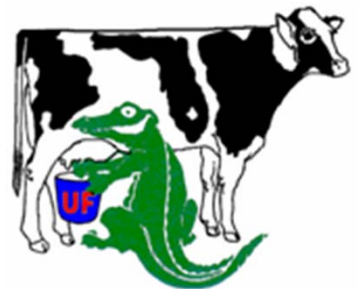
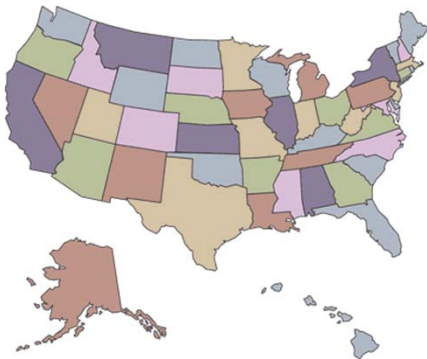


# Robust dairy production systems in the USA

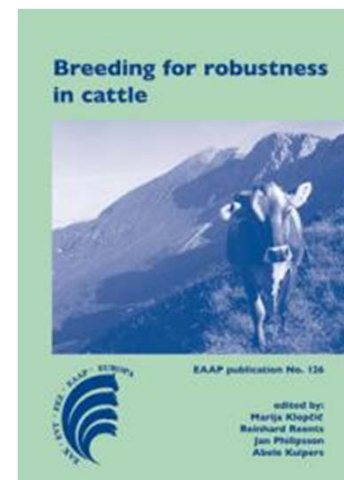
Albert De Vries

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# Robust cattle

- *“adaptation without stress” (Merks, IPG)*
- *“a cow that is able to maintain homeostatis in the commonly accepted and sustainable dairy herd of the near future” (Veerkamp et al., 2009)*
- Emphasis on selection for milk yield
  - Reproduction ↓, udder health ↓, locomotion ↓
- Less (skilled) labor per cow
  - Attention per cow ↓
- ➔ Demand for robust cows
  - Crossbreeding
  - Selection for functional traits



# Relative values for some USDA selection indexes

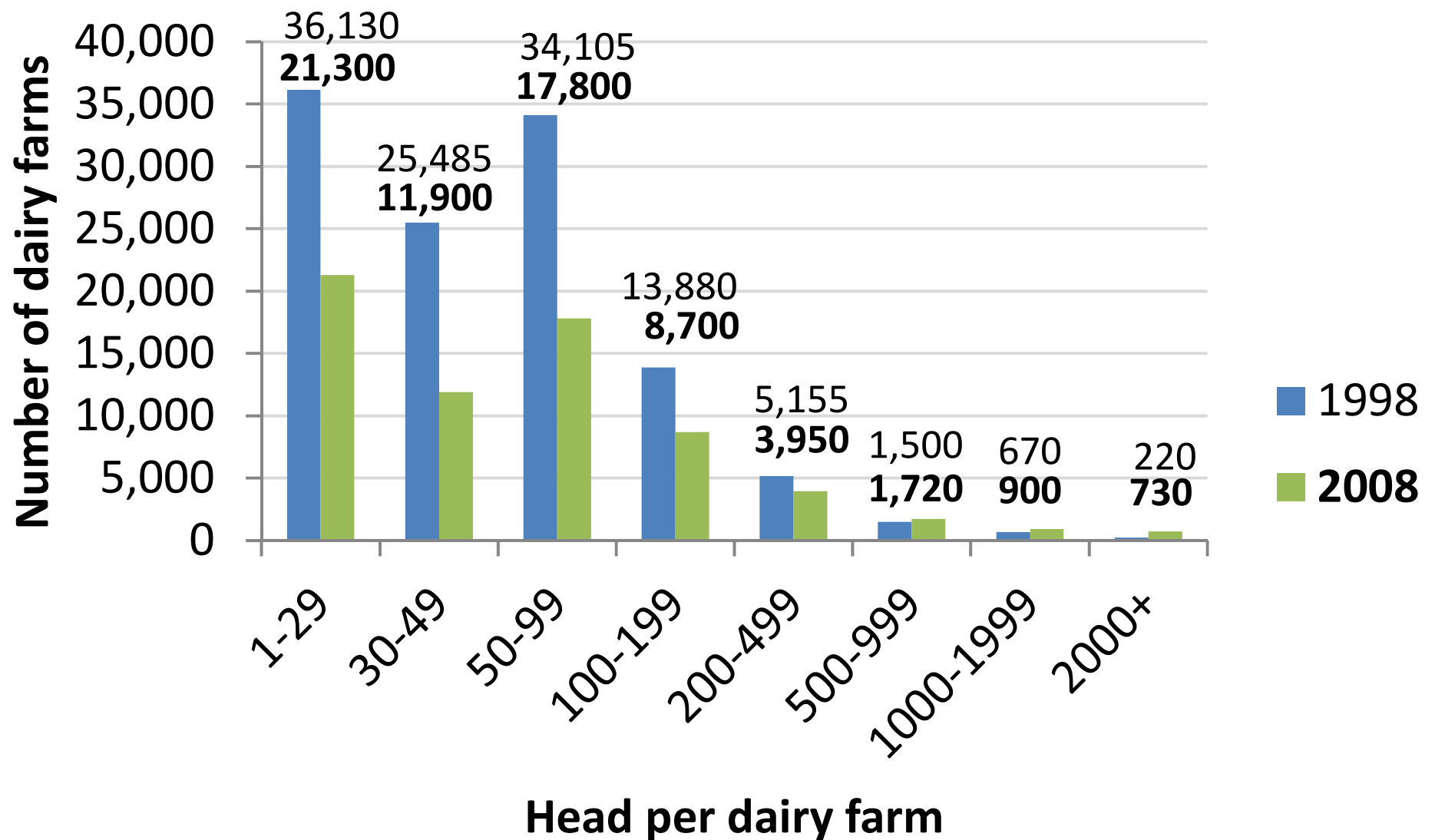
	Selection index	MF\$	MFP\$	NM\$	NM\$	NM\$	NM\$	NM\$
Trait	Year introduced	1971	1976	1994	2000	2003	2006	2010
Milk		52	27	6	5	0	0	0.001
Fat		48	46	25	21	22	23	19
Protein			27	43	36	33	23	16
Productive life				20	14	11	17	22
Somatic cell score				-6	-9	-9	-9	-10
Daughter pregnancy rate						7	9	11
Service sire calving ease						-2		
Daughter calving ease						-2		
Calving ability							6	5
Udder					7	7	6	7
Feet and legs					4	4	3	4
Body size					-4	-3	-4	-6

# Most robust dairy farm?

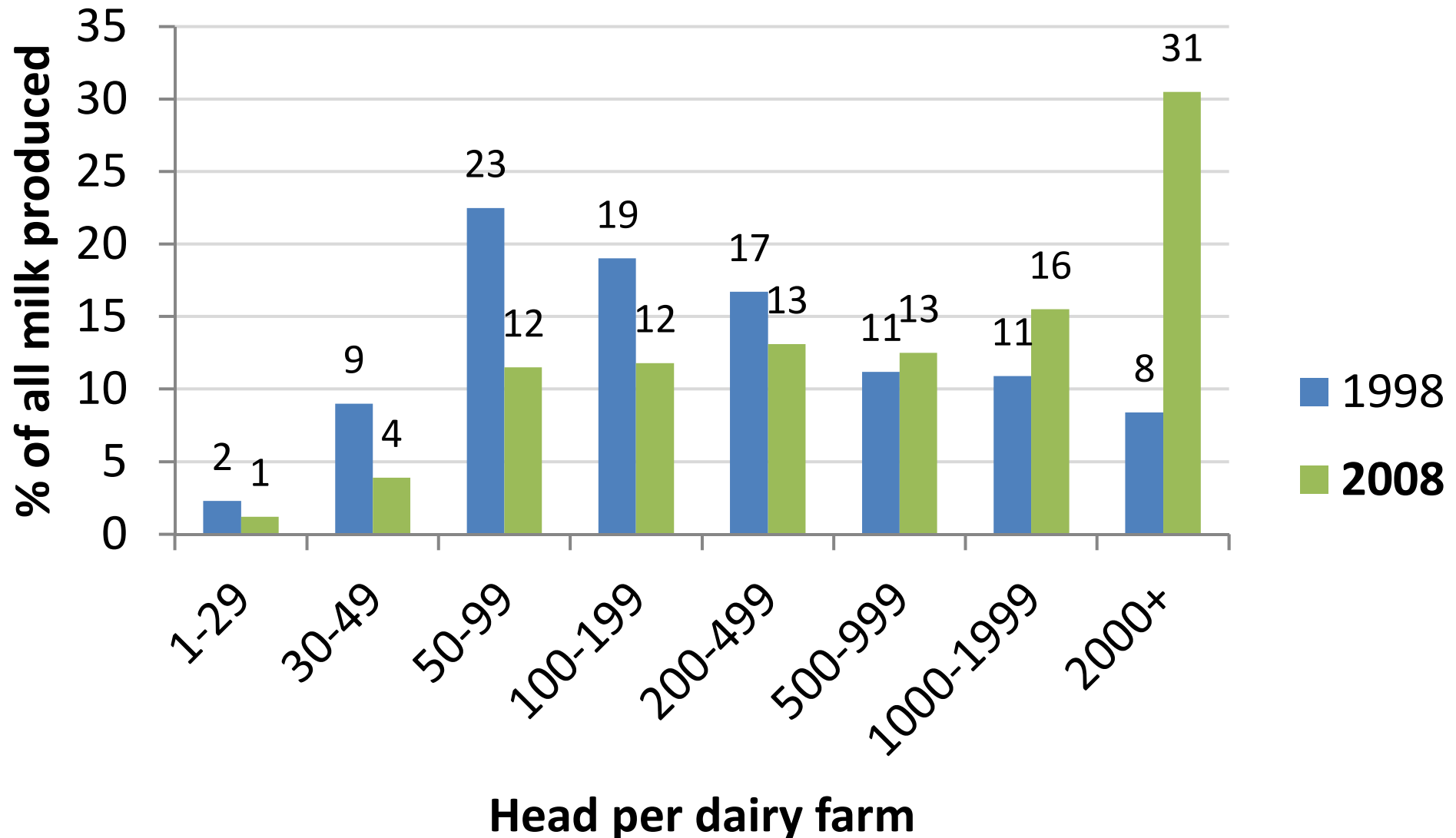


*No systematic research in USA (?)*

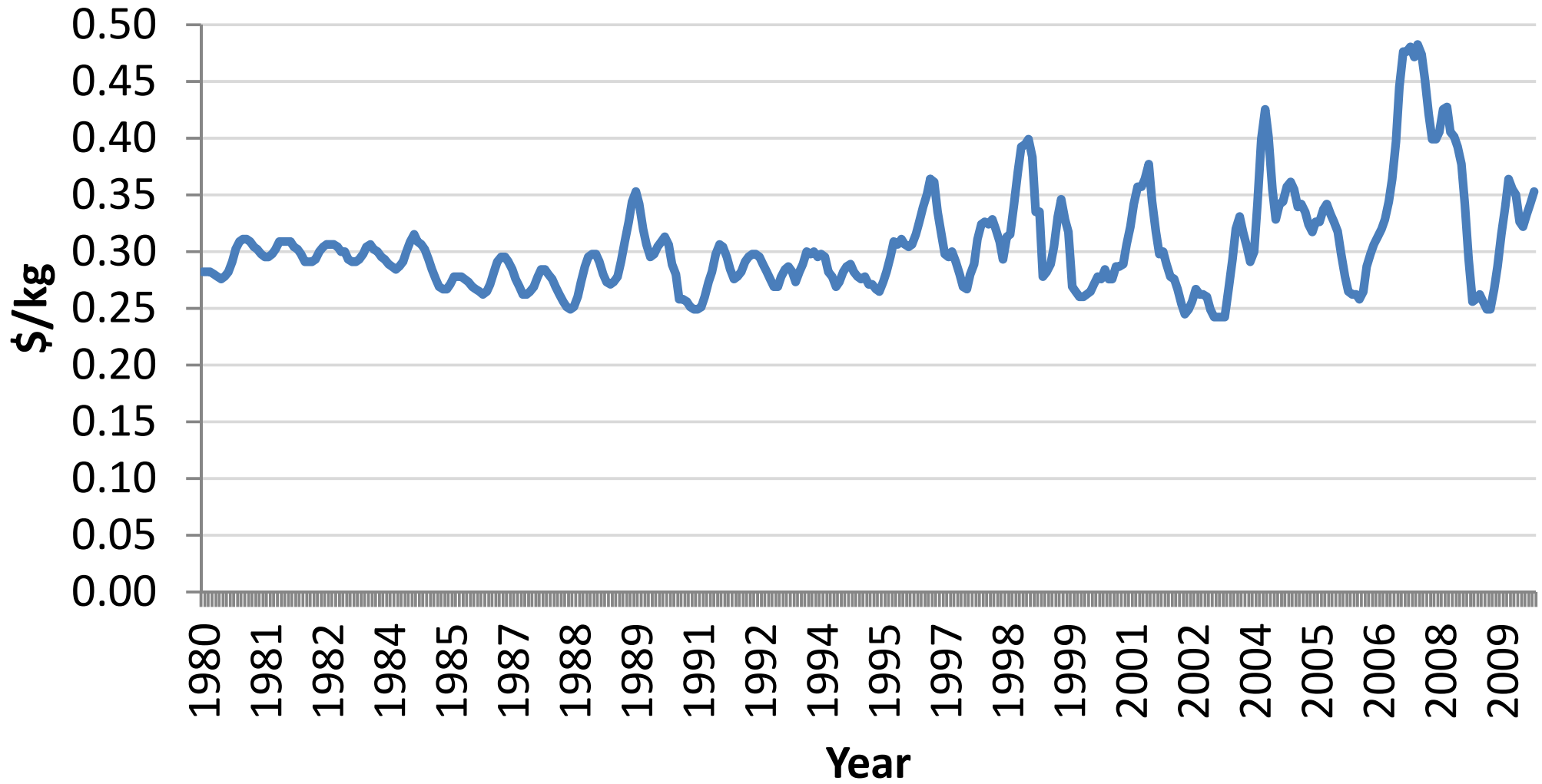
# Herd size increases in USA



# 47% of milk in the USA is produced by 1630 dairy farms

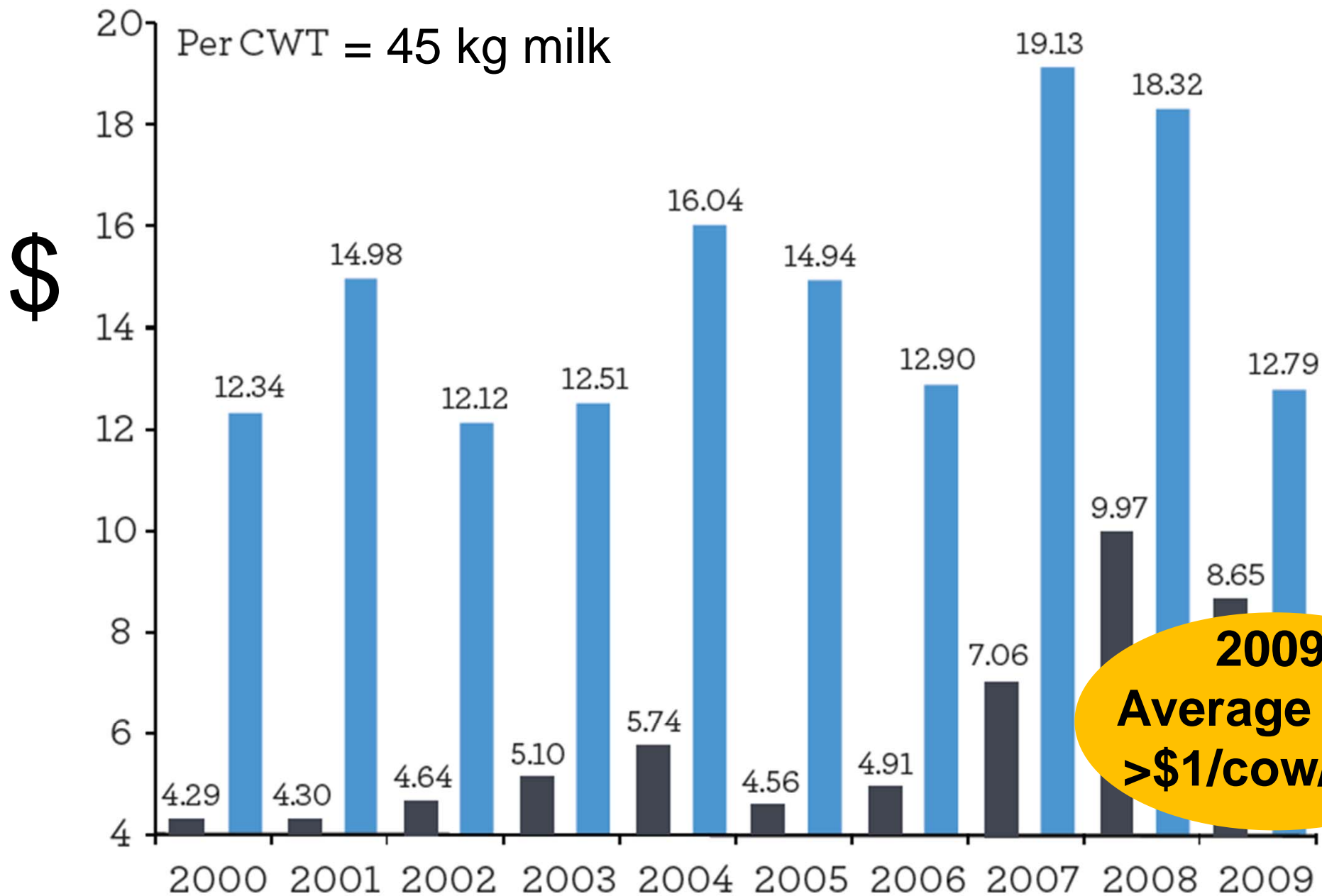


# US all-milk price 1980 - 2010





## Dairy Revenue and Feed



**2009**  
**Average loss**  
**>\$1/cow/day**

Source: Wells Fargo Ag Industries, USDA



# Survey: 2009 best decisions

- Secured and fed quality forages
- Fine-tuned rations
- Stayed the course (kept cows healthy, did not cull too many cows)
- Kept working with bankers
- Maintained high morale, positive attitude



# Ron St-John philosophy

- Owner/managing partner 6 dairy farms, 10,000+ cows in Florida and Georgia
- Conventional and grazing dairy farms



# What we Believe

- Dairying is a simple business –  
Technology can make it complicated
- Basics trump sophistication
- > 300 cows – You're in the people  
business
- Profit is sanity – Production is vanity
- Cow comfort + Cow husbandry = Top  
Production



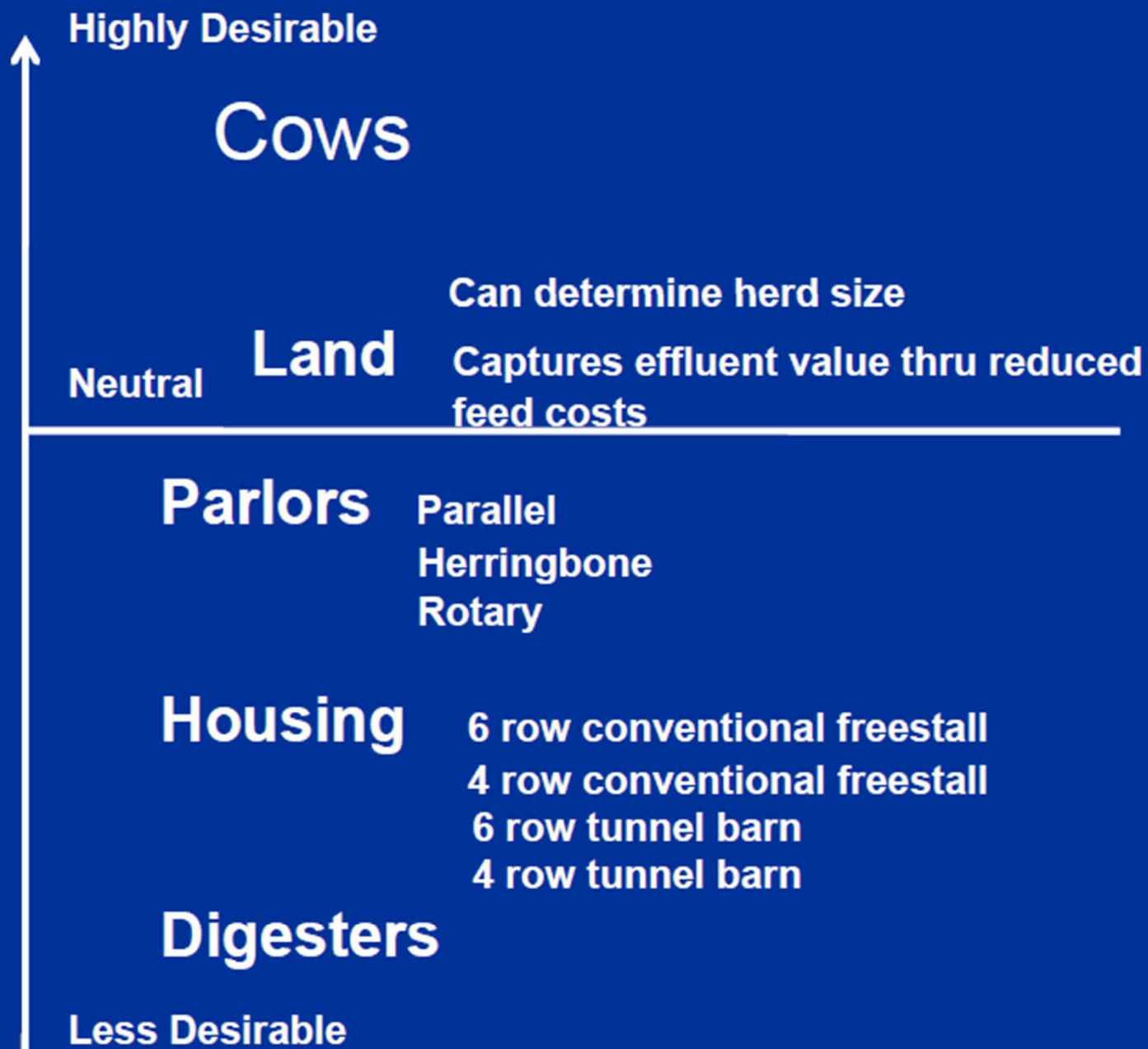
## What we Believe

- Quality & Quantity of Forages make everyone look smarter
- Benchmarking has limited value
- Long range planning is 3 years
- ROA is the gold standard
- Many talk “bottom Line” few walk it

# Capital Allocation Determines ROA

As a general rule the higher percentage of animals to total assets the better potential to maximize ROA

**Ron St. John's ROA Hierarchy**  
**In order of Importance to ROA**



# Confinement vs. Grazing Dairies

## Our Experience - 2008

Alliance – confinement  
20,400 lbs./cow sold

Piedmont – grazing  
14,100 lbs./cow sold

% Cows to Hard Physical Assets

46% Cows  
24.1% ROA

% Cows to Hard Physical Assets

80% Cows  
56.3% ROA

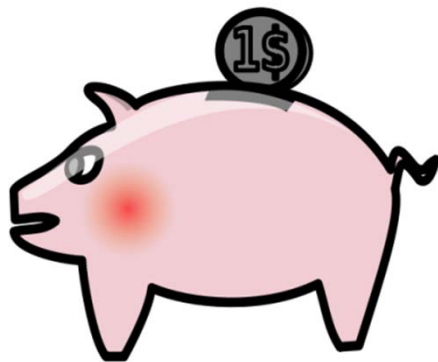


# More principles ...

- KISS principle: keep it simple stupid
  - One ration for all groups of cows
  - No individual insemination decisions (bull-of-the-day)
  - Standard operating protocols (in Spanish)
- Cows do not like variation
- Grazing dairy farms more flexible to deal with price volatility(?)
  - Lower fixed cost
- Open mind set
  - Get educated, go see, don't be a victim

# Farms that survive volatile prices

- Risk management: hedge revenues, costs
- Have little debt, large equity
- Raise own young stock for replacements
- Grow own forages
- Do not sacrifice good management



# Summary

## Robust dairy production systems the USA

- Little or no systematic research
- Demand for robust cattle
- Price volatility major concern



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Thank you