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## **BeefTalk: Beef Value Increase Is Major Contributor to Local Economies**

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

Recent prices being received by cow-calf producers has put the beef industry in the forefront of production agriculture. This market shift is a welcome advance for agriculture and marks the first time in over a decade that we have seen prices approach the dollar values (inflation not factored in) being received.

This is good news and we need to sustain these values for a couple of reasons. The first, and most obvious, reason is producers' income. The second reason is the beef industry's stake in our economy. Beef cattle production is a major creator of new wealth for rural areas.

The health of the beef industry is a major factor in the health of local economies. This year's added value for beef points to the need for beef cattle producers to network with other industries to establish a plan through which they sustain the current economic prices generated and capture added value for beef produced. Now is the time.

The first step is education. Through reading, studying and local outings with neighbors or fellow beef producers, a producer needs to challenge the age-old concepts of beef production and help themselves realize that they need a market system that begins before the calf is conceived.

Understanding the different segments of the industry from conception to harvest encourages a business culture within the industry. Priority one among North Dakota producers is to cut costs and enhance marketing. Beef is one of the highest quality foods available to the world--and producers need to weave the quality issue into marketing plans. A better-informed producer with a broader vision of the industry should be the expected outcome of the development of any business plan. The vision is for producers to create a dollar-sensitive business production plan in concert with an ever-changing industry which competes in the food industry today and tomorrow.

Solid business plans are built on data--and the beef industry is no exception. The maturation of the cow-calf business, brought about through source verification and the advent of alliances within the beef industry, has amplified the need for thorough and complete data collection.

The astute producer recognizes the need for business data, performance data, carcass data and retail harvest data. Computers have increased the speed by which we can process the data, and software programs have created nearly infinite ways to look at the data. The marriage of computers and the beef cattle industry illustrates how important it is for beef industry to get on the same playing field with other segments of the food industry.

Simply put: producers with data give the beef industry a method to source verify production and aids the producers in meeting the specifications requested by today's consumers.

If a producer lowers the unit cost of production of every calf produced by \$23/cwt and increases the value and wholesomeness of the product by \$13/cwt on the rail, a producer could increase cash by over \$219 per calf. Let me repeat that. For every 100 calves sold, a producer could increase cash availability by \$21,900. Let's think big.

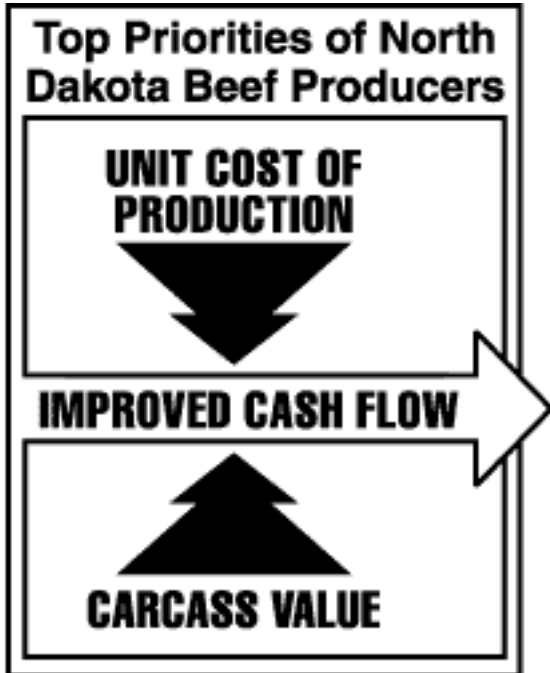
May you find all your ear tags.

Your comments are always welcome at [www.BeefTalk.com](http://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](http://www.CHAPS2000.COM) on the Internet. In correspondence about this column, refer to BT0016.

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**Source:** Kris Ringwall, (701) 483-2045, [kringwal@ndsuent.nodak.edu](mailto:kringwal@ndsuent.nodak.edu)

**Editor:** Tom Jirik, (701) 231-9629, [tjirik@ndsuent.nodak.edu](mailto:tjirik@ndsuent.nodak.edu)



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