

Tips to Becoming More Efficient in Cow-Calf Business

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Becoming more efficient is a necessary step to weathering the current economic conditions of the cattle business. Since 2008, we are all fully aware of the decrease in cattle prices and simultaneous rise in input costs to historic levels. While none of us can control market prices and volatility, through our management practices we can control the impact of these external forces on our bottom line. Becoming more efficient in the cow-calf business can be approached through enhancing revenues or controlling costs, or both. This article presents a few items for consideration to become more efficient, and enhance margins.

Maximize Use of Grazed Forage

Forage quality and quantity has long been the strength and foundation of the Virginia cattle industry. Given the cost of making and storing hay, along with prices for purchased grains and other feedstuffs, maximizing pasture utilization by the cow herd is a necessity. Now is the time to make plans to stockpile fescue to reduce the need for winter hay (see detailed article by Dr. McCann in July 2009 Issue). Stockpiling for fall-winter grazing, pasture rotation, and proper soil/forage plant management are examples which have stood the test of time and proven to be effective and economically sound. Forage is our cheapest and most abundant resource, maximize the use of it.

Assess Winter Feed Supply

In most areas of the state, the spring and summer growing season has been superior to that experienced the last couple of years. Consequently, hay inventories are in good shape. The pertinent question is the quality of the hay that has been put up. Sample hay supplies now and use the results to design a winter feed plan. Knowledge of hay quality and quantity will allow for more accurate projections on the need for supplemental purchased feeds (if any). Grain prices have weakened in recent months and delivered prices of common commodities used to supplement cows (such as corn gluten feed) have dropped accordingly. If the last 18 months have taught us anything, it is that there will be volatility in the grain and feed markets. Having a plan in place will allow you to make wise buying decisions at an opportune time.

Add Value to the Calf Crop

Strategies to add value to the calf crop are well documented. Feeder cattle buyers are willing to pay premiums for calves that are weaned, properly vaccinated and managed, and offered in uniform load lots. This recipe is well established, and by following it there are dollars to be had to add to your bottom line. Additional factors which add value include good genetics and verification programs such as “age and source” and “natural.” The Virginia Quality Assured program is an example of a value-added program which garnered over \$45 per head in premiums for producers in 2008. While these programs do require additional input costs and labor, these

costs are more than offset by the additional value received for the calf. With the increased costs of gain and tight margins being experienced by feedyards, many expect the value differentiation among feeder cattle to continue to widen.

Evaluate Cow Herd

Open cows (regardless of age) will not generate revenue through calf sales in the coming year and consume forage that could be used to support other animals in the herd. A controlled breeding season and pregnancy checking the cow herd have always been an economically sound management practice. Given the carrying costs of cows, working with a veterinarian to identify open females will provide significant return on investment. All cows should be evaluated as to their productivity and profitability. Generally, cows with the poorest returns are those which produce less pounds of saleable calf and calve late in the calving season. With a good cow record keeping system, poor producing cows and problem cows can be identified and culled when warranted.

Get the Most for Your Cull Cows

Cull cows also represent a significant portion of the net return in a cow-calf operation. Two primary things influence the value of cull cows - grade and time/season of marketing. In Virginia, market prices (2005-2008) were over \$7 cwt. higher for cows that graded as "Breakers" compared to those graded as "Lean." This difference is primarily body condition, with Breaker cows being fleshier and Lean cows being somewhat thin. Regarding season, cull cow prices are typically lowest during the winter (December-January) and highest May-July (~\$7 cwt. spread). Given these price differences, with proper management and timely management over \$100 in cull cow value can be attained. Make cull cow marketing a planned event.

Establish Simple Recordkeeping System

The ability to manage costs is dependent on the ability to quantify expenses and make decisions accordingly. Similarly, identifying opportunities to add value and improve management and genetics is dependent on records to form a reference. Very simple and basic records can be useful as a start. The basic information needed to complete Schedule F of tax returns provides very useful information from which to begin. Basic production records include cow inventories, pregnancy and calving percentages, and sale weights of calves. Individual identification of cows is highly encouraged and allows for more accurate management and culling decisions. Now is the time to initiate a process which works in your operation to collect and record this very basic information.

These items focus on short-term items that can be addressed now or in the coming months. There are several others which require a more long-term approach and will be the focus of future articles.