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Little things that mean a lot in managing beef cattle

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Little things that mean a lot in managing beef cattle

Abstract

Survival in the beef cattle business for the next year or so will depend on doing little things well, says Don Pretzer, extension farm management specialist at Kansas State. "Doing enough little things right will add up to big differences in profitability. no matter whether you're a cow-calf operator, a backgrounder or a cattle finisher."? He offers some interesting ideas for cattle ranchers. The economist says cow herd costs are running around \$375 per cow-calf unit per year. This includes \$178 for feed, including pasture for 15% replacements. 15% interest on the value of the cow (\$450) and \$32 a year for labor. "A 92% calf crop with steer sale weights averaging 475 lbs. and heifers at 425 lbs. indicates the producer needs \$98 cwt. for his steers and \$92 cwt. for heifers to cover all of his costs." the economist notes. Current prices of \$67 and \$61. respectively, show a full-cost loss of \$101 per cow-calf unit."? The specialist says survival strategy warrants looking only at cash costs, including rented grass. On a cash cost budget, the breakevens are at \$70 and \$64 cwt., resulting in a \$9-per-unit loss per year.

Keywords

Cattlemen's Day, 1982; Report of progress (Kansas State University. Agricultural Experiment Station); 413; Beef; Income; Calf crop; Grain

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Little Things Mean a Lot
In Managing Beef Cattle

Survival in the beef cattle business for the next year or so will depend on doing little things well, says Don Pretzer, extension farm management specialist at Kansas State.

"Doing enough little things right will add up to big differences in profitability, no matter whether you're a cow-calf operator, a backgrounder or a cattle finisher." He offers some interesting ideas for cattle ranchers.

Cow-calf Operations

The economist says cow herd costs are running around \$375 per cow-calf unit per year. This includes \$178 for feed, including pasture for 15% replacements, 15% interest on the value of the cow (\$450) and \$32 a year for labor.

"A 92% calf crop with steer sale weights averaging 475 lbs. and heifers at 425 lbs. indicates the producer needs \$98 cwt. for his steers and \$92 cwt. for heifers to cover all of his costs," the economist notes. Current prices of \$67 and \$61, respectively, show a full-cost loss of \$101 per cow-calf unit."

The specialist says survival strategy warrants looking only at cash costs, including rented grass. On a cash cost budget, the breakevens are at \$70 and \$64 cwt., resulting in a \$9-per-unit loss per year.

"How can we improve on the above?" Pretzer asks. "For average and below-average quality herds, selling all calves and buying replacement heifers or mature cows should help."

The cost of a 425-lb. heifer at weaning is \$350. Adding another \$290 for pasture and winter feed during the growing phase pushes production costs for replacement heifers up to \$640 apiece. Cash costs alone for producing replacement heifers average \$518.

"Retaining ownership of calves is another possibility for increasing gross income," says the economist. "Tax considerations become important when shifting income from one year to the next. Retained ownership also entails longer-term financing, but does allow flexibility for using grass, allows better timing of sales, permits selling roughages, labor and use of facilities."

He notes that spring feeder cattle prices are usually higher than fall prices. Still, he doesn't expect average prices to be much higher in 1983 than in 1982.

Other strategies Pretzer suggests include managing for higher percentage calf crops--a 90% calf crop versus an 80% crop translates into a \$27-per unit boost in returns. Implanting calves usually nets a \$10 to \$15 increase per unit while good fly control (where flies are a problem) is worth an added \$5 per unit.

Combining all of these practices can add \$41 to \$46 to the bottom line of the average cow-calf unit, he points out.

"Longer run practices still dictate using superior bulls and cross-breeding, according to research findings," Pretzer notes. "Weaning weight is so important that 125 lbs. added per cow can eliminate that full cost loss of \$101 per cow."

Wintering and/or Grazing Calves

Full cost budgets for wintering and/or grazing, using purchase prices in the mid-\$60's cwt., grain at \$2.40 a bu., 15% interest and pasture costs of \$55 for beginning weights of 550 to 575 lbs. show that breakeven prices are \$1 to \$2 below purchase prices, the economist observes.

"But we can live with slight negative margins like these, providing we keep death loss to 1-2% and have healthy, good-doing cattle."

Prices for calves, feeders and finished beef cattle have been nearly equal in recent months. With present grain prices and expectations for them to remain near present levels, producers can expect some narrow profits in the finishing phase, the specialist believes.

"When starting with low fed cattle prices, some segment of the beef industry is bound to suffer. With current sideways prices, the cowman is taking the major brunt of losses," he observes.

"Meanwhile, giving attention to the little things can mean the difference between an operation's surviving or failing."