



**Table 1: Feed costs**

	Top 35% profit	Average profit of all farms	Bottom 20%	\$ difference	% difference
<b>Total feed costs</b>	<b>\$389.80</b>	<b>\$508.01</b>	<b>\$528.08</b>	<b>-\$138.28</b>	<b>35%</b>
Pasture costs	\$181.71	\$232.31	\$236.38	-\$54.67	30%
Protein and minerals	\$30.35	\$29.41	\$2.00	+\$28.35	93%
Hay alfalfa and grass	\$113.31	\$165.33	\$151.69	-\$38.38	34%
Other feeds	\$64.43	\$80.96	\$138.01	-\$73.58	114%

**Table 2: Direct costs other than feed**

	Top 35% profit	Average profit of all farms	Bottom 20%	\$ difference	% difference
<b>Veterinary expenses</b>	<b>\$18.87</b>	<b>\$31.02</b>	<b>\$38.58</b>	<b>-\$19.71</b>	<b>104%</b>
Breeding fees	\$8.19	\$9.17	\$9.91	-\$1.72	21%
Repairs	\$46.69	\$57.04	\$119.13	+\$72.44	155%
<b>Total direct cost</b>	<b>\$528.63</b>	<b>\$672.09</b>	<b>\$829.36</b>	<b>-\$300.73</b>	<b>57%</b>
<b>Return over direct expenses</b>	<b>\$220.45</b>	<b>\$162.32</b>	<b>-\$133.15</b>	<b>-\$353.60</b>	<b>160%</b>

**Table 3: Overhead expenses to the beef operations**

	Top 35% profit	Average profit of all farms	Bottom 20%	\$ difference	% difference
<b>Hired labor</b>	<b>\$2.45</b>	<b>\$14.67</b>	<b>\$26.40</b>	<b>-\$23.95</b>	<b>977%</b>
Property taxes	\$10.24	\$14.89	\$38.62	-\$28.38	277%
Farm insurance	\$8.77	\$15.26	\$28.25	-\$19.48	222%
Interest	\$11.88	\$20.49	\$55.67	-\$43.79	368%
Depreciation	\$40.49	\$60.00	\$115.60	-\$75.11	186%
<b>Total overhead expenses</b>	<b>\$109.14</b>	<b>\$151.94</b>	<b>\$297.87</b>	<b>-\$188.73</b>	<b>173%</b>
<b>Total direct and overhead expenses</b>	<b>\$637.11</b>	<b>\$824.03</b>	<b>\$1,127.22</b>	<b>-\$490.11</b>	<b>77%</b>

**Table 4: Cost of production per cwt. of calf produced and production parameters**

	Top 35% profit	Average profit of all farms	Bottom 20%	\$ difference	% difference
<b>Total direct expenses per unit</b>	<b>\$79.18/cwt.</b>	<b>\$114.89/cwt.</b>	<b>\$125.36/cwt.</b>	<b>\$46.18/cwt.</b>	<b>58%</b>
<b>Total direct and overhead expenses</b>	<b>\$95.53/cwt.</b>	<b>\$140.87/cwt.</b>	<b>\$170.38/cwt.</b>	<b>\$74.85/cwt.</b>	<b>78%</b>
<b>With labor and management</b>	<b>\$175.73</b>	<b>\$183.05</b>	<b>\$222.15</b>	<b>\$46.42/cwt.</b>	<b>26%</b>
Labor hours per unit	3.92 hours	4.73 hours	7.23 hours	-\$3.31	7.23%
Average weight of beef calves sold	628 lb.	624 lb.	598 lb.	-30 lb.	4.78%
Culling %	12.8%	15.4%	32.3%	-19.5%	152%
Pounds weaned per exposed female	471 lb.	473 lb.	510 lb.	39 lb.	8.28%
Average price per cwt.	\$204.43/cwt.	\$214.86/cwt.	\$202.35/cwt.	-\$1.98/cwt.	1%
Cull sales	\$188.87	\$231.32	\$520.86	+\$331.99	176%
Gross margin	\$749.08	\$834.41	\$696.21	-\$52.87	7.06%
Replacement costs	\$72.64	\$130.33	\$191.78	-\$119.14	164%

# Cost Control

**Benchmarking your herd to improve profitability.**

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**B**enchmarking your herd can be an important tool to look at cost and revenues compared to those of other beef producers. Producers can look at where their expenses are high compared to other similar cow-calf producers. Benchmarking can provide better feedback the more similar the operation.

Once the high cost category or reduced revenues are identified, form a strategy to overcome the challenge. Questions to consider are::

- 1) Can I change price?
- 2) Can I change quantity, i.e., pounds?
- 3) If I change quantity, will it increase costs?

Remember the simple equation for profit equals total revenue minus total costs. When producers look at costs, feed costs are the largest costs they deal with. Table 1 has Nebraska and South Dakota feed costs per cow in 2015 for 34 farms.

Other significant cost for beef cow-calf operations are repairs, veterinary expenses, breeding fees and total direct expenses. Table 2 shows some of these direct expenses.

Overhead expenses can also have an effect on profitability. These would include building and machinery depreciation, hired labor, property taxes, farm insurance, interest and miscellaneous items (Table 3).

Table 4 contains the cost of production per hundredweight (cwt.) of calf produced, as well as some of the production parameters for the different profitability groups.

Cost control is the key to profitability of a cow-calf operation. In some cases, a producer may want to spend more; an example would be protein and minerals. The low profit producers spent the least amount in this area. The cow's nutrient requirements must be met in order for adequate reproductive performance. The low profitability group had a higher culling rate. Notice the high profitability producers spent less on most costs and received a higher price per cwt. than the low profitability producers. These data were generated from the FINBIN farm financial database at the University of Minnesota and can be found at [fnbin.umn.edu/](http://fnbin.umn.edu/). **HW**