Improving Cow-Calf Profitability

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The past couple of years have been very hard for producers. Drought requiring the purchase of feedstuff, exceptionally high corn prices, and a wet spring impeding hay production are just few examples. Although forces such as drought are beyond the control of cattle producers, other aspects such as input costs and genetic selection can be managed. All cow-calf operations should be thought of as businesses; thus, the ultimate goal should be to produce the highest quality product while remaining profitable.

So how does one remain profitable? First, each cow-calf operation must set goals. Setting goals and working to achieve those goals ensure continued improvement within the beef herd. The following example describes a reasonable set of production goals:

• A 90 percent or higher calf crop, born within a 75-day calving period
• Each cow must produce a calf every 12 months
• Calves must achieve heavy weaning weights (over 500 lb)
• Adequate nutrition at reasonable cost
• Obtaining a good selling price

Besides setting goals, cow-calf producers should be aware of several interrelated factors that influence the profitability of a cow-calf operation:

• Financial records and budgets
• Overall herd health, nutrition, and forages
• Production costs
• Herd health
• Genetics, percent of cows weaning a calf, weaning weight of calves
• Marketing, prices received for calves

It is well documented that feed costs are the primary determinant of profitability and the biggest factor in the direct cost of creating a feeder calf for market. On average, cow-calf operations graze approximately seven to eight months of the year and feed hay or similar feeds the rest of the year. Hay is no longer a "cheap" feed. To maximize profitability, cow-calf enterprises must do what it takes to increase length of the grazing season and reduce the cost of feed in the months they cannot be grazed.

Cow-calf producers looking to improve future profitability must start managing production costs now. The first step towards improving efficiency and profitability is to have a complete understanding of production costs. Record your production information and calculate both performance factors and all costs of production. The next step is to closely scrutinize these factors and form a plan to deal with areas that need improvement.

In the beef cattle industry, production costs are constantly changing due to weather conditions affecting forage and feed production, fluctuating input prices, animal performance, domestic and export markets, technology and agricultural policies. As a consequence, the cow-calf producer must continually measure, analyze and manage production costs of the overall operation. Only with an exact knowledge and familiarity with your production costs is cost management possible. Δ

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