



# Mitigating Risk

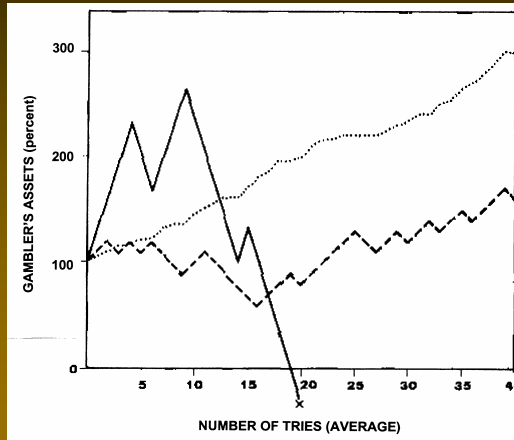
## With Livestock and Alternative Crops

Martin Kleinschmit  
 Center for Rural Affairs  
 E-mail: [martink@cfra.org](mailto:martink@cfra.org)  
 Tel: 402-254-6893

### 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

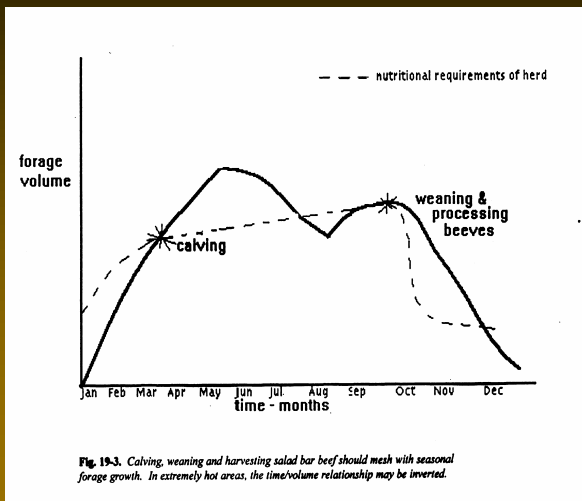


Fig. 19-3. Calving, weaning and harvesting salad bar beef should mesh with seasonal forage growth. In extremely hot areas, the time/volume relationship may be inverted.

## 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

- **Tim Nissen:**
- Soybean crop hailed July '02
- Replanted with oats & turnips
- Grazed Sept. – December
- Now grazing corn, turnips, 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 lagoon.

## Mitigating Risk

### Mike Wichman

- had 12 years experience
- participated in the federal government Dairy Buyout Program
- ⌘ in 1985
- ⌘ kept reading about managed grazing systems
- ⌘ decided to buy a new farm and adopt a new approach to dairy

## New Start 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](http://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*

#### University of Wisconsin Center for Cooperatives

427 Lorch St.  
Madison WI 53706  
Phone: 608-555-5555  
Fax: 608-555-5555

Cover photo: Name

## OPTIONS AND STRATEGIES FOR SMALL FARMS



North Central Initiative  
for Small Farm Profitability

## Mitigating Risk

# Argentine Model

- **Six 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

## Mitigating Risk

CENTER *for*  
RURAL AFFAIRS



For More Information

Martin Kleinschmit  
Center for Rural Affairs  
Email: [martink@cfra.org](mailto:martink@cfra.org)  
Tel: 402 254 6893