

May 17, 2001



NDSU Extension Service

BeefTalk: Review Numbers Carefully To Maximize Beef's Profit Potential

By Kris Ringwall, Extension Beef Specialist,

Spring is breeding time and those in the beef cattle business set their schedule by these reproductive events. The net result is a schedule that is full from dawn to dusk--and there is always work to be done. As I assemble this column in my mind, I am chuteside evaluating follicular growth within a beef heifer, wondering if the follicle is dominant and ready to ovulate. If so, the potential egg will need to conceive through artificial insemination to the sperm cell from a bull that will never even be close to the ranch. These are the kinds of situations that stretch the dichotomy in the beef business.

Survival within the beef business involves a keen insight for being frugal and implementing new ideas and technology. Imagine this scenario: Two neighbors in the cattle business in North Dakota have herds of just under

100 cows. These neighbors have been good friends throughout the years, but tomorrow is a sad day. One of the neighbors is selling out and the other helping at the sale.

What is the difference? Most would notice nothing and blame the tough times in agriculture. But statistics from the North Dakota Adult Farm and Ranch Business Management summary for the year 2000 reveal some interesting statistics.

The 20 percent of agricultural producers outside of the Red River Valley (raising all agricultural products) with the lowest net income had a loss of \$7,487 in North Dakota, the 20 percent with the highest net income had a profit of \$142,437, a difference of over \$149,000. Statistics in the beef business are equally eye-opening. In the beef business, the 20 percent of producers with the lowest net income per cow had a net return of \$7.58 per cow, the 20 percent with the highest net income per cow had a net return of \$219.32 per cow, a difference \$211.74.

What did those in the low profit group do that the high profit group didn't?

In reviewing direct expenses, feed costs were similar: \$205.24 for top producers and \$205.81 for bottom producers, but each group on average fed differently. Top producers fed 3.01 bushels of barley, 1.30 bushels of corn and 2.67 bushels of oats per cow. Low producers fed 1.06 bushels of barley, 0.64 bushels of corn and 1.10 bushels of oats per cow. Top producers fed 6,359 pounds of hay and 1,517 pounds of silage. Low producers fed 7,380 pounds of hay and 1,346 pounds of silage. Top producers spent more on protein and mineral supplements, \$10.87 per cow for the top producers and \$7.24 per cow for the low producers. In the summer, top producers provided slightly more AUMs (animal unit month)

per cow than the low producer. In other words, they pastured their cattle longer.

After feed cost, which is generally the largest expense category, top producers spent approximately the same on veterinary costs (\$13 per cow) but less on livestock supplies, fuel, oil, repairs, custom hire, livestock leases and interest.

Given all the inputs, top producers had 550 pounds of marketable product per cow, while low producers had 463 pounds of marketable product. Top producers spent more money marketing their calves (\$3.29 vs \$1.84). Between more marketable product and increased marketing efforts, top producers had gross returns of \$530 vs \$392 for low producers. The bottom line, top producers have (on a per cow basis) more product to sell. They fed more high energy feed stuffs, fed approximately one half ton less hay, pastured longer, and provided more supplements for essentially the same dollars as the low producers.

In addition, every category of overhead, including hired labor, farm insurance, utilities, interest, depreciation and miscellaneous, was lower for the top producers. The \$31 per cow advantage in direct production, \$42 per cow advantage in overhead and \$138 per cow advantage in gross income, means one thing: survival.

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 BT0039.

###

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

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

Advantages of top income vs. low income cow/calf operators*	
Gross Return	\$ 138 more
Total Direct Expenses	\$ 31 less
Total Overhead Expenses	\$ 42 less
Net Return	\$ 211 more

* Operators enrolled in the North Dakota Farm Business Management Program. Ranking based on net income per cow.

[Click here for a printable PDF version of this graphic.](#) (5KB b&w graph)

[Click here for a printable EPS version of this graphic.](#) (76KB b&w graph)

Input and income comparisons for beef producers

	Top Producers*	Low Producers*
Hay fed (lbs)	6,359	7,380
Silage (lbs)	1,517	1,346
Barley (bu)	3.01	1.06
Corn (bu)	1.30	0.64
Oat (bu)	2.67	1.10
Feed costs	\$ 205.24	\$ 205.81
Protein/mineral supplements	\$ 10.87	\$ 7.24
Marketing costs	\$ 3.29	\$ 1.84
Gross return	\$ 529	\$ 392

* Operators enrolled in the North Dakota Farm Business Management Program. Ranking based on net income per cow.

[Click here for a printable PDF version of this graphic.](#) (5KB b&w graph)

[Click here for a printable EPS version of this graphic.](#) (77KB b&w graph)

[Click here for a EPS file of the BeefTalk logo suitable for printing.](#)

(100KB b&w logo)