Dairy Pipeline

School of Animal Sciences
Volume 46, No. 1 ● January/February 2025

The Dirty Dozen – Tips to Prepare for a Successful 2025

Authored by Dr. Alex White, Instructor, Agricultural Economics and Management, School of Animal Sciences; axwhite@vt.edu

January is a good time to take stock of last year and make plans for the coming year. But what will the new year look like? The economy is not showing clear signs in either direction. The inflation rate has been falling (2.6% in November), but most prices have not come down after the high inflation period in 2022-23. The US Capacity Utilization Index is relatively low and slowly falling, implying a slowdown in the economy. The Purchasing Managers Index is below 50 and slowly falling, indicating decreased confidence in the economy. The Fed seems to be very cautious about lowering the federal funds rate, so no significant changes are expected in interest rates. The 2025 year-end target for the federal funds rate is around 3.9%, indicating interest rates closer to 6.0-7.0% APR. Feed prices and milk prices are forecast to stay near their current levels, which should provide the opportunity for decent margins. Clouding the picture are the changes associated with the new presidential administration. Here are some suggestions to help you prepare for 2025.

1) **Review your performance in 2024.** Did you reach your goals for the year? How did your farm perform from a production and financial standpoint? Take time to look through your herd records and your financial statements to identify your strengths and areas for improvement.
2) **Set clear goals for 2025.** Goals and KPIs will help you stay on task and track your progress. Set goals for each main area of your farm – herd health, cow comfort, production, financial, and risk management. Build a "management dashboard" to highlight differences in your goals and your actual performance.
3) **Revise your farm's business and transition plans**. These plans should change as your goals and situation change. Remember, being a dairy farmer entails a lot more than caring for your cows. To be successful and sustainable you need to manage all aspects of the farm – labor, financials, risk, environmental impact, community relations, etc.
4) **Review & revise your recordkeeping systems.** Your herd records and financial records are powerful management tools that can help you identify problems and improve your efficiency. Be sure to allocate time to entering the data in an accurate, timely manner. Also, allocate time to analyze your records on a regular basis.
5) **Use price risk management strategies to protect your margins**. Forward

contracting and futures/options can reduce the variability of feed costs or milk price. Dairy Margin Coverage and Dairy Revenue Protection programs can help you stabilize your cash flows throughout the year.

6) **Improve your liquidity and debt position.** Use your margins to build your emergency savings or pay down your operating lines. Try to maintain working capital of at least 3-4 months of expenses. Pay down your high-interest loans without hurting your liquidity.
7) **Develop a monthly cash flow budget to help control your cash.** This will help you smooth your cash flow, making it easier to plan. It will help you determine your need for operating capital. It can also help with your tax planning throughout the entire year, rather than making knee-jerk year-end tax moves.
8) **Meet with your lender for your annual financial check-up.** Review your key financial ratios to identify potential problems before they get out of control. Develop a financial plan for upcoming investments to improve the efficiency and profitability of your farm. Get a well-rounded picture of your financial health by analyzing your liquidity, solvency, profitability, repayment capacity, and financial efficiency.
9) **Review and revise your insurance policies and estate planning documents**. Do you have adequate life insurance coverage? Ensure that your beneficiaries are listed correctly. Update your durable power of attorney, advance medical directive, and your will as needed.
10) **Make plans for some "you time".** If you work constantly, your brain starts to get stale. Get away from your farm for a few days or weeks. This will help you recharge your batteries and refresh your brain. It will also give the next generation of management much-needed experience making decisions. Yes, vacations are an important part of your transition plan!
11) **Choose a few conferences or educational programs to attend**. This will help you stay up to date with the dairy industry, as well as network with others throughout the industry. Consider programs related to cow comfort, labor management, environmental stewardship, and risk management in addition to programs related to nutrition, reproduction, and herd health.
12) **Think outside your farm.** Take time to network with your agricultural policymakers to help shape farm-related policies. Build strong, positive relationships with your neighbors and your community. Get involved in the local education system to inform others about agriculture – this may also help you identify good students to work on your farm or as summer interns.

Success doesn't happen without preparation, planning, and a little luck. Be sure to schedule time every week for strategic planning, record analysis, and the "business side" of dairy farming. This will help you get the new year off to a good start.

Is DHIA still relevant?

Authored by Jeremy Daubert, ANR, Dairy Extension Agent—Rockingham County, Virginia Cooperative Extension; jdaubert@vt.edu

The Dairy Herd Improvement Association (DHIA) was first organized in 1905. Is it still relevant 120 years later? In the beginning DHIA was a standardized way to measure production and butterfat and establish a centralized database to compare animals. Many local areas across the country had their own separate DHIA organizations that employed technicians, collected samples and mailed them to the processing labs. Those local organizations were separate, but records were kept at a central location. At the time, this was a novel way of using data to compare animals within your herd and against other herds. The advent of community data evaluation and artificial insemination were important tools in the advancement of dairy cattle breeding.

Computerized records were introduced in 1950 and a National DHIA was formed in 1965, making the use of bull and cow evaluations more accessible to all farmers. Throughout the years DHIA testing has evolved to meet the needs of producers. The organization has adapted and added new options to help farmers manage their herds. From basic tests

of milk, fat, protein and somatic cell count to testing for milk urea nitrogen, de novo fatty acids, and even pregnancy and disease testing. It became possible to manage individual cows and herds, as well as breeding decisions based on actual data.

DHIA data is both funded and used by individual farms to manage their herds. This data is also aggregated and used by the United States Department of Agriculture, the Council on Dairy Cattle Breeding, and other breed organizations. Using this producer data, these organizations can compare cows across farms to get individual cow and bull indexes. These indexes are used by all dairy farms to improve their herds. Either directly or indirectly through service sires, all farms benefit.

Today DHIA is officially: Dairy Herd Information Association which more closely reflects the information it collects and provides. There is an immense amount of data available today and being able to use that data on-farm is an important part of utilizing all that DHIA offers. While traditional reports like the DHI-202 report are still available, many farms utilize the computer program PC-DART. Reports can be printed and customized on site with up-to-date breeding and health information.

As with any program, the data that you get out is only as good as the information that you put in. It is important to keep data accurate and up-to-date. Daily input of breeding and health information can be used to monitor herd trends. PC DART can also link with the milking company's milk meters and robotic software. This gives farms daily milk weight data on cows, providing the herd manager with even more information to make decisions.

With the development and use of more genomic data that farms can use, having accurate on-farm, collected data is an important part of the verification process. Genomic predictions are only as accurate as they are because of the century of collected and verified data that started with on-farm milk testing.

Data today can be returned quicker with PocketDairy available on cell phones and updated instantly. This allows swift access to determine stage of lactation and possible treatment options for cows. With computerized records, consultants can be given access to the records to help analyze them, adding another set up eyes to catch problems sooner.

DHIA has come a long way from the days of just milk and butterfat testing to collecting data on metabolic diseases, abortions and calving ease. This data is even more important today than it was a hundred years ago. With slim margins and every farm pinching pennies, DHIA testing can still be a valuable part of a dairy's daily record keeping. Even though we can get genomic predictions, there is still a great need to have on-farm data to verify these predictions and help develop new predictions.

DHIA continually evolves and is now different from even 25 years ago, but there is still great value for all dairy farmers to collect this information. Farms that are not directly contributing are still benefiting from those that are collecting and sharing data with researchers. But it is still important that farms are utilizing the available data they are getting. Just paying for it and not using it properly is a waste of resources — you have the data, use it.

Reach out to your local extension agent for help with utilizing the information and consider joining a benchmarking program, such as Dairy Management Institute to get even more out of your data.

Upcoming Events

January 28/29/30/31, 2025 (locations vary)
VFGC Winter Forage Conference
Meetings in Wytheville, Blackstone, Warrenton, and Weyers Cave

February 1, 2025
Hokie Dairy Day
Blacksburg, VA

February 19-20, 2025
Virginia Tech Giving Day

March 15, 2025
State 4-H Dairy Quiz Bowl
Blacksburg, VA

March 21-22, 2025
First Annual Farm Toy Show sponsored by the Southwest VA 4-H Tractor Club
Abingdon, VA

March 29, 2025
Youth Farm Safety Day

May 13-14, 2025
VFGC Basic Grazing School

If you are a person with a disability and require any auxiliary aids, services, or other accommodations for any Extension event, please discuss your accommodation needs with the Extension staff at your local Extension office at least 1 week prior to the event.

Additional Notes:

▪ Virginia Cooperative Extension has compiled a list of resources on their Hurricane Helene Resource Page for those who need assistance.

▪ **Southwest Virginia Agriculture Relief Program**
Virginia Cooperative Extension, Virginia Cattlemen's Association, Virginia Farm Bureau, and others are here to help farmers impacted by Hurricane Helene. If you are interested in donating agricultural materials to farmers in need, please fill out this form → Donations for Farmers Affected by Helene in Virginia (https://shorturl.at/tsQ2U).

▪ The dairy extension group is working with VDH to assist in distributing PPE to dairy farms. Request a kit online at https://shorturl.at/ethov or contact your local extension agent. Requests will be filled as supplies allow.

▪ Have a question, suggestion, topic, or idea for the dairy extension group? Your input could guide future programming! Please complete the short survey at tinyurl.com/mrxfctan and let us know your thoughts.

For more information on Dairy Extension or to learn more about our current programs, visit us at VTDairy—Home of the Dairy Extension Program online at www.sas.vt.edu/extension/vtdairy.html

Dr. Christina Petersson-Wolfe,
Dairy Extension Coordinator &
Extension Dairy Scientist,
Milk Quality & Milking Management

Visit Virginia Cooperative Extension: ext.vt.edu

2025 DASC-174NP