

Are There Financial Advantages of Grouping and Feeding Dairy Cows by Nutritional Need?

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Introduction

Nutritional grouping is a herd management strategy that provides different diets to different groups of lactating cows to better fulfill their nutrient requirements. Hence, it can be beneficial by saving feed costs, improving productivity, improving herd health, and decreasing nutrient emissions to the environment (Cabrera and Kalantari, 2016). Total mixed rations have become an industry standard for feeding management. For example, 58% of Wisconsin and Michigan dairy farms used the same TMR for all lactating cows (Contreras-Govea et al., 2015). When feeding only 1 TMR diet, it is usually formulated for high-producing cows to ensure these cows reach their full milk production potential (Weiss, 2014), which results in overfeeding lower-producing cows (Cabrera and Kalantari, 2016). A strategy to relieve this problem is adopting nutritional grouping with more precise diets, which will result in financial advantages due to the better-tailored diet to the cow requirements in a group even when it could require more capital management and labor costs (VandeHaar, 2011). Within this context, Kalantari et al. (2016) studied by simulation modeling the economic efficiency of nutritional grouping in 5 Wisconsin commercial herds. This paper is an adapted excerpt of that study highlighting its practical results.

Materials and Methods

A daily dynamic stochastic Monte Carlo simulation was developed to model individual cows after first parturition in a dairy herd. The next-event scheduling approach (De Vries, 2001) scheduled stochastic events that could happen to cows during each reproductive cycle. First, a data set of all the cows in a herd and their current status were loaded (i.e., lactation number, day postpartum, reproductive status). Then, a list of possible stochastic events was scheduled for each cow at the beginning of the simulation and the list was renewed after starting their next lactation. For each cow, milk, fat and protein production, BW and BCS changes, and NE_L and MP requirements were simulated and monitored according to diets. The BCS was restricted to 2.0 and 4.5 in a scale of 1 to 5. If BCS was calculated to go below or above these limits, milk production or DMI was decreased, respectively, to maintain BCS within these limits. For all specific details of the underlying simulation model algorithms, please refer to Kalantari et al. (2016).

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Nutritional Grouping

Nutritional grouping strategies were studied on post-fresh lactating cows (DIM > 21) to test their effect in the overall milk income over feed cost (**IOFC** = milk value minus RDP, RUP, and NE_L costs). The sizes of nutritional groups were chosen to be approximately equal among them (total available cows divided by the number of defined nutritional groups). The monthly regrouping process of groups started by ranking the cows based on their NE_L and MP requirements (clustering method; McGilliard et al., 1983). Kalantari et al. (2016) used individual cow's daily NE_L and MP requirements to formulate more precise diet nutrient concentrations in simulated groups of cows. Average NE_L and MP + 1 SD concentrations were used to formulate the group diets.

Economic Parameters

Economic parameters for the base scenario were set as 10-yr Wisconsin average prices from 2005 to 2014. Thus, milk price was set to \$0.39 per kg of milk. FeedVal 6.0 decision support tool (<http://DairyMGT.info: Tools>) was used to calculate the nutrient prices of NE_L, RDP, and RUP. The calculated nutrient prices were: \$0.1/Mcal of NE_L, \$0.18/kg of RDP, and \$1.04/kg of RUP.

Scenario Analyses

Two extreme scenarios were analyzed. The worst-case scenario was designed by coupling the lowest milk price with the highest nutrient costs and vice versa for the best-case scenario. Ten-year annual average of milk price was used to set the highest (\$0.52/kg) and lowest milk (\$0.29/kg) prices. The highest (lowest) nutrient costs were set at \$0.14/ Mcal of NE_L (\$0.05), \$0.26/kg RDP (\$0.09), and \$1.52/ kg RUP (\$0.52). Considering the large differences among studies regarding milk losses when grouping cows (Smith et al., 1978; Hasegawa et al., 1997; Zwald and Shaver, 2012), possible milk loss due to regrouping lactating cows was explored with a base scenario without any milk loss and another scenario with extreme milk losses of 1.82 kg/d during 5 d after grouping (Cabrera and Kalantari, 2014). In addition, the effect of having first-lactation cows as a separate nutritional group was studied.

Case Study Herds and Projection Timeline

Five Holstein herds from Wisconsin using a TMR feeding management system were studied (**Table 1**). The model captured current cow and herd profiles (d = 0 of the simulation) and then projected individual cow and herd performance daily for a year (d = 365) with 1,000 replications.

Results and Discussion

Grouping

Post-fresh lactating cows (592) from the 787-cow herd at 300 d in the simulation are shown in **Figure 1A** ranked according to their NE_L concentration requirements. It is clear that lactating cow requirements vary substantially on a given day because of differences in lactation stage, pregnancy status, BW, and milk production. In this example, the highest NE_L concentration requirement was from a cow in third lactation, 23 d postpartum, with milk yield 20% above herd average. The lowest NE_L

concentration requirement was from a cow in third lactation, 385 d postpartum, with 10% below average milk yield. The effect of grouping these 592 post-fresh lactating cows is illustrated in **Figure 1B** where the difference between offered and the required NE_L concentrations are depicted for 3 cases of nutritional groupings. **Figure 1B** shows that increasing the number of groups decreases the variability among the cows within the group, which is especially beneficial in offering the cows a diet closer to individual cow requirements in terms of health, environment, and economics. This benefit is more pronounced in the case of large herds and when the distribution of the requirements is not normal (McGilliard et al., 1983).

Financial advantages of nutritional grouping

The economic value of nutritional grouping measured in terms of IOFC is displayed as the difference from 2 to 4 TMR and 1 TMR in **Figure 2**. It is clear that an economic gain results from nutritional grouping. These gains depended on the number of groups and varied from (\$/cow per yr) \$39 for 2 groups, to \$46 for 3 groups, to \$47 for 4 groups (**Figure 2**).

The gain in IOFC with more nutritional groups was due to higher milk production and lower feed costs. Higher milk production for more than 1 group was due to fewer cows having milk loss for low BCS (BCS < 2.0). The lower feed costs with 2 and 3 groups were mainly due to less RUP cost (**Figure 2**). Compared with RUP cost, other components of IOFC (RDP and NE_L costs and milk revenue) were more stable across different grouping numbers and MP concentrations in the diet. The largest relative IOFC gain was obtained when moving from 1 group to 2 groups. Economic gains found in other studies are different because of differences in model and input values used in those studies. For example, Williams and Oltenacu (1992) reported that the mean annual IOFC (\$/cow per yr) of 3 nutritional groups were \$21, \$33, and \$40 higher than that of 2 groups at production levels of 8,000, 9,000, and 10,000 kg per cow per 305-d lactation, respectively. St-Pierre and Thraen (1999), using economic optimized lead factors for CP and NE_L for different group numbers, calculated average economic gains (\$/cow per yr) of \$44 and \$77 when comparing 2 and 3 groups with 1 group, respectively. These values are comparable to those found in this study. The other important factor in financial evaluation of grouping lactating cows is the extra labor needed to formulate, prepare, and deliver feeds, and the extra costs of running mixers for preparing the TMR for each group separately. In addition, there is a labor cost related to moving cows among groups. These costs are usually farm specific and vary among herds (Østergaard et al., 1996), and for simplification were not included in Kalantari et al. (2016). Overall, profitability and feasibility of nutritional grouping are highly farm and market dependent. Farm size has an effect on the feasibility of nutritional grouping. For example, the extra labor for regrouping and moving cows might be less important in larger herds than in smaller herds (Østergaard et al., 1996). Also, when market conditions determine high feed costs and low milk prices, nutritional grouping could be more economically appealing (Allen, 2008; Hutjens, 2013). Simulation studies (Pecsok et al., 1992; Williams and Oltenacu, 1992) have suggested dividing lactating cows into 3 nutritional groups for optimal efficiency. Results from this

study corroborate those previous reports indicating that economic gain and efficiency increase up to 3 nutritional groups.

Formulated Diet

The average NEL, RDP, and RUP concentrations in DM under 3 levels of offered MP concentrations are summarized in **Table 2**. The formulated diet for 1 group had a concentration of 1.5 Mcal/kg of DM. Having more groups divides the cows into more homogeneous NEL concentration groups and hence higher and lower concentrations of NEL in the diet. A similar pattern was observed in RDP and RUP percentages in the diet. The reported NEL concentrations by McGilliard et al. (1983) using a clustering method with 2 groups were 1.62 (high) and 1.42 (low) Mcal/kg, which are comparable to those obtained here (1.59 and 1.41 Mcal/kg, respectively). The optimum allocation of NEL found in the St-Pierre and Thraen (1999) study was 1.78 (Mcal/kg) in the 1-group case and remained above 1.7 even in the case of 3 groups. Previous studies have used CP to estimate required protein in the group, whereas this study used the MP requirement of the cows. The CP% ($RDP + RUP/0.8$) in this study was higher than the reported optimum allocation of CP% by St-Pierre and Thraen (1999), which used milk production as the proxy for diet formulations. In 1 group, the estimated range of CP was 18, 18.5, and 19% for average, 0.5 SD, and 1 SD above average, respectively. In the current study, the difference of CP% in different group numbers were approximately 2, 3, and 3.8 percentage points for 2, 3, and 4 groups, respectively. The differences for the optimum allocation of CP reported by St-Pierre and Thraen (1999) were 1 and 2 percentage points for 2 and 3 groups, respectively.

Nutrients Captured in Milk and BCS

The results of the Kalantari et al. (2016) could be explained by studying the detailed charts of the NEL concentration in the diet (**Figure 3**) and the distribution of the retained body energy in terms of BCS (**Figure 4**). A greater proportion of the cows in the herd were underfed in the case of 1 group than with more groups and therefore the total NEL consumption and milk yield (milk yield depended on the energy in the body as captured in BCS) for just 1 group was less than that with 2 and 3 groups. Utilizing 2 or 3 groups increased the diet NEL concentration in early lactation (the time that is most needed) until around 150 d postpartum (**Figure 3**). After this point, 2 and 3 groups had a lower NEL concentration in the diet than did 1 group. The overall lower NEL concentration required for late-lactation cows was generally lower than the higher NEL concentration required for early-lactation cows, and therefore the total NEL consumed was higher for multi-groups than for 1 group. Two and 3 groups assure that late-lactation cows have enough energy in the diet but not much more than required. Overall, it is clear that use of 2 or 3 groups distributes NEL more efficiently based on DIM and productivity, which might increase overall NEL consumption in the herd.

Excess energy in late-lactation cows is associated with greater BCS and over-conditioned cows that can have complications in the next lactation (Cameron et al., 1998). The effect of several nutritional groups on BW and BCS can be seen in **Figure 4**, which compares the effect of 1 and 3 nutritional groups on BW and BCS distributions of the 787-cow herd. The left panel of **Figure 4** shows that the BW density plot of 2

grouping strategies (1 vs. 3 groups) does not differ considerably; they both have similar distributions. The stable BW among different grouping numbers has also been reported in field trials (Smith et al., 1978; Clark et al., 1980; Kroll et al., 1987). The right panel of **Figure 4** illustrates the effect of nutritional grouping on the distribution of the cows' body energy content (BCS). The 1 group represented by a dark-shaded density plot has a different distribution than 3 groups (light shading). With 1 group, the distribution is thick-tailed, which means the model projects that many cows that are either under-conditioned (BCS = 2.0) or over-conditioned (BCS = 4.5), and it has a mode around BCS = 2.75. On the other hand, use of 3 groups shows a rather normal distribution curve with the mode around BCS = 3.25. Similar distribution was observed in the case of 2 groups and in the other studied herds (data not shown). Having 2 or 3 groups appears to ensure that the consumed energy is better-distributed promoting healthier cows.

The overall MP trend is similar. In the 1 group case, the MP consumption decreased to 11 g/100 g of DM post freshening, and stayed at the same level until about 300 d postpartum, when it decreased consistently through the rest of the lactation (**Figure 3**). However, in 2 and 3 groups, the provided MP in the diet was closer to the actual requirements. Therefore, with 2 or 3 groups, cows were fed more MP until about 100 d postpartum and thereafter fed lesser MP than the 1-group case. This higher N consumption in late lactation for 1 group compared with more groups is consistent with the literature (VandeHaar, 2014). Having 3 groups and formulating the diet at 1 SD above the MP average improved N efficiency by 2.7% on average. The main economic gain of having more groups could be attributed to an increased percentage of N captured in milk, which in turn decreases feed cost related to RUP. Having more groups clearly improves the percentage of N captured in milk, which, at the same time, improves environmental stewardship by decreasing the amount of N excreted (VandeHaar, 2014).

Scenario Analyses

Results from scenario analyses on the input price, inclusion of milk loss, and separation of the first-lactation cows from older cows are depicted in **Table 3**. The results show that even in the worst economic conditions (lowest milk price with highest nutrient costs), grouping cows had a similar average IOFC gain compared with the base scenario. Comparing the base and best case scenarios over all herds, the average IOFC gain (\$/cow per yr) was \$6 higher in 2 groups and \$4 in 3 groups. Comparing the IOFC gain (\$/cow per yr) of 2 and 3 groups, the relative gain was highest in the worst case scenario (\$10) and the lowest relative IOFC gain of having 3 groups instead of 2 groups was under the best case scenario (\$6). This emphasizes the importance of grouping lactating cows in tough economic conditions, when the milk price is low compared with feed price. Even though the relative IOFC gain was greater in the worst conditions, the highest IOFC gain in absolute terms was when the milk price was high compared with feed costs (i.e., best case; **Table 3**). Assumed milk loss (1.82 kg/d for 5 d) due to regrouping decreased the average 5 herds' IOFC of 2 groups by \$18 across all the herds and by \$20 for 3 groups compared with 1 group (**Table 3**). The data showed that even under the assumption of milk loss because of regrouping, there is still

an overall economic gain. However, considering milk loss for all cows, as was assumed in this study, resulted in the lowest economic gain among all the scenarios, including the worst-case scenario. The amount of IOFC gain (\$/ cow per yr) ranged from \$14 to \$32 when comparing 1 and 2 groups and the IOFC gain ranged from \$19 to \$38 when comparing 1 and 3 groups. The amount of loss depended on the number of times cows were reassigned to a different group, and it was affected by cow characteristics (i.e., milk production and DIM that determine cow requirements) and the nutrient requirement variations among the cows in the groups. The trend when having milk loss because of regrouping was consistent with the base scenario in that the largest gain was observed between 1 and 2 groups. Smith et al. (1978), in a field study, compared lactating cows grouped into 1 and 2 groups. In that study, the average decline in milk production was found to be 2 kg/cow per day for 7 d, and this amount was affected by parity (less milk loss for first-lactation compared with older cows). Even with this amount of milk loss, the IOFC of 2 groups was \$30/cow per year greater than that of 1 group, as a result of less concentrate fed (Smith et al., 1978). This amount of gain in IOFC is in the range of values found in this study. In another field study by Zwald and Shaver (2012) the milk loss due to change in groups was reported to be insignificant. Overall, the effects of grouping on the milk production of the cows is inconclusive (Clark et al., 1980) and, based on those field studies mentioned above, it seems that the assumed amount of milk loss in this study (total of 9.1 kg in 5 d) could be either underestimated or overestimated. Thus, the true amount of milk loss is unknown, and studies have shown that it could be affected by parity (Smith et al., 1978) and could vary among cows based on their DIM (Kroll et al., 1987) and other characteristics. It seems safe to assume that not every cow might experience the same amount of loss and the duration could vary among cows based on their characteristics. However, the amount of saving in the feed cost due to grouping could exceed the loss in milk production (Smith et al., 1978; Clark et al., 1980).

Adding first-lactation cows as a separate group also affected the economics of nutritional groupings and is summarized in **Table 3**. The average IOFC gain among all the herds was lower than that of the base scenario by \$7/cow per year. This smaller gain when separating first-lactation cows was mostly due to the fact that having a separate group of first-lactation animals ensures a diet tailored more closely for those cows and older cows, similar to having a separate nutritional group. **Table 2** summarizes the formulated diet when separating first-lactation cows into their own group. Regardless of the number of groups, the formulated diet of first-lactation cows was the same across different group numbers and herds. However, separating the first-lactation cows into a group increased the nutrient concentration of the diet of older cow groups, thus the higher feed costs (higher RUP costs) and smaller IOFC gain in this scenario. It should be mentioned that the model did not consider the possible benefit of separating first-lactation animals due to social hierarchy among the younger cows and older cows, which could result in decreases in feed intake and milk production of first-lactation cows (Botheras, 2007). Considering this issue could increase the reported economic gain of separately grouping first-lactation cows.

Conclusions

Financial gains of nutritional grouping measured as milk income minus NE_L and MP costs were 15.2 ± 5.5 , 30.5 ± 6.0 , and 46.6 ± 6.6 for 2, 3, and 4 nutritional groups compared to 1 group. Financial gains were explained mainly due to higher milk production and lower RUP costs when grouping, and gain was emphasized during tough economic conditions. The effect of a possible constant milk loss when regrouping cows would have a deleterious economic effect, but not high enough to overcome the gains. The percentage of total NE_L consumed and captured in milk for >1 nutritional group was slightly lower than that for 1 nutritional group due to better distribution of energy throughout the lactation and higher energy retained in body tissue, which resulted in better herd BCS distribution.

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Table 1. Studied dairy herds.

Characteristics	Herd Size (Lactating + Dry)				
	331	570	727	787	1,460
Average Herd ME305 ¹ (kg/cow/yr)	13,348	16,140	13,897	12,884	14,188
1st Lactation (%)	38	43	39	39	45
Average days in milk ² (d)	193	169	181	165	174
Average days in pregnancy (d)	134	140	141	133	157
Average lactation number (#)	2.03	1.99	2.29	2.21	2.02
21-d pregnancy rate ³ (%)	17	18	19	19	18
Conception rate ³ (%)	35	32	36	37	40
Estrus detection ³ (%)	49	57	51	51	45
Culling ³ (% per yr)	35	32	36	37	40
Abortion ³ (% per gestation)	16	7	11	11	7

¹ 305 day mature equivalent milk production.

² Average days in lactation.

³ As defined and calculated in DairyComp305 (Valley Agricultural Software, Tulare, CA).

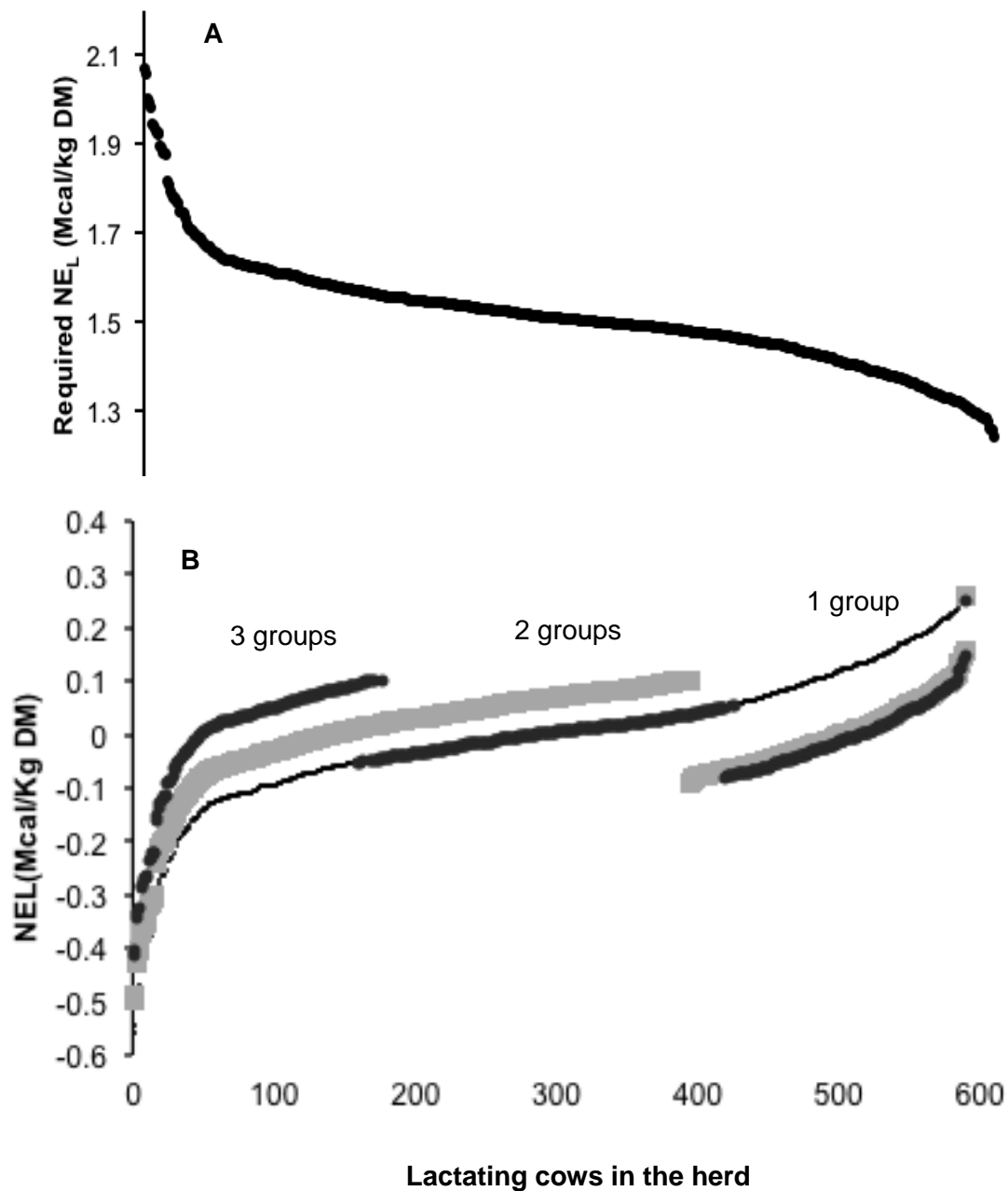


Figure 1. Nutrient NE_L required and provided to 592 post-fresh lactating cows from the 787-cow herd at d=300 in simulation. **A)** NE_L concentration of the requirements. **B)** Difference between provided and required NE_L concentration (offered NE_L – required NE_L , Mcal/kg) under 1, 2, and 3 nutritional groups based on the diet offered at the average NE_L concentration of the group.

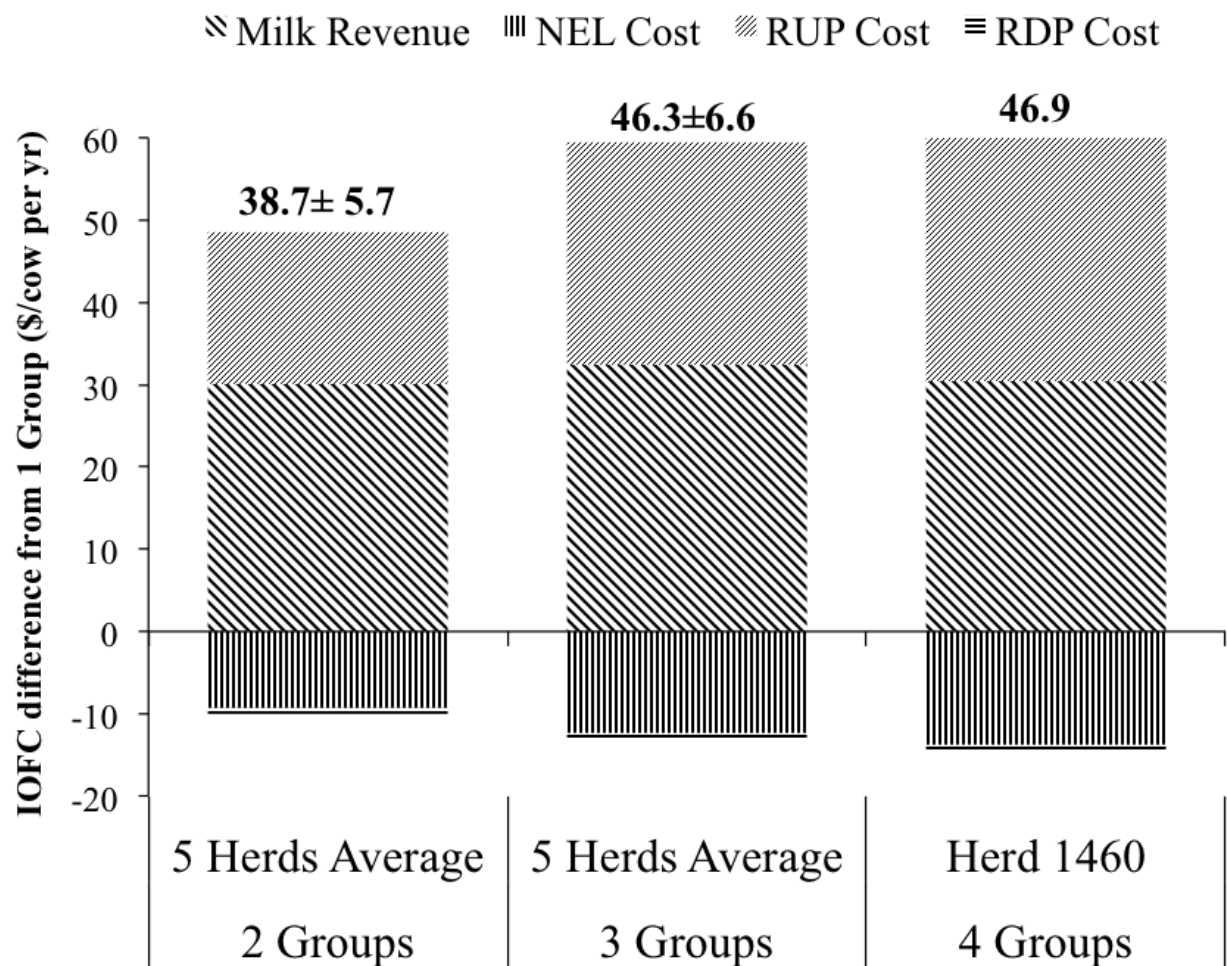


Figure 2. Difference in income over feed cost (IOFC) of 2, 3, and 4 nutritional groups and 1 nutritional group disaggregated in its components: cost of rumen degradable protein (RDP), cost of rumen undegradable protein (RUP), cost of NEL, and milk revenue. The zero line is the average IOFC obtained by 1 group was equal to \$2,822 for diet formulated at average MP + 1x SD. The labels on top of the bars are the additional IOFC (\pm SD among the herds) above 1 group. Four nutritional groups were applied only to the largest herd (1,460-cow herd).

Table 2. Formulated diet components for different nutritional group numbers and scenarios obtained by averaging 5 herds (\pm SD within herds) throughout the simulation of 12 monthly grouping periods.

Group number	Groups	NE _L (Mcal/kg DM)	RDP (% of DM)	RUP (% of DM)		
				0xSD	0.5xSD	1xSD
<i>Grouping post-fresh lactating cows</i>						
1	G1	1.5 \pm 0.004	9.34 \pm 0.0002	5.06 \pm 0.0004	5.46 \pm 0.0004	5.85 \pm 0.0005
2	G1	1.59 \pm 0.005	9.89 \pm 0.0003	5.35 \pm 0.0004	5.63 \pm 0.0005	5.90 \pm 0.0005
	G2	1.41 \pm 0.005	8.83 \pm 0.0003	4.78 \pm 0.0005	5.01 \pm 0.0005	5.22 \pm 0.0006
3	G1	1.66 \pm 0.006	10.27 \pm 0.0003	5.42 \pm 0.0005	5.68 \pm 0.0005	5.95 \pm 0.0006
	G2	1.48 \pm 0.005	9.25 \pm 0.0003	5.15 \pm 0.0003	5.27 \pm 0.0005	5.36 \pm 0.0004
	G3	1.38 \pm 0.006	8.67 \pm 0.0003	4.67 \pm 0.0004	4.85 \pm 0.0006	5.02 \pm 0.0006
4 ¹	G1	1.72	10.60	5.42	5.68	5.95
	G2	1.52	9.49	5.24	5.38	5.50
	G3	1.45	9.07	4.99	5.08	5.18
	G4	1.37	8.59	4.61	4.75	4.93
<i>Separating first lactation cows from older lactating cows</i>						
First lactation ²		1.5 \pm 0.008	9.34 \pm 0.0005	4.93 \pm 0.0007	5.24 \pm 0.0006	5.55 \pm 0.0005
1	G1	1.5 \pm 0.003	9.35 \pm 0.0002	5.15 \pm 0.0003	5.57 \pm 0.0004	6.00 \pm 0.0005
	G2	1.40 \pm 0.002	8.77 \pm 0.0002	4.85 \pm 0.0002	5.08 \pm 0.0002	5.31 \pm 0.0002
3	G1	1.67 \pm 0.006	10.33 \pm 0.0004	5.53 \pm 0.0005	5.80 \pm 0.0006	6.07 \pm 0.0006
	G2	1.48 \pm 0.003	9.24 \pm 0.0002	5.24 \pm 0.0003	5.35 \pm 0.0003	5.46 \pm 0.0004
	G3	1.37 \pm 0.004	8.60 \pm 0.0002	4.72 \pm 0.0003	4.90 \pm 0.0002	5.09 \pm 0.0002
4 ¹	G1	1.72	10.6	5.54	5.81	6.08
	G2	1.52	9.49	5.28	5.46	5.60
	G3	1.44	9.03	4.95	5.13	5.28
	G4	1.35	8.55	4.62	4.78	4.98

¹ 4 groups were studied only on the largest herd (1,460-cow herd)

² The average formulated diet for first lactation cows separated from older cows was similar across all the grouping numbers and herds.

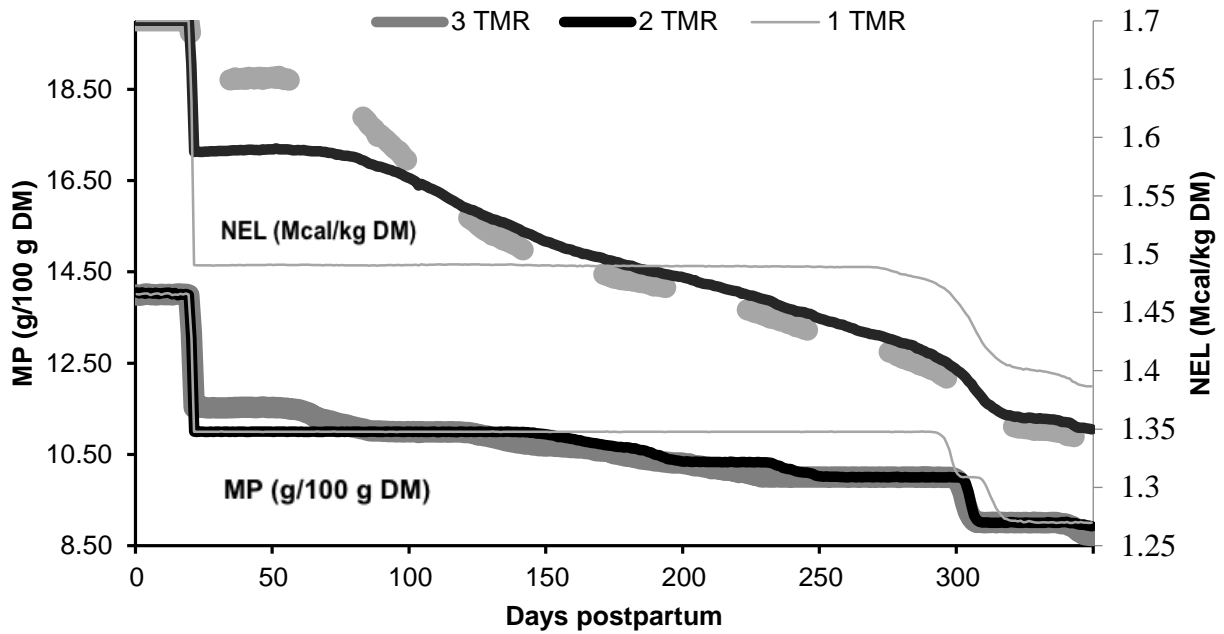


Figure 3. Offered diet average NEL (light shade) and metabolizable protein (MP; dark shade) after calving for the 727-cow herd under different number of nutritional groups.

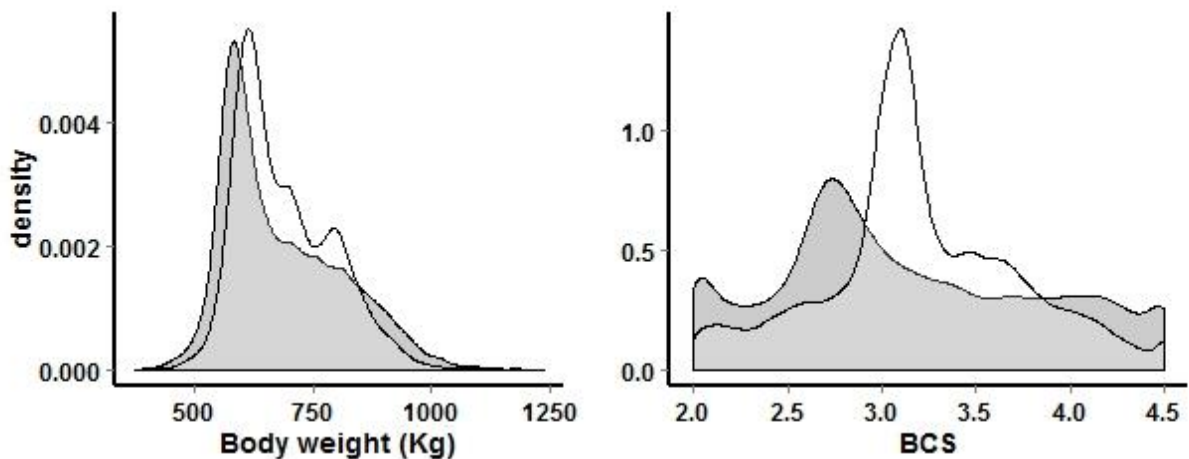


Figure 4. Body weight (left) and BCS (right) density plot from the 787-cow herd for 1 (dark shade) and 3 (light shade) nutritional groups. The average \pm SD for 1 and 3 nutritional groups are 3.0 ± 0.7 and 3.25 ± 0.5 , respectively. Total area under the curves adds to 1.

Table 3. Average economic gain in IOFC of grouping strategies of 5 studied herds.

Scenario	Difference between grouping strategies and 1 group (\$/cow per yr)		
	2 Groups	3 Groups	4 Groups ¹
Base ²	38.66	46.24	46.9
Worst ³	35.48	44.94	47.4
Best ⁴	44.34	50.18	48.8
Milk loss ⁵	20.46	25.9	23.5
1 st lactation ⁶	32.64	38.76	38.5

¹ 4 groups were studied only on the largest herd (1,460-cow herd).

² Base scenario running on the average NE_L concentration and average MP + 1 x SD with 10 years average annual milk price (\$0.39/kg) and nutrient costs (NE_L = \$0.1/Mcal, RDP = \$0.18/kg, and RUP = \$1.04/kg).

³ Worst case scenario couples the lowest milk price with the highest feed price from historical 10 years annual average (Milk price = \$0.29/kg, NE_L = \$0.14/Mcal, RDP = \$0.26/kg, and RUP = \$1.52/kg).

⁴ Best case scenario couples the highest milk price with the lowest feed price from historical 10 years annual average (Milk price = \$0.52/kg, NE_L = \$0.05/Mcal, RDP = \$0.09/kg, and RUP = \$0.52/kg).

⁵ Adding 5 d of 1.82 kg/d milk loss for cows changing to another group under base scenario.

⁶ Including 1st lactation cows as a separate obligatory group under base scenario. In this scenario the 1 group itself has 2 groups: 1st lactating cows and ≥ 2nd lactating cows. Thus, in addition to the number of groups for older cows one group is just for first lactation cows.

SESSION NOTES