

TIMELY INFORMATION

Agriculture & Natural Resources

DAERS 12-1

January 2012

How Not To Go Broke In The Cow-Calf Business: Lower Your Unit Cost of Production (UCOP)

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Est. UCOP = (Total Production Costs – Cull Animal Revenue) / Total Pounds of Calf Production = \$/Lb.

1. Decrease total production costs –
 - A) Implement a sound fertilizer and lime program to achieve an economical quantity of forage production – Use legumes to provide nitrogen and store P & K in the ground during profitable years
 - B) Shop around for fertilizer bargains (price by element used, broiler litter, bio-solids)
 - C) Increase the number of days of grazing (limit, mob, strip, rotational, etc.)
 - D) Reduce hay costs – (days fed, cost of hay, hay waste, hay fed, and/or number of animal fed)
 - E) Reduce supplemental feed costs – (days fed, cost of supplement, supplement waste, supplement fed, and/or number of animals fed)
 - F) Reduce labor expenditures – partner with your neighbors
 - G) Reduce fuel costs – quantity used and price paid
 - H) Minimize capital purchases (depreciation, interest, & debt)
 - I) ???

2. Increase cull animal revenue –
 - A) Identify preferred market windows to market cull animals (Winter & Spring)
 - B) Add value to cull animals – quality grade, weight gain, breed them, dehorn, etc.
 - C) Cull all open cows, cows with defects, cows producing less than xx percent of their body weight
 - D) Sell animals with breeding value that don't fit your production program
 - E) ???

3. Increase pounds of calf production – (weaning percent and weaning weight)
 - A) Implement a breeding season
 - B) Shorten your breeding season
 - C) Select cow and bull genetics to increase calf muscle and/or frame scores
 - D) Determine pregnancy, calving, and weaning rates – correct any problems
 - E) Implement a sound herd health program
 - F) Wean feeder calves between 7-9 months of age
 - G) Perform calf management practices (implant, deworm, fly control, etc.)
 - H) Pre-condition feeder calves when profitable
 - I) ???

Table 1. Breakeven feeder calf prices for various weaning weights, weaning percentages, and production costs.*

Weaning Weight	Weaning Percent	Calf Prod. /Brd. Cow	Production Costs Per Brood Cow*							2012 Projected Average Price
			\$400	\$500	\$600	\$700	\$800	\$900	\$1,000	
Lbs.	%	Lbs./Cow	Breakeven Feeder Calf Price, \$/Lb.							\$/Lb.
450	75%	338	\$1.19	\$1.48	\$1.78	\$2.07	\$2.37	\$2.67	\$2.96	\$1.55
500	75%	375	\$1.07	\$1.33	\$1.60	\$1.87	\$2.13	\$2.40	\$2.67	\$1.46
550	75%	413	\$0.97	\$1.21	\$1.45	\$1.70	\$1.94	\$2.18	\$2.42	\$1.40
600	75%	450	\$0.89	\$1.11	\$1.33	\$1.56	\$1.78	\$2.00	\$2.22	\$1.35
450	80%	360	\$1.11	\$1.39	\$1.67	\$1.94	\$2.22	\$2.50	\$2.78	\$1.55
500	80%	400	\$1.00	\$1.25	\$1.50	\$1.75	\$2.00	\$2.25	\$2.50	\$1.46
550	80%	440	\$0.91	\$1.14	\$1.36	\$1.59	\$1.82	\$2.05	\$2.27	\$1.40
600	80%	480	\$0.83	\$1.04	\$1.25	\$1.46	\$1.67	\$1.88	\$2.08	\$1.35
450	85%	383	\$1.05	\$1.31	\$1.57	\$1.83	\$2.09	\$2.35	\$2.61	\$1.55
500	85%	425	\$0.94	\$1.18	\$1.41	\$1.65	\$1.88	\$2.12	\$2.35	\$1.46
550	85%	468	\$0.86	\$1.07	\$1.28	\$1.50	\$1.71	\$1.93	\$2.14	\$1.40
600	85%	510	\$0.78	\$0.98	\$1.18	\$1.37	\$1.57	\$1.76	\$1.96	\$1.35
450	90%	405	\$0.99	\$1.23	\$1.48	\$1.73	\$1.98	\$2.22	\$2.47	\$1.55
500	90%	450	\$0.89	\$1.11	\$1.33	\$1.56	\$1.78	\$2.00	\$2.22	\$1.46
550	90%	495	\$0.81	\$1.01	\$1.21	\$1.41	\$1.62	\$1.82	\$2.02	\$1.40
600	90%	540	\$0.74	\$0.93	\$1.11	\$1.30	\$1.48	\$1.67	\$1.85	\$1.35

*Production costs per brood cow is total cow-calf production costs less cull animal revenue divided by the total number of brood cows. Identify your weaning weight, weaning percent, and production cost per brood cow to determine your breakeven feeder calf price. Compare your breakeven feeder calf price with the 2012 projected average price. The cells hi-lited in "green" indicate the break-even price is less than the 2012 projected feeder calf price.

Table 2. Estimated profit per cow for various weaning weights, weaning percentages, and production costs.*

Weaning Weight	Weaning Percent	Calf Prod. /Brd. Cow	Production Costs Per Brood Cow*							2012 Projected Average Price
			\$400	\$500	\$600	\$700	\$800	\$900	\$1,000	
Lbs.	%	Lbs./Cow	Estimated Profit Per Cow, \$/Hd.							\$/Lb.
450	75%	338	\$123	\$23	(\$77)	(\$177)	(\$277)	(\$377)	(\$477)	\$1.55
500	75%	375	\$148	\$48	(\$53)	(\$153)	(\$253)	(\$353)	(\$453)	\$1.46
550	75%	413	\$178	\$78	(\$23)	(\$123)	(\$223)	(\$323)	(\$423)	\$1.40
600	75%	450	\$208	\$108	\$8	(\$93)	(\$193)	(\$293)	(\$393)	\$1.35
450	80%	360	\$158	\$58	(\$42)	(\$142)	(\$242)	(\$342)	(\$442)	\$1.55
500	80%	400	\$184	\$84	(\$16)	(\$116)	(\$216)	(\$316)	(\$416)	\$1.46
550	80%	440	\$216	\$116	\$16	(\$84)	(\$184)	(\$284)	(\$384)	\$1.40
600	80%	480	\$248	\$148	\$48	(\$52)	(\$152)	(\$252)	(\$352)	\$1.35
450	85%	383	\$193	\$93	(\$7)	(\$107)	(\$207)	(\$307)	(\$407)	\$1.55
500	85%	425	\$221	\$121	\$21	(\$79)	(\$180)	(\$280)	(\$380)	\$1.46
550	85%	468	\$255	\$155	\$55	(\$45)	(\$146)	(\$246)	(\$346)	\$1.40
600	85%	510	\$289	\$189	\$89	(\$11)	(\$112)	(\$212)	(\$312)	\$1.35
450	90%	405	\$228	\$128	\$28	(\$72)	(\$172)	(\$272)	(\$372)	\$1.55
500	90%	450	\$257	\$157	\$57	(\$43)	(\$143)	(\$243)	(\$343)	\$1.46
550	90%	495	\$293	\$193	\$93	(\$7)	(\$107)	(\$207)	(\$307)	\$1.40
600	90%	540	\$329	\$229	\$129	\$29	(\$71)	(\$171)	(\$271)	\$1.35

*Production costs per brood cow is total cow-calf production costs less cull animal revenue divided by the total number of brood cows. The cells hi-lited in green are profitable levels of beef production.