

Now is the time to Evaluate and Modify Management Practices

According to Cattle-fax, we are coming into the downside of the cattle market for the upcoming years. Cattle prices are predicted to decline. Although exports are expected to climb, corn prices and fuel cost are also expected to climb. All of these factors mean narrowing margins. Producers surviving on the best years of the market are going to start to feel the pinch. The best approach is to plan now and change operating practices to prepare for the future. In order to prepare for the future we need to know where we have been and where we are going

Producers need to do more than just feed the cows and mend the fences. We need to set goals, analyze data, actively make decisions about marketing, breeding ect. We need to make rough estimates as to how all of these factors will affect our bottom-dollar, in essence we need to practice ranch management. Ranch management is essential to a sustainable operation that will survive all phases of the cattle cycle. Ranch management begins with determining the destination. Evaluate core values and beliefs of the operation and people involved. Set measurable and specific goals on a yearly and monthly basis. Implement a plan to achieve these goals. Most producers spend 80% of their time on every-day tasks and only 20% of their time making key decisions that have the greatest impact on profitability and production.

An important mission statement for 2007 and upcoming years may look like the following: Produce high quality end products by achieving *optimum production* for *maximum profitability*. A goal for this statement may be to achieve a calf break-even price of \$0.73 per pound over the next 3 years. Implement the plan by reducing overhead (example: fuel and feed costs) and adjust for decreasing calf prices.

Now that you know where you are going, do you know where you have been? The new year means many of us are working on financial statements and taxes for 2006. Are you also working on “benchmark” information to evaluate your production system and your bottom line? Do you know what the dollar figure for you annual cow cost, your calf breakeven price or your return on assets? Do you know the percentage of weaned calves, your death loss, or your pregnancy rate? If you do not, now is the time to implement a few management practices for 2007 that will answer these questions and provide valuable tools to analyze your management practices. The following lists are useful beginning points. This list is not intended to be a complete list of all records necessary to manage a ranch but a good start. This list is adapted from NCBA’S Standard Performance Analysis (SPA).

Financial Records

List of Expenses (Cash and Non-cash)

- Purchased Feed, Supplement and mineral
- Lease/Rental
- Labor, Management, family living
- Veterinarian/Medicine
- Interest
- Other (fuel, supplies, taxes, insurance, repairs, ect)

Value of Current Assets

- Feed Inventory and value
- Machinery and Equipment
- Real Estate, Buildings, and Improvements
- Cows/heifers/bulls (cost basis and market value)

Income

- Cull cows/bulls
- Calves (Heifers and Steers)
- Other

Production Records

Cows

- Number of cows exposed to bull
- Pairs or pregnant females sold/transferred out of herd before weaning
- Pairs or pregnant females purchased/transferred into herd before weaning
- Number of open cows
- Number of cows with calves at side at weaning
- Mature weight of cows (individual and/or group)

Calves

- Measured or Estimated Birth Weights for Steer and Heifers
- Measured Average Weaning Weights for Steers and Heifers
- Number of Calves Weaned

Bulls

- Beginning Inventory and Ending Inventory
- Number of cows/heifers exposed per bull

Calculated Records

$\% \text{ Calf Crop} = \# \text{ calves weaned} / \# \text{ cows in Breeding herd (previous year)} \times 100$

$\text{Breakeven Price} = \frac{\text{annual cow cost-value of cull cows and bulls sold}}{\text{Ave Weaning weight} \times \% \text{ Calf crop}}$

Pounds Weaned per Exposed female

Calf Weaning Weight as a Percentage of Cow Weight (individual and/or group)

Annual Cow Cost

Return on Assets