



10 Dimes to Make a Dollar

Nuggets of management advice that may generate a better ROI for your operation.

by Kindra Gordon

“It takes 10 dimes to make a dollar.” Years ago, I recall a savvy cattle producer sharing that advice with an audience of his peers. His point was taking care of small management details each adds up to contribute to the bottom line.

I was reminded of this advice recently during a series of industry speakers featured virtually as part of the Cattle U event hosted by *High Plains Journal*. A variety of management “dimes” were shared — offering opportunities for producers to make change and enhance their profit margins. Here is a round-up of that advice to consider applying to your own operation:

-1 How do you add value to the cattle you produce?

That was the question Brian Bertelsen, vice president of field operations for U.S. Premium Beef addressed, noting “value” means having the right product at the right time at the right location.

Bertelsen points out reducing risk of cattle through health/vaccination programs, genetic

investment and nutrition programs are key for adding value in today's marketplace.

As an extra tip, he suggests those who hot brand place it up near the tailhead to protect hide value.

 -2 You need to verify it
If you are putting extra management efforts into your cattle, Bertelson stresses, “Verifying something can set you apart from other sellers.” He suggests developing a “feeder calf resume” for your calves, and notes many verifications for brand programs, specific retailers, niche markets and even exports have similar requirements, which can create multiple buyers for your cattle.

As well, Bertelsen states, “If you want to develop a reputation [for your cattle], you have to keep your name associated with the cattle,” — which means traceability in some form. That may be brands, traditional or electronic ear tags, or third-party verification programs.

Additionally, Bertelsen emphasizes value-added marketing “boils down to communication.”

He explains, “If they [buyers] don't know when and where you are selling them, they might miss them...Also, they need to plan feeder cattle pen space, so advance warning is beneficial. Communicate in advance when you will be selling your calves.”

-3 Follow cattle through to the rail

Do you know how your calves perform once they leave your ranch? Feedlot performance as well as final yield and quality data offer key information to evaluate what genetic or management changes might be made to enhance the final beef product. Bertelsen suggests grid marketing, retained ownership, or simply building a relationship with your cattle buyer and feeder may help return some of that information to you.

Similarly, Ty Lawrence with West Texas A&M University, emphasizes minimizing carcass discounts can be more important to profitability than aiming for premiums. For example, animals over 30 months of age see an average discount of \$17/cwt.; carcass weight variations below 600 pounds and over 900

pounds can also create discounts. Carcasses grading Select (or lower) due to minimal marbling can see as much as a \$16/cwt. discount. And overly fat carcasses, reaching Yield Grade 4 and Yield Grade 5 may be discounted \$12/cwt. and nearly \$18/cwt., respectively.



-4 Strive for moderation with cow size

Dustin Aherin, a RaboResearch animal protein analyst, acknowledges it is difficult to find consensus in the industry with regard to the "right" cow size. But from a review of industry data across the past two decades, Aherin reports the data suggests the most economically efficient cows are within the 1,200- to 1,400-pound range with a peak lactation near 25 lbs./day. Noting the maxim "everything in moderation," seems to make sense, he concludes.



-5 Dig into forage analysis

It is often said you cannot manage what you do not measure. This is especially true with analyzing forages for nutrient quality, emphasizes Rebecca Kern with Ward Laboratories. She advocates not only doing analysis on hay, but also pastures and cover crops. Most importantly, Kern encourages producers to take time to understand the analysis they get back from the lab. This can be done by calling the lab and having them go over the results with you, or seeking out a nutritionist or Extension specialist to walk through the analysis with you. By understanding the information provided, Kern says producers will be better able to make decisions that have a positive effect on their bottomline.



-6 Do not skimp on cow nutrition

Nutrition is an investment that does pay off, says Jack Oattes, a beef cattle specialist with Biozyme®. Why? Because without

proper nutrition the impact may be reduced calf health and immunity, lowered rebreeding rate and decreased milk production. Interestingly, did you realize a market steer spends 30-38% of his lifetime getting his nutrition from his mother's placenta? Thus, Oattes emphasizes proper nutritional management of the cow all year long is key for her maintenance and the development of a marketable calf year-after-year.



-7 Consider sexed semen

While this technology may have seemed out of reach a few years ago, Kansas State University's Sandy Johnson reports it is becoming more practical for beef operations to utilize today. She says, "There's a great opportunity in the commercial cattle industry to mate a number of cows to a maternal sire to create F1 females. Or, mate them to a terminal sire to create as many male calves to have steers for marketing."

Additionally, Johnson says sexed semen offers appeal to utilize among yearling heifers to breed them to have heifer calves for calving ease. And, sexed semen makes sense for embryo transfer and invitro fertilization matings when a specific sex of progeny is being targeted.



-8 Think of your ranch in parts

Colorado State University Beef Extension Specialist Logan Hoffman encourages producers to take a different view of their ranch. Specifically, he suggests classifying the ranch in one of three categories. These are Support Centers, which represent fixed costs; Cost Centers, which are expenses; and Profit Centers.

Examples of items that would go into each center include labor, equipment, interest and administrative costs in the support center. Feed, hay, grazing and veterinary expenses would go into the cost center, and income

from the cow-calf enterprise would be part of the profit center. If a ranch has other income generating enterprises such as a hunting lodge, or cash crops those should also be looked at separately with their related fixed costs, expenses and income.

"Breaking a farm or ranch business into parts allows you to drill down and find strengths and weaknesses," Hoffman explains.



-9 Know your UCOP — unit cost of production

Hoffman says, "This is the most important number to calculate on a ranch." As examples, he suggests evaluating your weaned calf enterprise cost per calf weaned; replacement heifer development cost per heifer; hay cost per ton harvested and so on. While often the focus of keeping records is for tax purposes or lenders, Hoffman advises producers, "The goal should instead be collecting data and utilizing it to make good ranch decisions."



-10 Connect with consumers

The bottom line in the food business is if consumers lose interest — or trust — in your product, your market becomes smaller and smaller. Danette Amstein with Midan Marketing, who grew up on a Kansas cattle operation, encourages producers to remember that the beef industry is striving to feed consumers around the world. And she says the good news is that they want to hear from producers. Amstein suggests that sharing the story of beef through social media posts, photos, videos and other avenues is increasingly important to retain consumers' trust and loyalty to beef for the future. HW

Editor's Note: For more about the 2020 Cattle U and to view the recorded speaker presentations, visit CattleU.net/.