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BeefTalk: A Dollar a Day and Counting

Producers need to think outside the box when looking for ways to reduce costs.

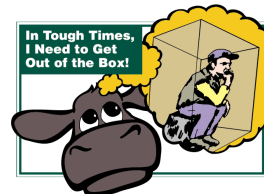
By Kris Ringwall, Beef Specialist

NDSU Extension Service

Cattle producers make hay because their cows need feed in winter.

Did you know about 76 percent of maintaining a cow is feed costs? That number is from the North Dakota Farm Management education program (<http://www.ndfarmmanagement.com>) database and FINBIN (<http://www.finbin.umn.edu/>) from the Center for Farm Financial Management, University of

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In Tough Times, I Need to Get Out of the Box!



In Tough Times, I Need to Get Out of the Box!

columns

[BeefTalk: BeefTalk: A Dollar a Day and Counting](#) (2017-08-03) Producers need to think outside the box when looking for ways to reduce costs. [FULL STORY](#)

[Prairie Fare: Prairie Fare: Gazpacho Refreshes on a Summer Day](#) (2017-08-03) Tomatoes, an ingredient in gazpacho, are rich in nutrients and low in calories. [FULL STORY](#)

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Minnesota.

Their 2016 data showed beef producers had a gross margin of \$633.61 and a total cost of feeding the cow of \$348.87, with total direct costs at \$458.68. Divide the \$348.87 by the total direct costs. The answer rounds to 76 percent.

This year's drought and subsequent hay shortage begs the question: What is the impact to the cow-calf enterprise if replacement feed cannot be purchased at normal levels? Most producers generally put the feed up themselves, using their equipment and time, so paying others to process and transport cow feed may add costs to the operation.

As we review the costs, feeding and maintaining a cow costs about \$1.25 a day. I used to say the long-term cow cost per day was \$1 because \$1 was easy to remember and a good approximation of what producers were spending.

Not anymore. Today, direct costs are up 20 percent, but all you are getting done for your investment is feeding the herd, making sure the cow and calf are in good health and fixing a fence post or two. A few cents are included for fuel, supplies, marketing and interest. Throw in overhead costs and the total is \$1.57 per day.

Let's focus on the direct costs. When feed is short, that's the time to walk through your herd and find the easy-keeping, \$1-a-day cow that produces a

marketable calf.

Let's stay focused on lowering direct expenses. Perhaps a good counter-cultural goal would be to shave expenses 20 percent and bring the cow-calf enterprise back to a \$1-per-day cow. A good question would be if any of those \$1 cows are still around. Walk through your cow herd, and perhaps of few of the neighbors' herds, and see if some of those easy-keeping cows can be spotted.

Keep in mind, the cow needs to produce a calf and you need to get that calf to the market gate. But again, let's keep a focus on lowering direct expenses for the cow, realizing subsequent feedlot performance and carcass characteristics can be attained through correct sire selection.

To start with, producer mindset needs to change. Producers need to open different pathways, different approaches and different outcomes, which may create a model to explore other opportunities. So much is not known in regard to tweaking cow costs, but when one's survival is in question, the incentive to seek change through cutting costs spikes.

In fact, the Dickinson Research Extension Center is hosting a roundtable discussion regarding the topic of cow costs. The hope is to invite those who have searched the data and look at some options. I will be the first to say that the industry struggles with cow-calf financial, economic and production

data.

Linking production to financial and economic outcomes is a difficult challenge. But this year points once again to the need to lower costs. And, when one has the lower number figured, go back to the table and cut some more. This counter-cultural mood is simply survival.

The beef business, which has morphed into a high-input, market-trend business, needs low-cost cow-calf producers who can weather the lows with the highs. Success with budgeting is the ability to think outside the constraints of the operation.

Too many times, constraints set in a producer's mind are not real when applied to the operation. Thinking past the present is critical. So let's get back to the question: "Is it time to be counter-cultural?" Are beef producers willing to adjust the mindset?

The answer 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. The answers will lead to the assessment of specific operational protocols on the ranch and unveil hidden opportunities.

But we need to open up the mind and seek change. Why don't we start by controlling feed cost, which is near 76 percent of the total direct costs? How about adding value to the calf? In

simple terms, a thorough evaluation of costs and value is critical.

What would happen if the cow-calf unit were stocked with cows that would eat 15 to 20 percent less feed and still produce a marketable calf? What would happen if the input costs of fighting Mother Nature were replaced with a white flag and calving season were in sync with warmer weather and grass growth? What would happen if pasture were set aside to allow the units' genetics to have more growth time on the ranch? What would happen if efficient cows replaced inefficient cows?

Times are tough, but we are tough, too.

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](mailto:kris.ringwall@ndsu.edu).

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source:	Kris Ringwall, 701-456-1103, ✉kris.ringwall@ndsu.edu
editor:	Ellen Crawford, 701-231-5391, ✉ellen.crawford@ndsu.edu

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