

Feed additives: Adding value, or just costs?

THE typical argument for adding value to feeds and achieving better animal performance is hard to stick to when the costs of commodities have, in some cases, doubled and grain traders are speaking of upcoming shortages.

Nutritionists working on feed formulation are told to strike out anything that is not essential to feed the animal.

It is perceived that feed additives, no matter how powerful they are, first of all add costs; they increase the price per ton. Any ongoing discussion is too long for our hectic business. Any sentence starting with "Yes, but ..." is ignored.

Feeling almost like rookies, feed additive salespeople have to start all over again — as if there was no established additive industry and as if the idea of adding micronutrients, probiotics and so on was all totally new.

Feed is the largest chunk of costs in

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animal production, followed by the cost of labor. In relation, the individual costs of animal replacement, veterinary services, energy or finance are rather small, difficult to compare and very difficult to change.

The costs of reduced performance often don't even appear in the statistics, or, at least, they are not recognized. The pound of milk that was not produced does not send an invoice to the farmer, but the feed mill does. Therefore, farm consultants like to attack the cost of feed.

What do we really need to put in our feeds, and how much are farmers prepared to spend for an additive? Let's take the example of a good old yeast culture as an established technology in dairy production.

If we assume that adding live yeast to the diet increases the average daily milk

yield by 1 kg (2 lb.) per cow per day, the dairy farmer gets around 26 cents (average farm gate price, U.S.-Europe February-March 2008) in return.

How much is the yeast now worth? If it is adding value by 26 cents per cow per day, how much should be paid for it: 2 cents, 4 cents or 12 cents? The answer is up to 26 cents per cow per day.

It's basic economics. One extra liter of milk makes the cow, the labor and the farm more efficient. So, even if you had to pay the full 26 cents per day to achieve this extra liter of milk, it would still be profitable. Yeast does not cost that much.

The same calculations can also be done with other species and other prebiotics, probiotics, enzymes or micronutrients to show their effects on growth performance, fertility, health and product quality.

As energy prices rise, we insulate our houses and make our cars more efficient. When commodity prices go up, we should make feed more efficient. The animal will not die without it, but feed additive products ensure that production will be more profitable. That's adding value.