

BeefTalk 788: I Thought I Was Doing Better Than That!

Getting a better handle on expenses involves keeping track of costs.

When evaluating the cow herd, production and financial records are the report cards.

But we all know from school that what goes into the individual grades is what determines the final grade. Having taught class, as well as raised some children, a learning point always comes up when a student or child says, "I thought I was doing better than that!" as he or she tries to explain why the grade is not an "A" and actually turned out to be a "B."

The point is, the good grades were remembered and the poor grades were dismissed. If 10 exams are each worth 10 points and the total points were 100, even if a student gets 9 to 10 points on nine of the exams but skips one and receives a zero, the grade of "A" no longer is possible when a score of 90 is required for an "A." And then the whining for mercy starts.

But the real world seldom grants compensation for one's mistakes. Thus, the teacher gives the student a "B."

The process happens with beef producers, or producers of anything. At the end of the year, one totals the income and expenses, and more times than not, the comment is the same: "I thought I was doing better than that!" Those forgotten expenses come to bite one's checkbook.

So how does a cattle producer start to get a better handle on expenses? It's not easy, but pen and paper are required. Memory always is appreciated, but a written note will trump memory any day.

The concept is one of breaking apart the operation into manageable units. Within these units, expenses can be more easily categorized and appreciated. So what would be some units? Perhaps six units, or managerial areas, would be a good starting point.

Take a sheet of paper and write down these areas: Genetics, Reproduction, Nutrition, Herd Health, Marketing and Waste Management. Now start listing the various activities that generate expenses within each area. Listing all the expenses is too much for this short article, but one can list some quick thoughts to start.

Starting with Genetics, list bull purchases, including travel to sales, hauling, veterinary examinations, vaccinations and registration documentation. Also list replacement heifer selection and processing, including vaccinations and all other associated costs with getting a heifer ready for breeding. And once breeding time is here, add semen expense, bull hauling, cattle moving and perhaps heat detection, reproductive synchronization supplies and labor to get cattle where they need to be.

Reproduction may overlap with genetics, but breeding soundness exams, cow herd vaccinations, pregnancy examinations, calving, assisting difficult births, grouping cows, taking body condition scores, sorting and replacing lame bulls, and even chasing the neighbor's bull out of the pasture are all common and needed activities.

Nutrition is a category that easily will account for 70 percent or more of the total expenses within a herd. Winter feed, upkeep of winter feeding facilities, summer pasture, pasture rotations, fence, and

more fence, as well as fence repair, gate fixing, hauling hay, moving to seasonal pastures, checking water, providing mineral supplements, pasture evaluation, forage testing, ration development, appointments with a feed specialist, feed delivery, equipment maintenance, tractor repairs and even buying twine all add up to a rather large nutritional component.

Herd health seems obvious because veterinary care and vaccinations would be needed. But what about the gathering of the cattle, processing newborn calves, documenting parentage, sorting a cow versus the whole herd, hauling and disposing of dead cattle, monitoring the pinkeye patches and making the long drive to the veterinary clinic?

Marketing does not just happen, either, because processing facilities need upkeep, and transportation by pickup or trailer or maybe by semi; loading ramps; video recording; sorting calves; pens for cull bulls, cows and heifers; market plans for market bulls, cows and heifers; and full loads, half loads or just one cow hauled all the way to town are all market activities.

And last, waste management, including plans for nutrient storage and spreading, manure sampling and analysis, bedding, trucking, waste disposal, composting, dead animal removal and facility upkeep through paint, board repair and road maintenance for lot and pasture access are critical to any cattle operation.

The point at the start of this BeefTalk was how easily one can forget a grade, or in the case of the cattle producer, forget an expense. Everything has a direct and an indirect expense, plus labor. Tracking all expenses avoids disappointment.

May you find all your ear tags.

Your comments are always welcome at <http://www.BeefTalk.com>.

For more information, contact the NDBCIA Office, 1041 State Ave., Dickinson, ND 58601, or go to <http://www.CHAPS2000.com> on the Internet.

Tracking Cattle Expenses

Use these six areas to help you:

1. Genetics
2. Reproduction
3. Nutrition
4. Herd Health
5. Marketing
6. Waste Management