

Economics of converting a cow dairy to a sheep dairy

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TN Dairy Industry

- 550 herds
- 68,000 cows
- Approximately 120 cows per herd
- Size distribution: 3 herds with 600-700 cows, rest smaller
- Lost >50% of herds in last 10 years
- Loosing more than 1 dairy farm per week
 - Lots of reasons for this
- Surrounding states have seen similar declines

Dairy Industry in Southeast

- Dairy farms in 10-20 years
 - Large efficient confinement farms
 - Moderate to large sized low-cost-production farms
 - Specialty or niche dairy farms

Economics of TN dairy farms last 10 years

- Returns to family labor and management inputs
 - Conventional dairy farms – \$200 to \$400 per cow per year
 - Grazing dairy farms - \$400 to \$700 per cow per year
- Example – 120 cow herd
 - Huge effort and responsibility for 120 cow herd
 - Maybe \$30,000 to \$60,000 per year to cover:
 - Cover family living
 - Debt service or rental fees

Factors to consider before starting a sheep dairy

- Market for milk or products – without it – forget it
- Finances
- Commitment
- Aptitude
 - Interest in animals
 - Willing to work
- Experience

Factors in converting to a sheep dairy

- Milk market
- Prospects for conventional cow dairy
- Facilities and farm situation
- Equipment
- Family support and interest
- Limited investment
- Cost share
- Profit potential
- Labor needs (amount and type)

Take home messages

- Sheep dairy is one alternative to cow dairy where there is a market
- Carefully look at financial situation – have a financial plan that will work
- Remember that nothing in agriculture is easy
- Think – plan – work (continue to repeat this)
- Get input from others (experts)