

Did You Do Your Best? Did You Have Fun?

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Perhaps it is the sign of the season. Or maybe true wisdom is due to emerge. Either way, midwinter always brings a flurry of meetings, idea sharing and a double serving of opinions.

In farm and ranch country, winter is quiet. The day's activities, although difficult, are pre-arranged and dictated by day length and weather. This year, the weather part of the equation has been fairly kind, perhaps allowing for more expansion of one's aspirations. During these winter ponderings, you might review your operation's efforts toward meeting financial and production goals. Next, you might spend time considering what you and your family really want out of the lifestyle we work so hard to obtain.

Not atypical within agriculture, the lifestyle sought during one's youth is but a dim memory in adulthood. The fast pace, ever-increasing technology and the persistent cranking of the cost of production vise distort the true meaning of an agricultural lifestyle.

Still, pondering the possibilities of youth should bring more smiles than grimaces to those of us who are more seasoned.

Who is to say age actually brings more perception and wisdom? As producers in the beef industry, maybe we need to borrow from what I ask my kids: "Did you do your best? Did you have fun?" Regardless of the financial bottom line, if we can't answer yes to those two questions there is no reason to have a bottom line.

The beef business is a multitude of enterprises rolled up into one. Expansion of any segment within the operation really requires significant understanding, retooling and thought. At the heart of this question for most beef operations is the question of expanding cows or increasing the present value of the product sold.

In North Dakota, as well as many other states, most producers would probably answer yes to both questions. But for the individual producer, the answers need to be thought out very carefully. What do you do best? Did you really add up all the costs to expansion? In other words, do you have a plan?

There are days when I get the impression everyone in the beef business needs to own and operate beef from "conception to consumption." This concept is driven from the fact that the ranchers share of the retail value of a choice yield grade 3 carcass was 62.5 percent in 1978,

59.2 percent in 1988 and 47.2 percent in 1998, according to the Economic Research Service.

Such announcements are something of a call to arms. They cause a reality check: Is the cost side of the equation greater than the income side? We plan, plan and plan. Can the expansion occur within the operation or do outside partners need to be contacted? If the expansion is done within the operation, are time, labor and facilities, truly adequate? Are all partners and the spouse in agreement? Does the expansion become the retirement plan? All these questions and more need to be addressed.

Have you thought about expanding through contracting some services? One example is retaining ownership of cattle and allowing some other operation to do the work.

For the year 2000 at the North Dakota State University Dickinson Research Extension Center, there was a cow-calf enterprise (\$70,000 income, including culls), a heifer development enterprise (\$17,209 income including open yearlings) and a contracted feeding enterprise (\$101,864 income). Within each of these enterprises is a keep and cull division. The culls can easily require another whole new management and marketing program.

Last year, the Center could have sold preconditioned calves after weaning for \$76,586. Instead the calves were custom fed and sold for \$101,864, an increased revenue of \$25,278. Interestingly, by retaining ownership, we made up all but a little over 1 percent of the retail value of a steer that ranchers lost during the last 30 years.

As the sun sets on another winter day, ponder adding the 39 producing cows to the herd that would be needed to increase revenue by that same amount. I hope you are asking which would cost less. Life is short. Do what you can do best and have fun.

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 BT0074.

Coping with a Shrinking Share

Ranchers Share of the Retail Value

Choice Yield Grade 3 Carcass*

1978	62.5 percent
1988	59.2 percent
1998	47.2 percent

Producers need to increase revenue by 15.3 percent.

NDSU Dickinson Research Extension Center

Option 1 -- Retain ownership

Increased revenue: about 14 percent or \$25,278 (actual)

Option 2 -- Increase cow herd 39 cows

Increased revenue: about 14 percent or \$ 25,312 (estimated)

* USDA Economic Research Service