

## Track Enterprise Income to Develop Beef Production Plan

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As producers attend beef educational sessions a common topic is the calf. The value of the calf, as well as the opportunity to increase the value of the calf, is center stage at many of these meetings.

This preoccupation with calf value would lead an outsider to believe the sale of calves is the only revenue produced in the beef herd. Most of us within the business realize other sources of income do exist. In reality, the other sources of income may even be greater than the sale of steer calves.

It is important to dig out the notebooks, boxes or other containers that contain last year's income notes and do the research. Once on the trail, tracking income is often difficult. Actually, the allocation of expenses is easier than income, because expenses are generally allocated to the specific enterprise or, when in doubt, to overhead. The overhead is then appropriated back to the various enterprises based on the relative size of each enterprise.

If a producer manages 400 cows and farrows 20 sows, a relative allocation of expenses can be settled upon. Income must be exact. A producer would not credit the sale of pigs to the cow-calf enterprise. Unfortunately, account deposits may get lumped together, so individual sale receipts need to be reviewed to determine which dollar was received from which enterprise. And within the beef operation there are multiple enterprises, the most obvious being steer calves and heifer calves.

Last year the North Dakota State University Dickinson Research Extension Center sold 22 steer calves at an average value of \$425.19 for a total income of \$9,354.11 and 49 heifer calves at an average value of \$385.20 for a total of \$18,874.61. The total income for the cow calf enterprise was \$28,228.72.

The next enterprise for many producers is preconditioned or backgrounded calves. Although the center does precondition calves, no calves are sold. The bulk of the DREC calves are sold as finished steer calves, the DREC's second beef enterprise.

Last year the center sold 116 finished steers at harvest for an average value of \$878.15 for a total of \$101,864.96. No finished heifers were sold. The sale of finished steers is our largest enterprise. A third beef enterprise at the center is heifer development. In 2001, we developed most of the heifers produced, but sales of these heifers will be in January 2002. The enterprise did generate the sale of 31 open heifers as yearlings. These yearlings averaged \$706.91 for a total of \$21,914.32. For this year, profit from heifer development will show in inventory change, not cash sales.

The last enterprise is the sale of cull breeding animals. This enterprise should be kept separate and can be a major source of income. Last year the Dickinson Research Extension Center sold 24 heiferettes (younger than average cows) for an average of \$575.37 and a total of \$13,808.93. Seventy cull cows were sold at an average value of \$477.92 for a total of \$33,454.62. The last cull category is bulls, and the center sold 10 for an average price of \$831.73 for total cull bull sales of \$8,317.30. The total income for the cull enterprise was \$55,580.85.

The total for all sales at the Dickinson Research Extension Center for 2001 was \$207,588.84 on 322 head of cattle.

So who pays the bills? The bottom line is that all the enterprises do. In 2001, approximately 49 percent of the revenue was from fed cattle, 27 percent from cull sales, 14 percent from weaned calves and 10 percent from heifer development. Yes, cow-calf producers are in the cow-calf business, but understanding the source of income is the first step in developing a solid business plan.

Your comments are always welcome at [www.BeefTalk.com](http://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](http://www.CHAPS2000.com) on the Internet. In correspondence about this column, refer to BT0073.

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## Value of Cattle Sold in 2001

NDSU Dickinson Research Extension Center

Cattle Type	Number	Average Value	Total Value
Steer calves	22	\$ 425.19	\$ 9,354.11
Heifer calves	49	\$ 385.20	\$ 18,874.61
Finished steers	116	\$ 878.15	\$ 101,864.96
Finished heifers	0	0	0
Open heifers	31	\$ 706.91	\$ 21,914.32
Heiferettes	24	\$ 575.37	\$ 13,808.93
Cull cows	70	\$ 477.92	\$ 33,454.62
Cull bulls	10	\$ 831.73	\$ 8,317.30
<b>Total</b>	<b>322</b>	<b>NA</b>	<b>\$ 207,588.84</b>