

Running a profitable dairy herd – whatever its size – requires precise management and a close eye on feed costs

There's more to efficiency than mere scale

UK dairy herds – whatever their size – must be managed well and utilise their forage and other resources effectively to make the most of our comparative advantage. So say two of the UK's leading dairy consultants.

text Rachael Porter

Expansion is often seen as a key to creating a 'future-proof' viable and successful dairy business on many UK units. Cow numbers used to be dictated by milk quotas and land availability. But with an increase in all-year-round housing and zero grazing systems, land is not longer such a limiting factor. But large dairy herds – the so-called 'mega' dairies – divide opinion. Seen by some as a step towards the US intensive, grain-fed based system, with the potential to compromise cow health, welfare and longevity, large herds are also seen by others as well-oiled, ordered and efficient milk production businesses with huge potential in terms of economies of scale and increasing the cow's productive life.



Ben Watts:

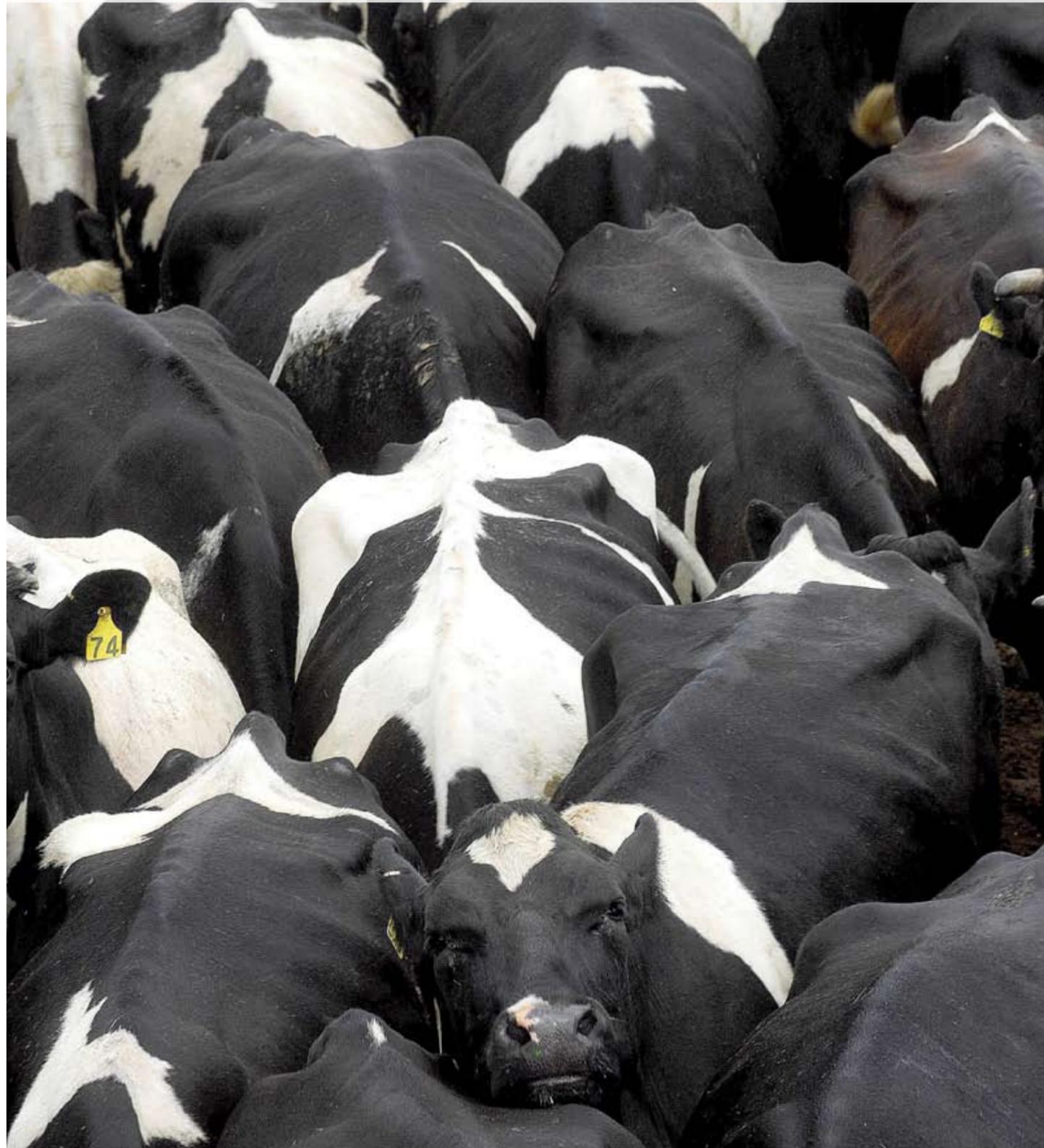
"A good team of staff – the best available – is crucial to successful large herd management"

But who is right? "Like any size dairy herd, large herds can be run and managed incredibly well, with excellent standards of animal health, welfare and productivity to boot," says Kite Consulting's Ben Watts.

He's adviser to many top dairy businesses across the UK, which range from just 40 cows up to more than 2,000. "And I have to say that, in my experience, size doesn't really come into it. I've seen well managed units of all sizes and the converse is also true."

In fact, based on data collated from more than 25,000 cows, as part of Kite's health monitor system, Mr Watts says that larger herds are often better at tackling health and fertility issues. In terms of health and welfare, the average culling rate for herds of between 200 and 300 cows is significantly lower than the average for 100-cow herds.

"Interestingly, the data-set for 2011 shows that herds of up to 100 cows had a higher culling rate than the



300-plus cow herds. The lowest culling rate was in the 200 to 300 cow category," says Mr Watts.

That's quite surprising at first. But then large herds often have more protocols and procedures in place and these have to be followed to the letter if management is to be efficient and effective. "And that's the pay off for tip-top and timely husbandry – potentially better health and fertility and fewer involuntary culls."

Precise management

Because there's so much more at stake in a large herd, health and fertility niggles and problems cannot be ignored or simply over looked. "Management is often more precise and problems are nipped in the bud and dealt with promptly to maintain control and avoid huge losses. Weekly or monthly check lists are adhered to and issues are not missed or left to chance – they can't be," explains Mr Watts.

He adds that these larger herds also tend to have easier access to good labour or a dedicated vet to tackle problems head on. "So scale definitely works here."

On a profit basis, he says there's little difference between the herds. "Some are better than others but that's usually not a size or a system issue. On a profit per litre basis they can be similar, but the large herds with more litres can spread the overheads more easily, generating higher overall profits. It's due to different management styles and, more importantly, down to the individuals involved in the day-to-day management and running of the unit.



Derek Gardner:

"UK producers must look to utilise grass and exploit our climate's comparative advantage"

So I can't see how large herds wouldn't prosper and do well, so long as protocols are in place and the people working on the unit are skilled and dedicated. I always tell my clients, if they're looking to employ staff, to hire people who are better at the job than they are. A good team of staff – the best available – really is crucial and I can't stress that enough."

He adds that it's always good management to group large herds in smaller sub groups. Putting a 300-cow herd through the parlour in one lump is a no no. "Groups of between 80 and 100 cows are best, so they can be 'fed and to bed' between 45 and 55 minutes." Promar International's Derek Gardner agrees and says that he's seen many large herds that run sub



groups. "A unit may have 1,000 cows but the herd is split into four groups of 250, for example, for ease of management."

He says that the image of housing a lot of cows under one roof has created a public perception issue. "It's become associated with the image of caged hens and is perceived to be 'factory farming', which it's most certainly not. This is unfortunate."

Cows in these units have plenty of space to loaf and lie down and they thrive: "Which they simply wouldn't do if they were suffering. If a cow is uncomfortable or sick, she won't get in calf and she won't milk – it's as simple as that. So a large unit that doesn't make cow health and welfare a priority simply isn't going to survive – it won't make any money."

Bought-in feeds

To stay efficient, Mr Gardner says that, in his opinion, the maximum herd size for economies of scale is somewhere between 400 and 500 cows. "Once you move into the thousands, herd size means that management is forced down the route of a store-feeding system – in other words they're housed all year round and there's no grazing. The land required to graze a 2,000-cow herd, for example, for five or six months of the year is simply too great. And with bought-in feed costs so high, there's a limit to how big herds can get before it becomes uneconomic."

He's seen mega dairies in the US struggling and some are going out of business due to the high grain prices. "Some people aspire to running a 15,000-cow unit, like the ones in the US. But high input/high output on that scale is simply not viable and many large producers over the pond are struggling at the moment. Feed prices are high and milk price is average at best. Quite a few US producers are selling up or down sizing to survive.

"They set up these units when feed prices were around £40/tonne and cheap Mexican labour was easy to find. But labour costs have increased and feed prices have easily doubled. The economics are just not clever now."

Herds numbering thousands of cows are 'not clever' here either and, more importantly, setting up units this large in the UK fails to take advantage of our temperate, grass-growing climate. "That's a huge advantage that we have over milk producers in many parts of the world and it shouldn't be over looked," stresses Mr Gardner.

"US producers can't run an 8,000-cow herd, for example, that grazes for six months of the year, produces a moderate yield and makes a profit. They have to go for the extreme. But we don't have to take that route.

"Looking forward 10 or 20 years, I think that feeding dairy herds grain will become more expensive and it's likely that it will not be sustainable. So UK producers must look to utilise grass and make sure that they exploit our climate's comparative advantage."

So the optimum herd size could indeed be, once again, determined by land availability. |