

November 16, 2000



BeefTalk: Winners Are The Profit Takers in Beef Business

By **Kris Ringwall**, Extension Beef Specialist,
NDSU Extension Service

Recently I enjoyed a conversation with a producer, Jack, regarding the future of the beef business and how data technology will penetrate the industry.

I cited figures from the NDSU Dickinson Research Extension Center showing how the center's best calf netted \$280.84 hanging on the rail. I wondered if Jack would invest in a team of those calves.

Winter is upon us in the northern Great Plains. At least that's what a look out my window tells me. For producers who raise cattle are without winterized water, many work challenges lay ahead on a daily basis. Ice picking water holes was fun as a kid but the reality of a schedule full of activities leaves little time for non-automated functions like watering livestock.

The thought of the loaded trailer and pickup heading for better facilities is more pleasing. It is my guess that many producers rhetorically wonder: "Is the work worth the effort as winter arrives?" The answer rests on how producers define quality of life and try to balance that with the ability to pay bills and put some cash away--profit. What beef producers must do in the beef business is generate profit.

Unfortunately, profit has escaped many producers' bottom line and is like the Rubik's cube. You remember. The cube had different colors on all sides and all the pieces needed to line up just right to complete the game. The same is true in the cattle business, all the pieces need to line up just right. Some of the pieces are buy-sell margins, cost of gain, winter feed costs, utilities, labor, equipment leases, transportation, and the market.

These items flash by as the monthly bills mount for payment. All of these are manageable, as are the other zillion little bills, provided the producer has developed a well-thought-out game plan and has the discipline needed to stay with the plan. That plan which must equate to profit.

Jack and I were considering the cost of data technology, which is in the category of a "zillion little bills." It would be tough to spend \$10 per cow for ear tags and associated paraphernalia. This would include keeping the cow identified and her calf, although we will spend another \$20 bill in tracking the yearly data that the tags generate.

If Jack wanted to increase the value and more appropriately manage the inputs going into each calf, would the added data technology actually result in increased profit? What's individual calf data got to do with profit? Are football players randomly assigned to teams and positions?

No, random game plans don't win. The beef industry, as a whole, has not grasped the total concept of individually managing cattle to optimize profit. This concept, electronic cattle management, comes as a result of improved data technology. Commodity cattle management does not attempt to relate profit back to an individual management decision unless the management decision involved the total herd, group or pen of cattle.

The North Dakota Beef Cattle Improvement Association, through the CHAPS 2000 computer program, has been a pioneer in electronic cattle management. Through electronic cattle management, producers have been able to track individual performance or value and make associated managerial changes.

Data from Dickinson Research Extension Center calves with increased average daily gain (ADG) showed a corresponding market adjusted net return. Calves with an ADG of 2 pounds per day netted \$68.61; at 2.5 pounds ADG the net was \$86.73; at 3.0 pounds the net was \$113.21; at 3.5 pounds ADG the net was \$148.02, and at 4 pounds the net was \$191.16. This data has helped us develop our game plan--a plan based on individual

performance. Winning teams rely on the symbiotic efforts of outstanding individual performers. We pick the team because you have to be a winner in order to profit.

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 BT0013.

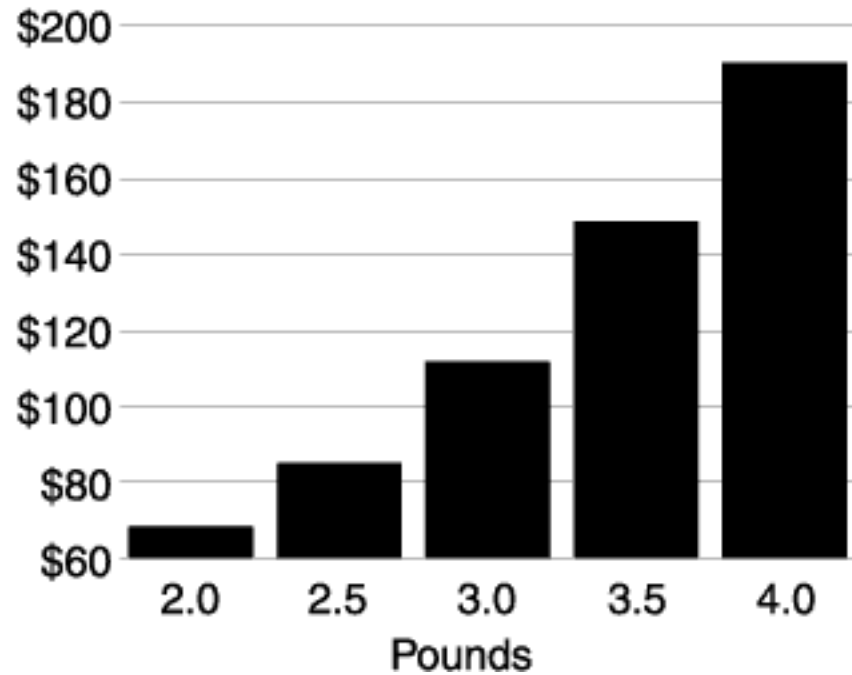
###

Source: Kris Ringwall, (701) 483-2045

Editor: Tom Jirik, (701) 231-9629

Net Return to Increased Average Daily Gain

Calves from NDSU Dickinson Research Extension Center



[Click here for a printable pdf version of this graphic.](#) (22KB b&w graph)

[Click here](#) for a EPS file of the BeefTalk logo suitable for printing. (100KB b&w logo)