



# **How to Cope with a Challenging Fall Season?**

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Without rubbing salt in the wound, we all know that the fall is a difficult time for a farm's cash flow: field crops draw a lot of money from April to October, while milk deliveries are often at their lowest in late summer. In the current environment, with input price inflation and rising interest rates, the fall of 2022 looks particularly challenging.



## The Key: Being Proactive

So if we can't avoid the storm, let's at least try to minimize the damage. Most solutions take a few months to deliver their full benefits. The time to implement them is now, so where do we start?

Are there things we do out of habit that need to be reviewed?

## Breeding Replacement Subjects

A lot has been invested in animal comfort and genetic choices are also focused on cow longevity. However, milk recording statistics for 2021 show a culling rate and a percentage of cows in their third lactation or higher similar to 15 years ago. Have we forgotten to adjust the number of animals kept for breeding accordingly? Wouldn't this be an excellent place to reduce monthly cash outflows without having a significant impact on the farm's income?

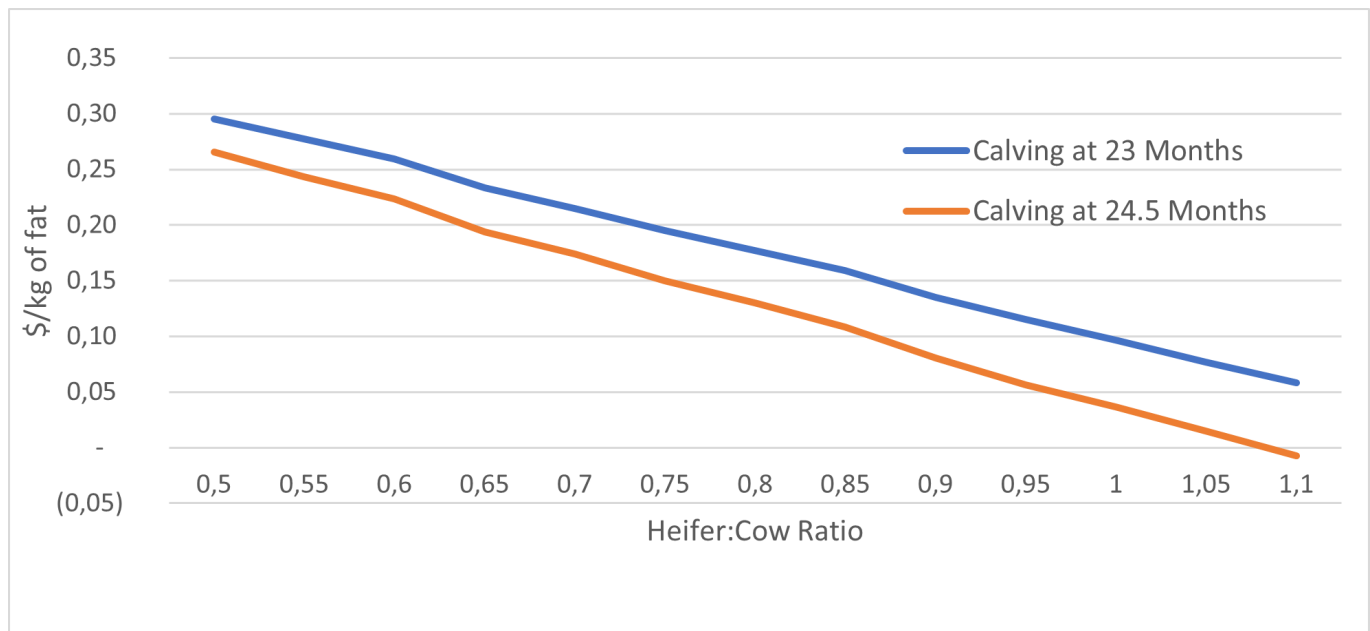
## The example of the Hundred-Cow Farm Inc.:

The farm's culling rate and percentage of cows in third lactation and above are identical to the provincial average for 2021. However, the owners have improved their breeding program and now have an average age at first calving of 24.5 months. This allows them to maintain a heifer:cow ratio of 0.74 (74 heifers in inventory for every 100 cows in production). They are therefore quite satisfied with their results.

However, they are much more concerned about the loan renewal scheduled for the end of the summer. Could we get some margin from the heifer barn?

A quick analysis with their [Lactanet advisor](#) reveals an underutilized potential: the current growth of the heifers would allow them to be bred 1.5 months earlier than before. With the health of the herd, the cows could easily average an extra half-lactation. The cull rate currently at 34% would be reduced to 28%. This would allow for fewer heifers to be raised to replace the herd. With these two elements, the ratio of heifers to cows in the herd would drop to 0.58. But would that really leave more money in the farm's bank account in the current price environment? The following graph answers that question:

Graph 1. Cash flow<sup>1</sup> evolution as a function of the heifer:cow ratio



<sup>1</sup> Sales of culled cows and calves minus purchases of feed, veterinary fees, insemination, bedding, and registrations

According to this chart, the proposed changes would increase cash flow from \$0.15/kg of fat to \$0.26/kg. So even without reducing salaries, building costs and feed costs, there would be a positive impact on the bank account.

## Rome Was Not Built in a Day

The small steps method is far from spectacular, but it is the best way to move in the right direction. Their advisor simply suggests two actions they can take now:

1. Keep an average of 2.3 females born per month instead of the current 3. Adjust the breeding strategy accordingly. Ultrasound scans can help to avoid unpleasant surprises.
2. Breed all heifers as soon as they reach the required weight (55% of mature weight).

The impact on cash flow will be negligible at first: 1 more calf sold, lower registration fees, less milk replacer, fewer vaccines, etc. But after a few months, the number of heifers in other groups will also decrease: less starter feed, fewer supplements, fewer breedings, etc.

Thus, from an insignificant amount of money for the first month, in less than a year we are improving the farm's liquidity by about \$600/month. The following year, we will also be able to adjust the forage acreage according to the new heifer inventory and the freed-up hectares can be transferred to field crops.

Small steps now can lead to large and positive outcomes further down the road— do not be afraid to consider making changes now with the longer term in mind. Your future self will thank you!



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