Beef Talk: In Search of Income

Do not underestimate the impact of change or rush into change.

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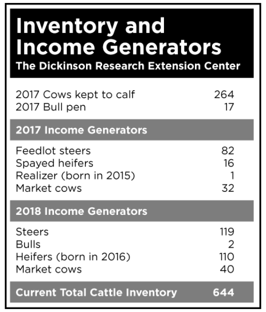
NDSU Extension Service

Images



Inventory and Income Generators
The Dickinson Research Extension Center

2017 Cows kept to calf	264
2017 Bull pen	17
2017 Income Generators	
Feedlot steers	82
Spayed heifers	16
Realizer (born in 2015)	1
Market cows	32
2018 Income Generators	
Steers	119
Bulls	2
Heifers (born in 2016)	110
Market cows	40
Current Total Cattle Inventory	**644**

Inventory and Income Generators - The Dickinson Research Extension Center

In 2012, the Dickinson Research Extension Center switched to May calving.

We continue to tread along that path. I say "tread" because change always has a knob or two that needs adjustment.

One of those knobs that need adjusting is selling the calves, or searching for income. The adjustment is timing and how different markets react to different weights of cattle. Either way, as a producer shifts the calving date, he or she finds himself or herself in new, unfamiliar territory in

columns

use of releases

regard to marketing.

Fundamentally, change involves a discussion with the banker because the most important part of any beef operation is income flow, and most operations are not self-funded. Changing the standard and historical income flow, particularly as borrowing obligations come due, sends up flags, perhaps even a warning siren. Many good and bad ideas can be put to the test when cash is flowing well, but when total income dollars slow, everything slows.

Even for those producers who do not keep any records, a low checkbook balance or an overdraft makes for a quick discussion with the banker, who might ask, "Just what are you doing?"

Twenty-five years ago, I took over the reins as the director of the NDSU Dickinson Research Extension Center. The thought of implementing new research ideas and sharing new educational opportunities was awesome. But the administrative obligations also were there. I found myself asking many times, "Did we pay the bill last year?" If the answer was yes, the bill got paid; if no, the bill was set aside for discussion.

Historical data have a tremendous influence on present decisions. Spending patterns and associated income that trigger the spending after a successful production year generally follow a rigid pattern. Change to the historical pattern implies risk; risk implies potential failure. Failure may mean the loss of the cattle operation.

Change has real consequences, which is no different than payday for the average person. Expenses and income always must reconcile on payday.

Back to the DREC and income. After several decades of cash flow dependence on the sale of fall calves, May calving and a shift to yearling production changed the income schedule. Fortunately, the center took several years to make the change, and for most producers, the same would be true.

Change is difficult, maybe impossible, to make all in one step. Since starting May calving, the cattle and sale inventory at the DREC has shifted from a fall-based sale of calves to a February-based sale of finished yearling steers and spayed heifers. To make the change and skip a year's income, the center had to tread slowly. That meant selling portions of cattle and moving slowly as fewer and fewer fall calves were sold and replaced with an inventory of yearling and fat cattle.

Currently, the center can retain ownership in all cattle until they reach market weight as finished cattle. What does the current inventory look like? The DREC cattle inventory was 644 head on Jan. 24, 2017, including 264 pregnant females and 17 bulls.

The 2016 calf crop is weaned: 119 steers, two bull claves and 110 heifers. The 2015 calf crop that is not bred in the cow herd includes 82 feedlot steers, 16 spayed heifers on feed and one realizer, a poor-performing calf generally with no identifiable explanations for the poor growth. The center has 32 market cows on feed and, as with many ranches, there always is an exception. At the center, it's one 2012 spayed heifer there for company.

If the center were a "traditional" cow-calf enterprise, the 119 weaned steer calves and heifers, minus the herd replacements, would be sold or ready to sell. But through time, the steer calves, as well as the heifers, have been held over to a yearling program. More heifers also are retained to make up for a lowered cow inventory. The cow inventory was lowered when prices were high to keep cash flowing as more yearlings were kept.

The income generators for the center are now finished steer and spayed heifer yearlings at around 22 months. Market cows and bulls are fed and marketed after the fall rush. Essentially, May calving has altered how the center fits into the beef marketing world. The rush that seemed to be present within the traditional paradigm of beef production has transitioned to what appears to be a slower-paced production system.

The intensity still is present. But because the calves are still in the pens eating hay, we have more time to contemplate, to plan and to adjust.

The take-home message for us is not to underestimate the impact of change or rush into change. Rather, do not deny change, but contemplate, through time, alternative management systems that help control cost and put some more money in the cash-flow stream.

Cash is good. Do not give up looking! Opportunities exist.

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 the Dickinson Research Extension Center, 1041 State Ave., Dickinson, ND 58601; 701-456-1103; or kris.ringwall@ndsu.edu.

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Attachments

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EPS - Inventory and Income Generators - The Dickinson Research Extension Center

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