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BeefTalk: Countercultural Beef Production

The dilemma is that traditional producers face a countercultural role.

By Kris Ringwall, Beef Specialist

NDSU Extension Service

Perhaps it is time to be countercultural. Perhaps most would associate counterculture with lifestyles and the ever-changing human mood, which bring a raised eyebrow from the grandparents.

The countercultural mood, however, is slowly creeping into the beef business, which has morphed into a high-input, market-trend business. The dilemma is that traditional producers face a countercultural role.

The traditional thought process embedded in generations of beef producers would not acknowledge the countercultural role. Cow-calf

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production has been anchored by strong ties to the land, which change very slowly. Those who depend on the land approach life in the same way; “stability” would be a good word.

Unfortunately, right or wrong, many are disconnected from the land, and along with that disconnection comes a much more flexible approach to life. This flexibility has become quite evident in the cattle business, and perhaps that has been good; however, there is a big “but” in the process.

Improvements in flexibility come at a cost, which ultimately determines the ability of an operation to stay in business. How? Simply put, flexibility and variable costs go together. The calculated return on every cost input ultimately determines the adaptability of the input. Because the land is set, flexibility creeps in as fixed costs through facilities and equipment.

The accumulation of structures and equipment has been so prevalent that, in many cases, the cattle business has become structure-, pen- and equipment-based. This creates a huge dilemma for the cow-calf sector of the beef business. Do producers continue with the ever-present desire to expand cow numbers through expanding flexibility, or should they refocus and return to a more traditional land-based approach to the cow-calf operation?

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And to further complicate the question, our financial challenges are becoming heavier. How does a producer make a \$600 gross margin work with \$650 in projected expenses? Begin by controlling the feed cost, which is 70 percent or more of the total variable costs. In addition, adding value to the calf is doable. In simple terms, a thorough evaluation of costs and value is critical.

A common mistake during the budgeting process is often the inability to think outside the constraints of the operation. Too many times, those constraints are set in a producer's mind but are not real when applied to the operation. Thinking past the present is critical.

That being said, let's get back to my initial comment: "Perhaps it is time to be countercultural." The answer to whether that's the right choice is imbedded in calving season, cow size and efficiency, weaning time, grass turnout, labor requirements and many more intricate aspects of the whole cow-calf operation. These answers should lead to the assessment of the specific operational protocols on the ranch and unveil hidden opportunities. Within those opportunities may be alternative marketing options.

Fundamental to the answer of how to maximize pounds coming off the operation in respect to calf weight is knowing and controlling direct and overhead costs that have been incurred up to

weaning so you can make comparisons of marketing alternatives. What is the daily incremental cost of keeping the calf for additional days? Traditional thinking would imply backgrounding the calf, but most producers just want to run cows.

And then comes the long-term question: Do I have enough revenue to maintain and expand, which means an adequate return on investment of total assets? The real answer to the question of profit rests with the ability to complete a process that fundamentally provides a proper business evaluation.

Why is this important? The dynamics of the beef business change, yet the beef producer is trying to focus down the road. Increased direct and overhead costs, and retirement or family expansion create difficult questions. Costs are rising, production is stagnant and prices are falling. Countercultural thinking would challenge production opportunities as live weight at slaughter goes up.

The opportunity for the producer to capture a greater percentage of the increased pounds of beef at harvest is real and should start the discussion. But those concepts are countercultural to the current cattle business.

As cow-calf producers, do we actively seek an aggressive share of what we produced? Have we

thought through how changing the production system at home could open new opportunities to capture value? That means change. Can we change? Think about it.

May you find all your ear tags.

For more information, contact your local NDSU Extension Service agent (<https://www.ag.ndsu.edu/extension/directory>) or Ringwall at (701) 456-1103 or [✉kris.ringwall@ndsu.edu](mailto:kris.ringwall@ndsu.edu).

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Attachments



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