



# Farm Management Team Q & A's

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#10

(B) Author's Note: These fact sheets are a result of questions posed to me and answered in a national publication over the years.

## After the cows leave options?

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**Seems like you address this issue after about every milk price downturn. But now I'm the one looking for answers. I can get a pretty decent price for my 85 cows and replacement heifers. Our farm (170 crop acres and 85 acres pasture) is about two-thirds paid off. What livestock enterprises do you see as having most future income-generating potential?**

Depending on the year, it may be that all livestock options are under stress as grain prices, and when energy costs increase it can be even more of an issue. However, that will change as the industry adjusts to the revised input costs. There is still a need for locally produced goat's milk, for organic dairy cow milk production, and certainly the market is interested in locally grown and processed meats as well as vegetable crops.

Unfortunately, the infrastructure for processing meats is often under severe stress and until that is straightened out it puts an undue stress on livestock producers. It's kind of like the "chicken and the egg" scenario where we need producers, but we also need infrastructure to make it work. One will not survive without the other.

Goats' milk is in high demand but we also need to produce the milk efficiently, with high production goals, high quality, and with low costs. You also need to know your market for milk. It may be direct to the consumer or to a processor but you must have that market in place as you plan your transition. The organic milk market is still growing, albeit slowly. However, the transition costs to organic cows milk are very high (because of the increased cost of grain and a full year cost of organic feed). Currently this market is dealing with the economic downturn and the future is not the brightest. This unusual situation will change as the market grows and fewer farmers transition to organic milk production. But the organic market "maturity" is on the horizon. With "maturity" comes a downturn in prices, and the cost/benefit ratio will decrease. Thus, when working with goat or organic bovine milk production, work with the processor and /or your cooperative BEFORE you purchase the livestock. In addition, a good business plan must be in place to determine the feasibility of the operation.

Contract heifer grower programs are still viable and we expect that to continue in the future. However, the margins will get smaller as we adopt sexed semen. A good business plan must be in place before starting.

The exotic livestock industry goes through stages and many have already matured and many are on their way out. The key is to know your market and what the long term sustainability of the livestock operation will be.

The growth of the medical industry in utilizing the livestock industry to produce products of high medicinal value is interesting. However, investment, security, and other factors will be of concern to the potential grower.

Some suggestions: Consider direct to consumer markets, crops, incorporating the consumer into the production process. Evaluate and market your strengths and have a business plan.