

news

NORTH DAKOTA STATE UNIVERSITY

SEARCH

NDSU Extension Service
ND Agricultural Experiment Station

NDSU Agriculture Communication

BeefTalk: Future of Beef Revisited – Midsize Challenges

Small and midsize beef operations can find opportunities to profit.

By Kris Ringwall, Beef Specialist

NDSU Extension

Where does the midsize producer fit today?

As we walk through the changes in beef production, if honest, producers will sigh and ask when enough is enough. The concern is very real, as lifestyle and labor interact, and beef production reaches a point where the interaction is negative, not positive.

Granted, the well-managed cow-calf operation can access dollars to keep the operation going. But more, so much more, is involved in the equation. Looking back, one point is for sure: One always can expect change, particularly if one is in the middle, because the middle seldom stays the middle.

The middle may be comfortable for some, but others have a distinct desire to move, to grow bigger. Our upbringing is to strive, to excel, to dominate and extend whatever it is that we do to further reaches. Thus, the concept of “more is better.”

So are commercial cattle operations getting larger? Recently, Jennifer Ramsay co-authored an article in the North Dakota Beef Report titled “Cow Herd Appraisal Performance Software (CHAPS): 15 Years of Beef Production Benchmarks.” The NDSU Dickinson Research Extension Center calculates yearly averages of herd data from producers. The CHAPS team then calculates five-year rolling average benchmarks.

The benchmark for total exposed cows per beef operation was 200 cows in 2006, 220 cows in 2011 and 265 cows in 2016. The midsize operation is increasing in size, as is evidenced by a drive through the country.

The increase in cow-calf pairs in calving pastures puts pressure on labor, calving lots and facilities as producers wait for pasture turnout. And the concept of increasing cow numbers generally means fewer neighbors.

In cattle country, the lack of neighbors translates to the lack of people or labor. Why? Land available for cattle is fairly stable. The only way to increase cows is to utilize a neighbor’s land, the neighbor who no longer has cattle. This concept has been with us since people have been engaged in business.

Images



Three Big Hurdles for the Future of Beef!

The mid-sized cattle operation has gotten larger as the number of producers has declined and the number of cows continues to follow the established cattle cycle with predictable ups and downs in cow numbers. Has increasing cow numbers in a herd helped? Not sure.

Remember the interaction of lifestyle and labor. In revisiting 2006, I looked at midsize cattle operations. According to an article, “Economics of Animal Agriculture Production, Processing and Marketing,” authored by Michael Boehlje and published by the Agricultural and Applied Economics Association in the online Choices publication (Volume 21, No. 3, <http://www.choicesmagazine.org>), small and middle-sized operations experienced, and still are experiencing, several very real impacts.

Back in 2006, today and on into the future, Boehlje states, “There is a compelling argument that consolidation and vertical coordination in the livestock industry are driven by fundamental economic forces. Government regulations or interventions to recreate a smaller scale, independent firm, diversified livestock industry are likely to be ineffective unless carefully crafted and quite restrictive.”

Yes, fundamental economic forces are at play. The shifting of herd size is a result. A balance between size and scale will need to be reached. Given herd size, the concept of “more is better” still appears to reign.

Let me repeat: The relationship between lifestyle and labor is not always positive. As was noted by Boehlje, three big hurdles for the future of beef are additional regulatory functions, changing consumer wants and varying marketing structures. Those hurdles remain for many beef producers. But smaller herds can, and will, tackle the challenge as well.

The trend of expanding goes back in time, but the industry still has many beef producers with small-scale operations. In fact, the vast majority of beef producers would not call themselves large beef producers.

Driving down the road, the number of empty barns and sheds is easy to count. A lower limit regarding herd size for commercial beef production truly exists. Perhaps someday cattle will recycle and redistribute resources, but for the time being, the future of the cattle business depends on a good understanding of economics. Resources, cattle inventory, costs and income need to be well-understood.

Some would say larger, expansive cow-calf operations probably are reaching the upper limits of physical management. So what is the albatross or difficulty in surviving with reduced scale?

Actually, most of those involved in small to mid-sized operations already feel the pinch, the pinch of increased costs and the inability to proportion those costs effectively across limited production units, that is, the cow and calf. But never underestimate a beef producer, business or lifestyle; opportunity can be found.

May you find all your ear tags.

For more information, contact your local NDSU Extension agent (<https://www.ag.ndsu.edu/extension/directory>) or Ringwall at the Dickinson Research Extension Center, 1041 State Ave., Dickinson, ND 58601; 701-456-1103; or kris.ringwall@ndsu.edu.

NDSU Agriculture Communication - May 31, 2018

Source: Kris Ringwall, 701-456-1103, kris.ringwall@ndsu.edu

Editor: Ellen Crawford, 701-231-5391, ellen.crawford@ndsu.edu

Attachments



PDF - Three Big Hurdles for the Future of Beef!
(NDSU_Extension_BeefTalk_053118.pdf - 19.66 Kb)



EPS - Three Big Hurdles for the Future of Beef!
(NDSU_Extension_BeefTalk_053118.eps - 276.48 Kb)