

BETWEEN THE NUMBERS

Top 10 reasons to consider using Profit Profiler Dairy Financial Service

BILL GREXTON, MANAGER OF HERD MANAGEMENT SERVICES, CANWEST DHI

10. It improves the relationship with your Lender. Now you have reports that show both the production measures you are comfortable with, as well as the financial measures he requires. As you learn his "lingo", he is learning yours.

9. Results from the overall averages will give you a better idea of which management practices are the most profitable. Once enough dairymen use this service, we will be able to see which management practices are used by the most profitable managers. These insights are only available to participants in the program.

8. You can know how your labor efficiency compares to other progressive dairymen. This is an area where there is very little measurement being done. Labor, particularly on larger farms, is a real issue. As with any other cost, the measure of using labor effectively is measuring performance against a known benchmark. You get that from Profit Profiler. Now you will know if \$250,000 of revenue per person is good or not.

7. The "What If" feature allows you to project the financial impact of changes, based on your own cost structure. If you are planning changes, the hardest part is projecting the costs and returns of the change. Profit Profiler allows you to change any combination of 13 management parameters and will show you expected outcomes, based on your own cost structure.

6. You can now have an accurate estimate of the cost to raise heifers. Raising heifers costs between 7% and 14% of your milk cheque. As well, very few people know their real cost. However, for every \$500,000 of milk sales, some dairymen are spending \$35,000+ more than others to raise heifers. Knowing this and fixing the details where you need to, can help you recover a significant part of that \$35,000.

5. You will know your actual cost to produce 1 HL of milk or 1 kg of fat. At many meetings you hear people talking about their cost to produce milk. What is your real cost? How does it compare with a reliable benchmark? Knowing all the farm costs per HL is not good enough. What you need to know is the DAIRY COW costs. That way, when you make decisions, your projections are not clouded by extraneous data. In addition, quota is purchased by KG of FAT. When there is a \$3.30 difference per kg of fat sold, that means someone can afford \$1,200 more per year of amortization for quota. What is your REAL cost?

4. You will know what is the true cost to grow forages and grains. Many people say that growing crops is a cost to milking cows, therefore a cow cost. However, many who have used Profit Profiler have decided that growing forage is profitable and purchasing grain is more advantageous. How will you know unless you know what it cost to grow an acre of forage or grain? When you know, you have choices. In addition, every cost that you incur to grow that crop should be included in your estimate. Do you consider the real cost of your labor or fuel? Profit Profiler does!

3. You will be able to identify which expenditure is the best one to focus on

for improvement. When you see the cost of various expenditures, then and only then can you make an informed decision how to reduce the specific cost that is taking more of your profit than the others. Knowing where to operate is the most important thing to making profitable decisions. In addition, the "What If" feature (mentioned in #7), can allow you to see what the expected impact would be if you made a significant change to various costs. Knowing, for example, that a major improvement in udder health would yield \$2,000 result but increasing milk sold by 500 kg per cow would yield \$20,000 allows you to decide where to spend your precious time and resources.

2. You will see how your business compares to other progressive dairymen. NO one measure by itself can tell you anything. You need to have a benchmark to compare to. \$100,000 in feed costs is not an actionable number. Knowing that this is 27% of your milk revenue is a bit better; but knowing that other progressive dairymen only spend 23% on feed tells you that just by becoming "average" you can save almost \$15,000. That number has a significant value.

Profit Profiler provides you with over 150 benchmarks AND COMPARES YOUR BUSINESS to a peer group of progressive dairymen. In some cases you will be better than the group average. In others you will not be as good. Knowing these things gives you a very important tool to improving your profitability. Knowing which one will yield the greatest return for the additional cost is extremely valuable. As situations change year after year, progressive dairymen change to keep ahead. If you don't know where and how, you will be left behind.

and the # 1 Reason is...

You can identify your strengths and opportunities for improvement. Everyone is good at some things and not so good at others. With Profit Profiler, you will see where you are doing a much better job (and you deserve congratulations), where you are "average", and where you are "below average". This is your greatest opportunity.

If for example, you find out that your milk sold per cow is in the 90th percentile (which means less than 10% of the dairymen are better than you), it makes little sense to spend a lot of effort there. You have done amazingly well! However, if at the same time you find that your cost to produce 1 HL of milk is in the bottom quartile (at least 75% of those same dairymen are doing it for less cost than you), it makes sense to see what they are doing and spend time seeing if you could reduce your cost to produce that milk.

Even better, you could compare yourself to the 20 highest producing herds and use that information to bring your production, costs and profits into line.

There you go! 10 excellent reasons to take a look at Profit Profiler – if you dare!

DAIRY COMP SOFTWARE

Easy Data Entry

Effective dairy herd management software should allow for easy and quick data entry, so the time spent in front of a computer is minimized and more time can be spent managing the herd. Dairy Comp SCOUT is a herd management tool that meets the dairyman's need for quick and efficient data entry.

Dairy Comp SCOUT is capable of storing 45 different cow related events. The necessary events like Fresh, Bred, Heat, Dry, Sold, Pregnant and Open are accessed from a pull-down menu as are common health events like Milk Fever, Mastitis, and Retained Placenta.



Data entry is made simple since entry of any event follows the same basic pattern. The user chooses the event they need to enter, picks the cow from a pick list that appears, enters the date the event occurred, and then has the option to add a remark. The pick list reappears so you can enter the same event for another cow. Moreover, entering a Fresh event is enhanced, since with a few extra keystrokes the resulting heifer calf can be entered, and the calf is automatically added to the herd's heifer inventory.

When entering health events, you can customize the program so you are able to easily enter the type of treatment given, along with beef and milk withhold times, time of treatment and the person giving the treatment. Entry of this information will provide you with a treatment log for the Canadian Quality Milk program.

In addition to quick data entry, Dairy Comp SCOUT can recall the data entered quickly via the click of a menu item. The Events Report shows the total event occurrence, as well as the event occurrence by month for the last year for any event entered. This report can be a useful tool for monitoring disease incidence over time.

Dairy Comp SCOUT allows for quick and efficient entry of herd data, which gives the dairyman more time to use that data to make better herd management decisions.

CUSTOMER SERVICE DESK

Publishable Records

Several factors contribute to record publishability. In the December 2009 issue of the Catalyst, we reviewed one of the primary contributing factors, that being the 80% Herd Book ID requirement of fresh heifers to qualify the herd for publishable records on lactating animals. (The article can be reviewed at www.canwestdhi.com/publications.htm).

Now we should review the other conditions to make sure that next year's annual summary has as many publishable records as possible for you. The requirements are basically in two groups: Herd or Animal standards.

At the herd level, your herd must be tested at least 10 times per year if you are on an AM/PM type program, or at least 8 times per year if you weigh and sample from all milkings during test day (24 hr test). This is applied against a rolling calendar year and is not applicable to new herds in the first year of testing until a full year is finished. In order to meet this standard, a test interval of between 35 and 55 days is normal. However, the interval between tests should not exceed 50 days for 10 tests per year and 60 days for 8 tests per year. In extenuating circumstances, such as hardships or catastrophes, the interval can be stretched to no more than 90 days.

Since the introduction of Vision 2000, producers have had the option of including some Owner Sampling (O/S) tests into the Publishable program in order to provide greater flexibility to customers. This is only possible if each O/S test is preceeded, and followed, by a supervised test. There cannot be two O/S tests in a row.

At the herd level, the meters used on test day must be ICAR approved and checked for weighing accuracy at least once per year. Not to be forgotten is the 80% 1st lactation ID requirement. This ID requirement has a 90 day time lag, so that animals entering the herd have time to get herd book identified before contributing to the herd average ID level.

At the cow level, each animal with a publishable record must be herd-book registered. The days between tests cannot be greater than 90 days (same as the herd max.). There cannot be two O/S tests in a row recorded in the lactation even if they occurred in different herds (as in a purchased cow). To be publishable, each lactation must have at least 3 supervised tests with component results before the 305 date of the record. This component test requirement is the absolute minimum (and no guarantee), to obtain a 95% lactation rating for protein, a statistical calculation requirement for publishable records. Lastly, all herd level requirements must be met at the time the 305 date of the record is achieved.

If you have questions about how your cow records are being categorized please call the customer service desk at 1-800-549-4373 and we will be happy to review herd or individual cow concerns.

CanWest DHI

CATALYST

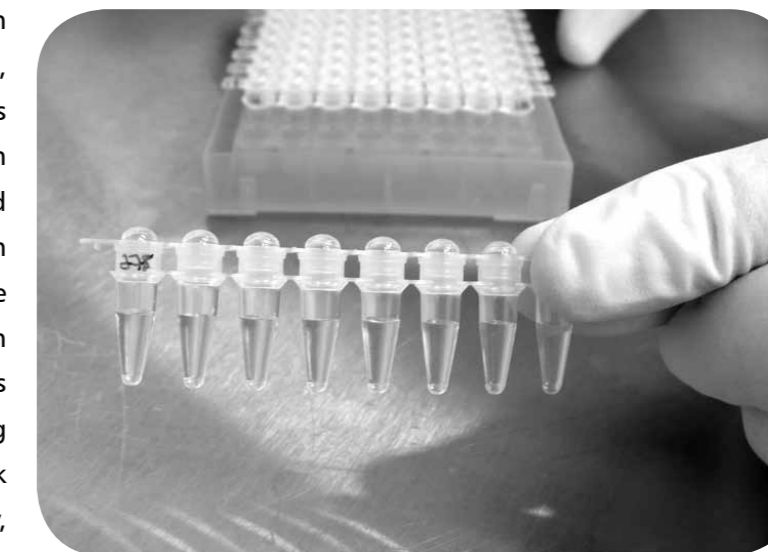
MARCH 2010 NEWSLETTER

Convenience makes new Mastitis test popular

Since its introduction in March of 2009, the new DNA Mastitis testing service from DHI has experienced steady growth. Much of the popularity of the service is being driven by the fact that results are obtained using the regular DHI milk sample. Historically, sample collection for mastitis testing has been time consuming and inconvenient, so the use of a common milk sample is proving to be far more practical.

Testing stats have been impressive. "Early on, we were doing 200 to 300 samples per month, now we're well over 1,000 samples a month" states Richard Cantin, Marketing and Customer Service manager for DHI. He adds, "as producers and veterinarians become more familiar with the service and its benefits, they are really embracing this new approach to Mastitis testing."

Besides convenience and reliability, other benefits of the Mastitis test include integration with routine monitoring of somatic cell counts (SCC), lab results



DNA extract from milk samples ready for Mastitis testing.

within 3 to 4 hours of the sample being received, and enhanced herd report results including normal DHI cow information such as SCC history, milk production level, etc.

The Mastitis 3 PCR-DNA test identifies the presence of the main contagious mastitis bacteria, specifically

Staph. aureus, *Strep. agalactiae* and *Mycoplasma bovis* in the milk sample. For samples where *Staph. aureus* is detected, the presence or absence of the Blactamase gene, (which conveys penicillin resistance), is also reported.

Cantin suggests that producers should work closely with their veterinarian to design mastitis best management practices, determine a testing plan for their herd, test results interpretation and implementation of an action plan for test positive cows.

MASTITIS INFORMATION

Below are Mastitis Capsules from the Canadian Bovine Mastitis Research Network (www.mastitisnetwork.org).

How does Staph. aureus spread from one cow to another?

Staph. aureus (SA) is a contagious mastitis pathogen that lives primarily on the surface of the skin of the udders and teats of SA-infected cows. It can be transferred from one cow to the next at milking time by contamination of anything that moves from one cow to the next. The major route of spread for SA occurs when liners carrying a small film of milk and SA move from an infected cow to an uninfected cow milked next in the order. SA can transfer from the infected cow's udder to the teat skin of the new cow.

The use of bactericidal teat-dipping solution has proven to reduce the incidence (new infection rate) of intramammary infections. For teat dip to prevent the transfer of SA infection, all four teats must be appropriately covered with dip and each and every milking.

Source: *Control the spread of Staph. aureus* by Danielle Cardinal and Ann Godkin, OMAFRA Ceptor, September 2007. Published in © Dairyman's Digest, winter 2008.

Contagious or Environmental Bacteria?

Contagious bacteria are propagated from one cow to the next during milking, be it through contaminated milking equipment, towels or the hands of milkers. They generally cause an increase in somatic cell count (SCC) and subclinical mastitis cases.

Environmental bacteria are found in the cow's environment - manure, ground, bedding - and contaminate teats by contact in-between milkings. They generally cause clinical mastitis.

Examples of the two types of bacteria	
Contagious	Environmental
Staphylococcus aureus	Escherichia coli
Streptococcus agalactiae	Klebsiella spp.
Mycoplasma spp.	Streptococcus uberis
Corynebacterium spp.	Streptococcus spp.
Staphylococcus coagulase negative	
Streptococcus dysgalactiae	

The following chart can help you identify the bacteria that are most likely present in your herd and guide your corrective actions.

Herd Infectious Profile	Average SCC (000/mL)		
	≤200	>200	
# of clinical mastitis cases per 100 cows per year	≤25	Ideal	Contagious
	>25	Environmental	Mixed



Here's why it makes sense:

IT'S TARGETED

The **Mastitis 3** test identifies the presence of the three mastitis pathogens commonly referred to as the 'contagious' pathogens, specifically *Staph. aureus*, *Strep. agalactiae* and *Mycoplasma bovis*. These contagious pathogens are often the cause of chronic infections leading to ongoing elevated SCC. They can spread easily from cow to cow at milking time, and for *Staph. aureus* and *Mycoplasma bovis*, are difficult to treat.

IT'S RELIABLE

The test is based on polymerase chain reaction (PCR), which detects the presence of the bacteria's DNA in the milk sample. You no longer have to rely on the ability of the bacteria to grow under culture conditions. The test has been validated with preserved metered samples, making it applicable to DHI services where mastitis testing has not been possible before.

IT'S CONVENIENT

The regular DHI sample can be used! No more messing around with time consuming sample collection, storage and shipment.

IT'S FAST

Once samples are in the lab, results are usually available within a day.

IT'S FLEXIBLE

You have the ability to test the entire herd, selected cows (such as newly purchased or clinical cows), or cows that exceed a selected SCC level, where those samples will be redirected from the SCC analyzer to the **Mastitis 3** test.

IT'S INTEGRATED

Positive test results, reported as +, ++, or +++ for each of the three pathogens, are displayed on an easy-to-read report and are integrated with other important SCC and DHI information for improved decision making.

CHAIRMAN'S COMMENTS

New Innovations and Opportunities



I was recently asked by a reporter about the imminent demise of DHI due to the increasing availability of on-farm technology that replaces some of DHI's traditional functions such as SCC and fat and protein testing. The question is a legitimate one because, as existing technology becomes more accurate and more available, a lot of the traditional DHI functions will be done "on-farm" during each milking. The question was also a good opportunity because it allowed me to explain what DHI is about and how it is evolving to meet the needs of Canada's progressive dairy farmers today and in the future.

What we strive to accomplish at CanWest DHI is to meet our customers' needs in the all encompassing area of herd management. The backbone of this important function is information management. As we all know, information management is crucial to proper dairy farm management. It is also crucial in helping to manage all the genetic and production information for our Canadian Dairy Industry.

This is where the Dairy Comp 305 herd management program really shines. Collecting and verifying the stats for as many herds as possible and then passing that information along to the Canadian Dairy Network so it can be used by breeds, A.I., and the research community, is CRUCIAL to the strength and sustainability of our Canadian dairy industry.

New milk testing opportunities is another area that CanWest DHI has been exploring to help meet the needs of our dairy farmers. The new "Mastitis 3" DNA test is our most recent example of this effort. The convenience of this new DNA test that uses your test-day milk samples is unparalleled as is the accuracy and speed.

Talk to your Customer Service Representative, visit our web site at www.canwestdhi.com, or phone our help desk at 1-800-549-4373 for up-to-date information regarding new milk testing innovations to help manage your herd to a greater level of profitability!

Sincerely,

John Bongers
Chair, CanWest DHI

John Bongers is a dairy producer from Eastern Ontario.



HEALTHY HERD

To maintain a healthy herd and protect your future, milk test for Johne's, Leukosis, and Mastitis.



Recently, CanWest DHI achieved a significant milestone in its history with 75% of all licensed milk producers in the province enrolled on a regular DHI service. John Bongers, Chair of the Board for CanWest DHI, cuts the 75% celebratory cake at the January 2010 Ontario Region Annual General Meeting.

When you're busy, let us do the work!

Let DHI staff electronically register your animals! If you already provide your breeding information to your DHI staff, all that is needed to complete a registration application is calf name, and NLID and management numbers. Talk to your Field Staff next test-day about the benefits of electronic registration.

Building or renovating a parlour? Please consider meter height!

Individual cow milk sample collection can be a challenge when meter and sampler height is low.

With unusually low meters, sample collection over several hours of milking can result in health and safety issues for family members, farm employees or DHI staff.

In many cases, meters can be mounted at a higher level at the time of installation, therefore avoiding costly retrofitting at a later date.

Please consider the location and height of your meters and discuss this with your equipment supplier to ensure it is included in the design of your parlour. Even if you do not expect to install sampling devices initially, your design should consider their future installation. This will help ensure safe and cost effective sample collection at your farm.



DHI Privacy Policy Summary

The information collected by CanWest DHI, voluntarily provided by producers through testing services, is available to customers in paper and electronic forms. Access to information by advisors and/or any other parties via mail, email, website, or otherwise, requires explicit customer consent.

Herds enrolled on DHI services may have information published for awards and recognition purposes with Annual Summaries and year-end publications. Additionally, selected information from all customers will be provided to Canadian Dairy Network for the calculation of genetic indexes and sire proofs. Where applicable, information is provided to various breed associations for recognition and breed improvement programs. Participation in DHI testing programs implies consent for the release of data to these third party organizations, unless otherwise stated to DHI.

From time to time, CanWest DHI provides marketing services to third party agricultural organizations. All methods of distribution of marketing materials maintain producer confidentiality. No producer information is sold, traded or otherwise shared.

CanWest DHI operates under Canada's Personal Information Protection and Electronic Documents Act (PIPEDA).

Please Note: This is a summary of the DHI Privacy Policy. For the complete statement, please visit www.canwestdhi.com