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)