Finally, enter your current feed levels and values and you’re ready to roll!

Output values from *CULL.xls* are dollar contributions to fixed costs per cow per day. In other words, how many dollars per day is a cow contributing over the major variable costs to pay the mortgage, management, interest and principle on operating and intermediate loans and to family living? Daily returns are reported in a table based on level of production, and SCC level.

Given today's prices, a cow milking 60 lbs/day with a 525,000 SCC only returns \$0.04/day over the major variable costs. Here are three ways UW-Extension dairy and livestock agent Zen Miller helped producers use CULL.xls in management decisions.

A farm feeding a one-group TMR used CULL.xls to determine whether to implement a separate low- group ration to save feed expense. Another farm utilized the spreadsheet to determine when to sell cows in their Do Not Breed group as each cow can be assigned a different cut point depending on SCC and milk output. A third farm used the calculations to look at what the average milk yield would generate over variable costs to see if a farm payment could be made. You can also test "what-if" questions by changing the milk price as well as inputs costs to test other scenarios. The spreadsheet is flexible enough to provide feedback about your situation but if needed your local UW-Extension agricultural agent has access to a multitude of other aids as well!

You may access CULL.xls and other farm management information at the UW-Extension-Center for Dairy Profitability webpage at <http://cdp.wisc.edu/Decision Making Tools.htm>.

To access more information and/or tools to help analyze your situation, link to the Extension Responds web page at: www.uwex.edu/ces/ag/farmingindifficulttimes.html

For assistance in making these tough decisions, contact your UW-Extension county agent, your Farm Business and Production Management Instructor in the Technical College or the DATCP Farm Center at 1-800-942-2474.

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