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Cut costs or invest more...Today's tough economic questions. What are they and what is the new math?

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- Overview: Tim Loula
- Survival 2008 Style: Strategies to Survive 2008 Harsh Economic Realities: Steve Pollmann
 - ◆ Ensure that the total production organization is aligned, understands the critical state of the industry, and is committed to execution plan.
 - ◆ Striving for superior productivity is still the best strategy for survival.
 - ◆ Update and reinforce the critical nature of key performance indicators.
 - ◆ Treat feed as “gold”....identify ways to eliminate waste that commonly occurs.
 - ◆ Minimize the number of culls and less value pigs by clearly defining and monitoring weaned pig acceptance standards.
- Feeding just got more difficult: The new reality Steve Dritz
 - ◆ What is the new reality?
 - ✖ Total feed cost has increased by 2× or more
 - ★ Relative value of feed efficiency to other production parameters has increased
 - ✖ More cash flow is needed in process groups and forward priced inputs
 - ✖ Maximizing production responses may not always result in optimum profitability
 - ★ eg. The lower feed cost from lowering dietary energy may offset the increase in building cost needed for more days to market
 - What has not changed? The decision making process for making nutritional or other production changes has not changed
 - ✖ Evaluate efficacy data
 - ✖ How will the decision apply to my production system or in my specific conditions
 - ★ Production system specific research
 - ★ Within farm benchmarking and analysis
 - ★ Quantify the magnitude of the expected production responses
 - ✖ Calculate the economic impact
 - ✖ Execute the change
 - What do we do from a nutritional perspective?
 - ✖ Feed processing
 - ★ Challenge conventions on grain particle size
 - ★ Consider pellet finisher diets in the Midwest?
 - ✖ Diet formulation
 - ★ Do not lose sight of the key drivers affecting nutritional programs: Amino acids and energy
 - ✓ Maintain cost effective production responses
 - ✓ Amino acids and energy drive economics of alternatives
 - ★ Alternative ingredients
 - ✓ Utilize if cost effect
 - ✓ Understand potential draw backs such as impacts on carcass quality
 - ★ Evaluate Macro/Trace minerals and vitamins for excesses but make sure margins of safety are included to account for variability
 - ★ Feed additives
 - ✓ Almost universal – Paylean and Phytase
 - ✓ Situational dependant – Feed antimicrobials, growth promoting mineral levels
 - ✓ Little or very weak evidence – Probiotics, enzymes, etc.
 - ★ Acknowledge processor nutritional requirements but do not let them be your key decision making driver
 - ✖ Feeding management at the barn level
 - ★ Continue good practices such as feed budgeting, feeder management etc.
 - ★ Are we executing at the barn level every day on every group

Cut costs or invest more...Today's tough economic questions.

- ◆ Challenge conventional wisdom
 - ✘ Do you know gilt development feed cost?
 - ✘ Lactation diet to weaned sows?
 - ✘ Should we feed budget by gender if fill time is extended?
- Economics of Added Health Inputs: Tim Loula
 - ◆ Where and how to invest your money for best returns.
 - ◆ What are potential additional inputs to consider to protect the investment already made in feed and energy.
 - ◆ Cost comparison of injectable, water or feed medication options.
 - ◆ Cost comparison of different vaccination options.
 - ◆ Risk assessments (targeting high risks)
 - ◆ Post viral outbreaks
 - ◆ Seasonal
 - ◆ Age of disease onset
- Is the investment worth it? Evaluating strategies and measuring outputs: Derald Holtkamp
 - ◆ With today's input costs and potentially record hog prices next year, how do we measure the outcomes...full value pigs, death loss, percent lights, pounds per sq.ft., coefficient of variation, barn utilization, etc.
 - ◆ The biology of the pig and the management fundamentals that lead to high levels of productivity have not changed but what has changed is the relative

importance of things that can be managed.

- ◆ The conventional wisdom about the most important key performance indicators that served the industry reasonably well for the last two or three decades is no longer adequate.
- ◆ As the industry has adopted total confinement and other capital intensive technologies over the last few decades we have witnessed a shift to relatively lower variable costs and higher fixed costs – thus the emphasis on throughput and fixed asset utilization
- ◆ The rapid increase in feed costs is a shift back to relatively higher variable costs – the old priorities are new again – wean pig quality matters more
- ◆ For example, is managing disease as important when feed costs and market hog prices are high by historical standards?
 - ✘ The answer is that it depends on which productivity measures are affected (early mortality, late mortality, feed conversion, average daily gain, % full value pigs, ending weight variation etc.)
 - ✘ The obvious – diseases with relative large impacts on feed conversion matter more
- Panel discussion

