

Considering a Heifer Growing Enterprise
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Many current circumstances in Kentucky's dairy industry and in surrounding states have contributed to Kentucky farmers giving consideration to heifer growing as an enterprise on their farm. These include:

- * Many dairies are expanding; the number of herds > 200 cows has increased in Kentucky in the last 5-8 years
- * Many new large (> 1000 cows) dairies have been built in Indiana, Ohio, and Michigan which require stocking with cattle
- * Large dairies often have turnover rates of 40% or greater
- * Heifer prices are the highest ever, sometimes exceeding \$2000
- * Farmers who have land and facilities available may be seeking a source of income to replace for example either dairy or tobacco income

Two colleagues in the Department of Agricultural Economics, Drs. Tim Woods and Steve Isaacs have developed an approach for farmers to use when considering a new enterprise for their farm. They call their evaluation process PRIMER (www.uky.edu/Ag/AgEcon/ and choose "Extension and Outreach" and then "Decision Aids"). Each letter in PRIMER stands for an aspect of evaluating the new enterprise. The aspects are:

PRIMER = Profitability + Resources + Information + Marketing + Enthusiasm + Risk

Each aspect should then be evaluated in reference to a heifer growing enterprise. For each aspect there are a set of preliminary questions to be answered, a worksheet to be completed and a score sheet to be filled out. Key elements of the worksheets for each aspect are:

- * **Profitability** - Heifer budget(s) to evaluate potential net returns over cash costs and a cash flow analysis for the first year and a typical year long term
- * **Resources** - An inventory of available land, facilities, machinery and equipment, labor, capital and management required for a dairy heifer growing enterprise
- * **Information** - A list containing: 1) heifer growing information, 2) financial information on the enterprise, 3) marketing information for heifers of different ages, 4) people such as extension personnel, veterinarians, consultants or bankers who may assist in the enterprise and 5) educational opportunities relating to heifer growing

- * **Marketing** - An assessment of market potential for heifers of different ages, contracting arrangements, any specialized markets for certain types of heifers.
- * **Enthusiasm** - Assessing why this enterprise should be undertaken or why it should not, and setting goals
- * **Risk** - a realistic assessment of production and financial risks

Thoroughly evaluating a heifer growing enterprise using the PRIMER approach should lead to a well thought through decision regarding undertaking a dairy heifer growing enterprise.