ANS 440
Introduction

Background
- Raised on a dairy in SE KY
- B.S. in Accounting (92) • University of KY
- M.S. in Animal Science (96) • University of KY
- Ph.D. in Dairy Science (99) • VA Tech

Traditional Disciplines
- Genetics
- Lactation/Physiology
- Nutrition
- Reproduction
- Waste/Nutrient Management

The Lost Discipline
- Management
  - Decision making
  - Financial
  - Labor
- Think about an MBA
General Electric & Jack Welch

- Aircraft engines
- Appliances
- Capital (Equity) Services
- Industrial Services
- Lighting
- Medical Systems
- Insurance
- NBC

Food Expenditures (per capita)

Food Expenditures (% of Disposable Income)

Disposable Income increased 38x

Expenditures Adjusted to 1988

US Inflation Rate

US Milk Price

Avg. from 1980 to 2003 = $13.10/cwt

(AMS, 2003)
Feed Prices

How much should prices increase?
- Average annual inflation rate since 1976 has been 4.6%
- 1977 prices
  - Alfalfa = $56/ton
  - Corn = $73/ton
  - 44% SBM = $163/ton
  - Milk = 9.71/cwt

2002 prices were
- Alfalfa = $104/ton
- Corn = $84/ton
- 44% SBM = $167/ton
- Milk = 10.42/cwt
2002 should have been
- Alfalfa = $181/ton
- Corn = $237/ton
- 44% SBM = $523/ton
- Milk = 34/cwt

Milk-Feed Ratio

What Will We Do?
- Dairy CPI
  - Ave 3.3%
  - 2001 = 4%, 2002 = 0.6%, 2003 = -1 to 0%
- We've been forced to become managers due to profit margins
  - Some have not adapted
- Why have Universities not adapted?