

Who Should Be Raising Your Heifers?

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This question has been around for decades. But dairy producers are asking it more and more frequently these days as the dairy industry continues to change and becomes more competitive. While there is no universal answer to who should raise your heifers, there is a process that dairy managers can work through to help arrive at the answer for their dairies.

To help with the process, here is a series of questions to ask. These questions are presented in the order to ask them, along with the next steps to take depending on the answers.

1. Are you raising a high quality heifer? Yes – go to 2
No – go to 3

The first goal of all heifer programs is to raise the highest quality heifer that will maximize profits once the animal enters the lactating herd. A quality heifer is one that carries no limitations into the dairy herd that would hinder its ability to produce under the farm's management system. Poor feet and legs, mastitis, large variation in calving age, and high body condition scores are examples of characteristics that could limit a heifer's profitability once it enters the dairy herd.

Example: Answer = No – coming into the dairy herd too light and with poor feet.

2. Are your costs to raise a heifer competitive? Yes – keep raising heifers
No – go to 4

The goal is to raise the highest quality animal. But the costs to do so can't be at a level that offsets the profits you gained by having a quality animal. Nor can they be unusually higher than other producers' heifer raising costs. Feed costs, labor costs, treatments, housing systems, and heifer non-completion rates can all affect costs. Even though a dairy might be raising a quality heifer, if it has an option to maintain quality while lowering costs, that dairy could improve profits.

Example: Answer = No – labor efficiency is low and costs appear high for weight of replacement.

3. Can you acquire the resources to raise a high quality heifer?
Yes – go to 5
No – go to 9

Based on your analysis, what is (are) the weakest point(s) in your raising a quality heifer?

Resources are management, capital, labor, feed, health care, biosecurity, facilities, and all other areas that impact the heifer management program. To change or improve some area of the business generally requires some additional resources. Can the farm acquire these resources? If you are going to commit additional resources to a heifer-raising enterprise, target those resources at areas that offer the greatest area of improvement.

Example: Answer = Yes – can acquire resources needed. From looking at the program, the weakest point appears to be from breeding to calving. Animals are housed in an 80-year-old barn that requires hand labor to clean feed bunks and alleys. The barn is also poorly ventilated.

4. Can you make changes in your heifer program to lower the costs associated with raising your dairy replacements while maintaining a quality program?
Yes – go to 5
No – go to 9

What are your costs associated with raising heifers. Is something taking too much labor? Are your feed costs too high? Are too many sold as non-performers? By making a change, could your costs be lowered?

5. Will your business make the greatest improvement in profitability by investing in your heifer enterprise program?
Yes – go to 6
No – go to 9

What is the performance of your overall business? That needs to be answered before you can make a decision to invest resources in the dairy replacement enterprise. If you commit resources to the replacement enterprise, they can't be committed to other areas of your business. Limited resources need to be invested in areas that have the highest and quickest rate of return within the business along with supporting the overall mission of the business. If there are other areas to be invested in that will make a greater return, then use the resources there, not in the dairy replacement program.

Example: Answer = Yes – currently the barn and milking parlor are running at design capacity. From the business analysis, milk production per cow and voluntary culling decisions are the main areas to improve, and the feeling of the management team is the quality of the replacement is one of the primary limiting factors impacting milk production in the first lactation. With the current cow facilities being used at capacity, this might be a good time to invest resources into the replacement program.

6. If you commit additional resources to the dairy replacement enterprise, will your costs stay competitive with other options for acquiring dairy replacements?

Yes – go to 7

No – go to 9

Costs must be at a level where your dairy will be profitable. Unlimited resources can't be committed to the replacement enterprise without making the costs to raise heifers prohibitive and lowering the dairy's overall profitability.

Example: Answer = Yes - the additional resources change the current system and actually improve some cost areas.

7. What is the long term direction for the business? If you make the additional investment or changes in the dairy replacement program, does this limit what you may do in the future?

Yes – go to 9

No – go to 8

By raising the dairy replacements at the farm, do you limit the future growth of cow numbers due to forage production capacity, manure management issues, site limitations, or borrowing capacity? If you are planning to exit the dairy business in a few years, will you get out any of the additional investment that you make?

8. Make the additional contributions to the heifer enterprise and keep raising your heifers. Your business will need to continue analyzing your replacement program to ensure you are generating the return for additional resources committed.

- 9.** Is there a viable option to either custom board your heifers or purchase your heifers while maintaining or improving heifer quality?

Yes – go to 10

No – go to 13

Heifer quality is a key to a dairy's success. Do the custom heifer growers have track records showing high quality performance? Are there references you can check? What protocols are followed to ensure consistency within the program? There is an increasing number of custom heifer growers offering various services to dairy producers, with a wide range of costs, services, and quality.

- 10.** Is the cost to obtain custom-raising services or purchasing animals comparable with your internal system? Or is the quality of the animal high enough that profits offset the cost?

Yes – go to 11

No – go to 13

There is a wide range of costs associated with raising heifers and what custom growers charge. Market forces can impact what you may pay for purchased heifers. How do these costs compare to what you are paying to raise heifers within your business? A significant increase in the quality of heifers can offset a higher custom raising cost than what you pay to raise heifers at home.

- 11.** If you board out your heifers, or sell and buy back, will you be able to generate more revenue with the resources that are freed up? Or will you be able to get rid of the excess resources?

Yes – go to 12

No – go to 13

If you can't generate more revenue with the resources freed up or are unable to dispose of excess resources, it may be too expensive for you to use a custom heifer raiser or to sell and buy back your replacements. This is true if you still pay for the resources that you used to raise heifers on your dairy. However, if there are significant improvements in quality, having someone else raise your heifers may still be a good decision.

- 12.** Look at either boarding out or buying all your replacements as ways to increase your business' profits.

- 13.** If there are no viable options to have your heifer's custom raised or to purchase dairy replacements, then the only way for you to improve is to make changes in the current system. Refer back to questions 2 & 3 to identify which areas to work on.

These questions are intended to guide dairy producers through the process of making informed decisions on what to do with their dairy replacement program. Answers to these questions and the business owner's mission, vision, and values play an important role in the decision-making process. There is no universally correct answer for all dairies.