



Mitigating Risk

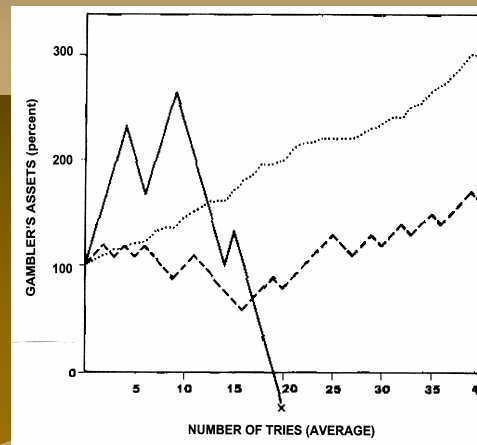
With Livestock and Alternative Crops

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Mitigating Risk

Betting Assets - Gambler's Ruin

- Solid line- 33%
- Dashed line - 10%
- Dotted line - 0%



Mitigating Risk

Planning Makes a Difference

- **What you plant on the land determines the risk**
- **Identify the end product**
- **Eliminate middle operations**
- **Crop failure is determined by the final market**

Mitigating Risk

Livestock Can Reduce Risk

- **Requires management, skills, time**
- **Adds income stream**
- **Allows use of crop residue**
- **Adds salvage options**
- **Cuts fertility costs**
- **Encourages crop diversity**

Mitigating Risk

Ravenscroft Study

- I'd have a hard time going back to the way things used to be.



Mitigating Risk

Calving Date

- Matching grass with nutrition

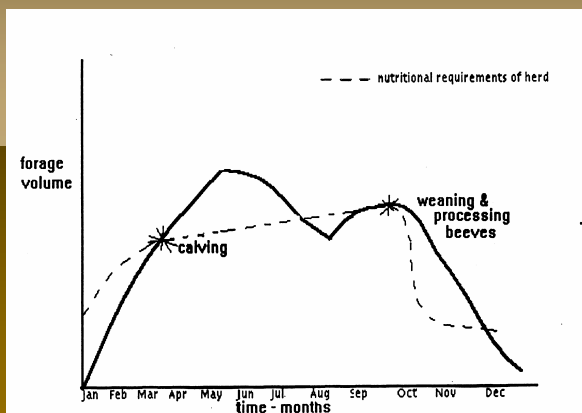


Fig. 19-3. Calving, weaning and harvesting solid bar beef should mesh with seasonal forage growth. In extremely hot areas, the time/volume relationship may be inverted.

Mitigating Risk

Summer Calving

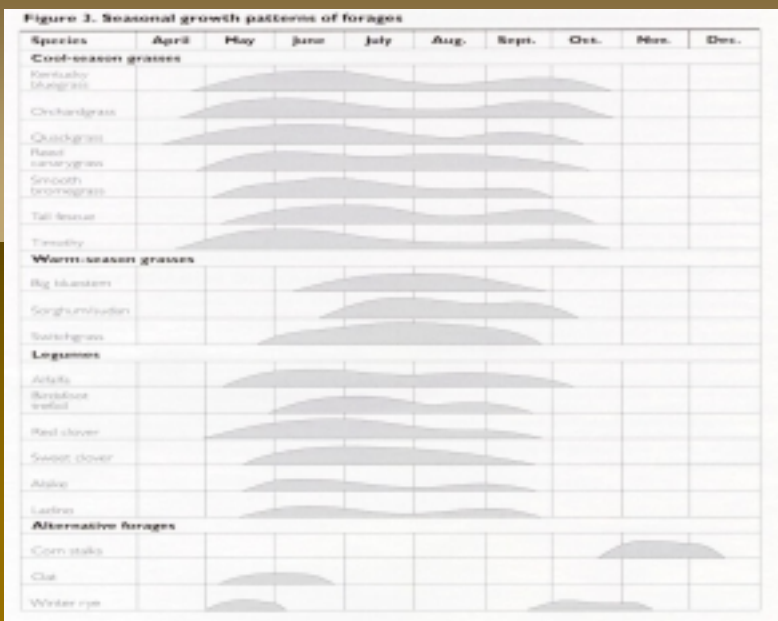
- **Allows for the high energy diet period to coincide with the natural grass production period.**
- **Allows nature to provide a high quality feed at a lower price**



Mitigating Risk

Grazing Failed Crops

- **Example--Tim Nissen (Hartington, NE)**
 - **Soybean crop hailed on July 2001**
 - **Re-planted with oats and turnips**
 - **Grazed September – December**
 - **Now grazing corn, turnips, and oats**



Mitigating Risk

Grazing Data

Trial	Avg. daily gain	Lbs. Per acre	Cost of gain	Net income per acre
Barrett heifers (corn)	2.2	706	\$0.183	\$ 224
Gompert steers (corn)	2.1	454	\$0.32	\$ 150
Peregrine steers (corn)	2.0, 2.6, 3.0	1350		
Kruse dairy (corn)			\$2.27/cwt	\$1062
Turnip grazing	2.5		\$0.06	
Alfalfa grazing			\$0.23	
Pasture grazing			\$0.42	
Feedlot finish			\$0.60 - 0.65	
Dairy silage/grain			\$5-8/cwt	

Mitigating Risk

Bruns Dairy

- Kelly and Kurt Bruns wanted to expand production.
- Increasing the herd size meant \$100,000.
- Added 100 cows, pasture fed, no manure lagoon.

Mitigating Risk

Mike Wichman

New Start Dairy

- Had 12 years experience
- Participated in the federal government Dairy Buyout Program in 1985
- He kept reading about managed grazing systems
- Decided to buy a new farm and adopt a new approach to dairy



Mitigating Risk

Wichman Dairy

- **With about 90 cows on pasture, these are Mike's figures for 1999:**

Income:

■ Milk sales	\$179,382
■ Cull Cow sales	1,550
■ Calf Sales	16,422
■ Total income	197,354

Expenses:

■ Purchased Feed	\$44,900
■ Breeding Expense	6,494
■ Calf Expense	417
■ Utilities	2,365
■ Fuel (irrigation)	7,923
■ Insurance	1,266
■ Labor (hired)	4,933
■ Machine Hire	3,523
■ Rent	14,835
■ Seed and Fertilizer	6,968
■ Supplies	3,597
■ Total Expenses	\$97,221

Mitigating Risk

Profitable Practices

www.farmprofitability.org

This CD includes eight educational power point presentations based on case studies funded by the North Central Initiative for Small Farm Profitability. The USDA's Sustainable Agriculture Research and Education (SARE) program of the North Central Region funded the creation of these presentations. All case studies are included in full. To order additional copies of this CD contact UWCC at the address below.

Presentations include:

- New Generation Co-ops
- Relationship Marketing
- Profitable Production Practices
- Equipment Sharing
- Capital Transfer Strategies
- On-Farm Diversification Strategies
- Internet Marketing

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OPTIONS AND STRATEGIES FOR SMALL FARMS



North Central Initiative
for Small Farm Profitability

Mitigating Risk

Argentine Model

- **6-Years Grass**
- **3-Years Crops**
- **No Chemicals**
- **No Pests**
- **Builds Organic Matter**

Mitigating Risk

Livestock Rules of Thumb

- **Livestock can harvest a failed crop**
- **Livestock need only a portion of a good crop**
- **Stockpiling forage in a good year is cheaper than buying feed in a dry year**
- **An acre of land will produce the same amount of beef, if planted to grass or corn**
- **Match livestock to the grass**

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For More Information

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