Barnyard Economics-

Where does the money go???

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3. The demand for healthy, productive dairy (and meat) goats is unfilled.

4. The demand for quality goat products is unfilled.

Dairymen aren't stupid.

1. They will happily buy animals below cost.

2. The successful ones will pay for proven quality.

Where does the money go?

Need to balance income (ins) and costs (outs)

Where does the money go?

- **INS-**
- Selling animals
- Selling product
- Selling services

- **OUTS-**
- Feed costs
- Maintenance
  - animals & facility
- Improvements
  - genetics & facility
- Labor
- Advertising

GOALS

Decrease waste.

Optimize (vs decrease) spending.

Provide/create a product that you feel good about selling, then sell it for what it is worth.

Decrease Waste

- Know your expenses!!!
  - Keep track of your costs and find out where you are spending the most money
  - Pay attention to where losses are occurring
  - Determine whether a good deal is really good, or actually costing you more.
  - Are you getting, and using, what you paid for?

Expenses

- Feed costs-
  - Hay (alfalfa) @ $225/ton
    - 5 lb/day = $0.56/day = $204/year
  - Grain @ $14.00/50 lbs
    - (With 6% discount = $527/ton)
    - 3 lb/day x 10 months = $0.79/day
    - = $241/year
- Misc (minerals, vacc, dewormers, labor, DHIR, LA, entry fees, breeding fees, equipment, etc)
  $50-$150/year
- Total cost, per doe per year = $495-$595

Feed costs

EXCUSES FOR HIGHER FEED COSTS-

Alfalfa is too expensive to feed.

I can't afford alfalfa because they waste so much of it.

I buy the cheaper grain (and then add soy, kelp, sunflower seeds, extra vitamins and minerals...)

HAY COSTS

Hay Quality

Alfalfa at $225/ton, 21% protein
$1071/ton protein = $0.53/lb

Grass at '$3.00/bale' 50 lb bale = $150/ton
9% protein = $1667/ton protein = $0.83/lb

Alfalfa at $325/ton, 24% protein
$1354/ton protein = $0.68/lb

HAY COSTS

Hay waste will increase cost-

20-30% waste on average alfalfa, up to 50% on average grass.

As a general rule, the cost of grass hay must be at least 50% less to even come close to alfalfa.

Usually the best hay you can find will be the best buy due to better nutrients and less waste.

HAY WASTE

Poor mangers-

If you lose 25% of the hay you feed
$204 x 25% = $51/year per doe
15 does = $765/year

Take that money, build a good manger, and quit bedding your does on shredded dollar bills!

HAY COSTS

Take home-

1. Buy the best hay you can find.
2. Put it in a good manger to minimize waste.
3. Don't feed more than they need.

Breeding Fees

Divide the cost of purchasing/maintaining your buck(s) by the number of does per year (after subtracting outside service fees). Is he good enough for you to 'pay' these fees?

INCOME!

Milk @ $5.00/gal

“*M” doe -1700 lbs/yr (5.5 lbs/day) = $1062
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1.8x more $ with only 1.4x more milk

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1.8x more $ with only 1.4x more milk

“3,000 lb doe”- 3,000 lbs/yr (10 lbs/day) = $1875
$1875-$500=$1375/yr
2.4x more $ with only 1.8x more milk

INCOME!

KIDS-(1 doe every time)

$150 from *M (1700 lb) dam
$150 + $562 = $712

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KIDS-(1 doe every time)

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$150 + $562 = $712

$250 from gallon/day (2440 lb) dam
$250 + $1025 = $1275

INCOME!

KIDS-(1 doe every time)

$150 from *M (1700 lb) dam
$150 + $562 = $712

$250 from gallon/day (2440) dam
$250 + $1025 = $1275

$400 from 3000 lb dam
$400 + $1375 = $1775
(plus you may be able to sell her bucks too)

INCOME!

Improved genetics is the cheapest way to make more money.

BUT, at $500/year, each generation costs $1000

SOLUTION- decrease waste > decrease costs > save money > buy better goats.

INCOME!

Increase the value of your goats

1. Health - CAE testing
2. Performance - DHIR testing
3. Quality - LA scores
4. Improve visibility - shows and advertising
5. Products – use your goats to make $

People will pay more for quality, but only if you can prove it.

Decrease waste = decrease goats

The 12 (okay, 14) step program to freedom from too many goats.

Make some lists

BE HONEST!!!

Decrease waste = decrease goats

The lists-

1. Every doe on your farm, no cheating!
2. All does so good you want to keep all their doe kids.
3. All does you would sell a doe kid from, but only for a really good price.
4. All does that you are keeping just to get one more doe kid.
5. All other does. You would like to sell their kids, and might even crossbreed them so you really won't keep the kids.

Decrease waste = decrease goats

Next, make some more lists-

6. The traits of your dream goat, ie- GCH, FS90, 3,000 lbs, etc.

7. A list of the does in the US that have those traits that you would love to get a doe kid from.

Decrease waste = decrease goats

Here's the hard, but necessary part-

8. Take all the does in #5 to the auction, *this week.*

9. Multiply every goat on list 4 by $500. Then decide how much you would really want to pay for those 'last' kids. (Remember, there's only a 50/50 chance you'll actually get those doe kids.) Double the cost for does with health problems. Also take to the auction any doe that you wouldn't pay $500-$1000 for their kids.

Decrease waste = decrease goats

10. Objectively evaluate your bucks. Do they meet the standards of #6 (dream goats)? If not, then take them to the sale too.

Decrease waste = decrease goats

11. Use the auction money to build a better manger, go on DHIR test, etc. If any left, buy a doe from list #7 (dream list).
12. Multiply all the goats you took to the auction by $500. This is the money you would have spent keeping them for one more year. Use this money to buy a really great buck.

Decrease waste = decrease goats

13. Turn list #3 (those you would sell a kid from for a good price) into your milking doe sales list. Price them the same as a kid from them.

14. Turn list #2 (those you would keep all the doe kids) into your sales list for next year's kids.

Now, relax. You've just saved several hundred, perhaps thousands, of dollars. You have a better, higher quality herd that you can be proud of. Go enjoy them!

FAVORITE EXCUSES

1. One more kid
2. Makes my group classes.
3. She's related to _____...
4. It's been a doe year.
5. Just gotta see how she freshens.
6. The best I can afford.
7. She's my favorite.

Decrease Waste

Improve management-

1. Don't get behind, and then spend excessive $ to catch up. Cut your losses and start over.

2. Keep on top of health issues. Stop problems before they cause costly losses.

3. Remember, any herd can cull the bottom 10% and maintain the same production with better health and less cost.

BOTTOM LINE

Immediately-

1. Decrease waste
   - Improve mangers
   - Sell 'bottom feeder' goats

2. Improve feed quality
   - Less waste, better production

3. Improve management
   - Keep records

BOTTOM LINE

Near Future-

1. Begin testing programs
   Improve management and breeding programs
   Improve saleability

2. Identify genetically superior goats
   Both in your own herd, and those you would like to add.

BOTTOM LINE

Long term-

1. Breed goats that will sell.
2. Manage them so people will want to buy them
3. Be willing, and available, to sell them