



# **Per Cow, Per Hectolitre, or Per kg Milk Fat: Which is the best indicator of margin?**

December 15, 2020

Some choose only to work with margin per cow, since profit per stall is related to business efficiency. Others prefer to work with margin per hectolitre, because it is the only one that adequately considers milk composition. Still others would say that margin per kg of milk fat is the only indicator that we should look at since it is associated with quota. So which one is really the best indicator? The debate has been going on for a long time now... but what if they all can be useful? Remember the milk slogan: « One is good, but two is better »? We would add « three is excellent! »



## What do the types of margins mean?

To help get to the heart of the matter, we identified the factors that influence the various margins the most and made several interesting observations.

- Margin per cow is highly dependant on milk production per cow;
- Margin per hectolitre mainly depends on two equally important factors :
  1. Cost of concentrates
  2. Milk fat test
- Margin per kg of milk fat is strongly influenced by the cost of concentrates.

Our observation; there is no perfect individual indicator. None consider all three of these elements with equal importance: productivity, product value (connected to fat test), and production cost.

# All Three Indicators are Important

To make an accurate assessment of your company's performance, it is important to look at all three indicators. To optimize profitability, you have to produce a lot of milk with a good fat test, but not at any price! Margin per cow helps to ensure that production is satisfactory as compared to the average, milk value per hectolitre helps you to check whether your milk composition is adequate, and finally margin per kg of milk fat allows you to monitor the gain for each kg of fat produced, which is strongly influenced by the cost of concentrates.

## Share



By Jean-Philippe Laroche, agr., M. Sc.

Jean-Philippe who grew up on a dairy farm is particularly interested in forage valorization by ruminants. Member of l'Ordre des agronomes, he graduated in agronomy from Laval University in 2018 and also completed a Master's degree in animal sciences, during which he received several distinctions.



By René Roy agr.



By Karen Bergeron agr., M. Sc.

