

Managing Costs Can Help Bank High Calf Income

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Record high prices are being received for calves, a great story, provided the lid is kept on costs. A general principal, often overlooked by some when prices go up, is profit (income minus costs).

Cost tracking and astute purchasing must still remain in effect. Watching pickups and trailers hauling cattle in the fall reminds me of how big transportation issues are in the cattle business. Weaning calves is busy and hard work, and often means transporting calves many miles to preconditioning or backgrounding lots.

Previous to this transportation and weaning stress, don't forget to vaccinate. The Dickinson Research Extension Center calves received a 7-way Clostridia and Haemophilus somnus at branding, and will be booster vaccinated next week along with Pasteurella and a 4-way viral vaccine. The viral will be administered again at weaning, as well as at arrival at the feed yard.

The vaccination program helps a calf overcome the health challenges presented when transporting calves from the comfort of their summer home to the rigors of the feedlot. When a proper health protocol is administered, the dollars invested in moving cattle are more apt to be recovered.

But, back to evaluating transportation costs. Of particular interest is the cost of general use pickups and pulling rigs. The Center leases vehicles and tracks all the costs associated with those vehicles through the North Dakota Department of Transportation.

Currently, the choice in vehicles includes the heavy weight gas pickups at \$.44 per mile if driven conservatively, or \$.35 if driven as high mileage vehicles. The light weight gas pulling pickups are at \$.45, while the heavy weight diesel pulling pickups are costing us \$.37 per mile. In contrast, the over the road sedan costs \$.27 per mile.

These costs include operating, replacement and depreciation associated with the usage of the vehicles. In relation to the costs of a beef operation, the reading public continually reminds me that the weaning weight of calves has very little to do with profit.

A cost conservative operation requires less weight of calf to sell than does a high cost operation. Ideally, producers need to strive to reduce costs and increase revenue. Well-run operations have discovered that the little things are what add up to be big things. One trip to town isn't bad, but the next two

just tripled the day's costs. The Center's ranch is 23 miles from the operation's headquarters. Cattle are spread out in three counties containing in excess of 75 miles of 3 or 4-barb wire fence.

On a hot summer day, checking fence and water will easily put 150 miles on the odometer, which costs \$67 with the half-ton gas pickup. Center cattle are checked at least every other day depending on the water source. That same trip with a high mileage heavy pulling gas pickup will cost \$53, a high mileage diesel pickup \$56, a low mileage heavy pulling gas pickup \$66. Not only does the Center need to consider the size and weight of the pickup, but also the amount of miles the pickup will be driven.

The Center saves \$10 to \$14 dollars per trip by using the right vehicle. In reality, since the pickups need to pull trailers, the only option is the heavy towing pickups. It is cheaper to put more miles on one pickup, than less miles on two pickups. The savings are in depreciation and salvage value.

Managing costs is not easy, and cutting costs can be even harder, but decisions by the numbers can put more of today's high cattle prices in the bank, where they belong. Working cattle is not only difficult work, but also entails a considerable dollar input. Well planned days and the elimination of extra trips can cut costs.

Remember, you can't manage what you do not measure. Match the need appropriately and compare costs. Do you know what your pickup truly costs to drive per mile? Remember, it is the little things that add up and bite you when you least expect it.

May you find all your ear tags.

Your comments are always welcome at www.BeefTalk.com

For more information, contact the NDBCIA Office, 1133 State Avenue, Dickinson, ND 58601 or go to www.CHAPS2000.COM on the Internet.

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