

A Cow's Production Needs to Cover Expenses

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There seems to be many recent events that could be termed critical, if not tragic. As people, we encounter difficulty more frequently than any of us really deserve. In agriculture, the situation is one of uncertainty and adversity, not guaranteed sustenance.

The recent drought is only the last on a relatively long list of natural calamities that impact agricultural producers. Currently not only do those involved have little to no moisture, but nature's wrath and fire are literally burning what remains. The tragedy is exponentially confounded when what stored forage remains is burned.

The response is critical, but the correct or even the most appropriate answer generally is not well-known. The bottom line quickly becomes survival, financial survival being the most pressing.

There are no easy answers, but there are some wrong answers. Too often, in times of crisis, people tend to focus on the wrong outcomes. Obvious denial will hit, but answers to questions should be based on data.

The initial reaction is to save the herd. The cows are endeared to someone's heart, but the reality is they are cows. They simply are cows that represent some form of money, depending on current economic values. The real challenge is holding the operation together and having something that produces income when everything settles out. That something is the cowherd, if livestock is the primary operation.

A couple of painful reminders are that yesterday was a much better time to enroll in an effective financial management program and today is better than tomorrow. The bottom line is that not all assets generate more income than the annual expenses of having the asset. This is true in cattle as well as land.

The challenge during tough times is to know which cows are making you some money and what assets are not. A thought that always has stuck in my mind was a comment a North Dakota Beef Cattle Improvement Association member made following a drought. The pro-

ducer commented that the drought finally forced him to go through his records and cull half the cowherd.

The producer still is in business and doing well. The producer said, in retrospect, the drought had a positive outcome because it forced him to sell those cows that were not profitable. That doesn't mean droughts are good and it is not a great consolation during the process, but knowing what cows to keep and those to sell is a key component to long-term survival.

The higher the value of calves, the more forgiving the producer tends to be of poor producing cows. No matter what, cattle prices are not constant, so strive to keep the most productive cows regardless of calf value. As the cattle are rounded up, those cows that have a greater probability of having a negative return, even in a normal year, should be sold and not moved to greener pastures.

Some culling thoughts would be to early wean calves and cull in this order: open cows, unsound cows, dry cows, cows in poor condition, those cows that calved last, older cows (10 years or more) and poor-performing cows. Send this truck to the nearest livestock exchange and utilize the cash accordingly.

Once these cows are gone and their calves are in the feedlot, start looking for greener pastures for the remaining cows or purchase feed to stretch what pasture remains. Remember the point of the story: Not all cows produce at a level that covers expenses. To take extreme measures simply to hang on to this segment of the cowherd is contrary to common sense.

Hang on to the good ones and remember, everybody's herd has a bottom end.

May you find all your ear tags.

Your comments are always welcome at www.BeefTalk.com. For more information, contact the North Dakota Beef Cattle Improvement Association, 1133 State Avenue, Dickinson, ND 58601 or go to www.CHAPS2000.com on the Internet. In correspondence about this column, refer to BT0311.

“Everybody’s
herd has a
bottom end.
Let them go.”

~

North Dakota Beef Cattle
Improvement Association
Member