

Florida Cattlemen's Institute & Allied Trade Show

January 23rd, 2025

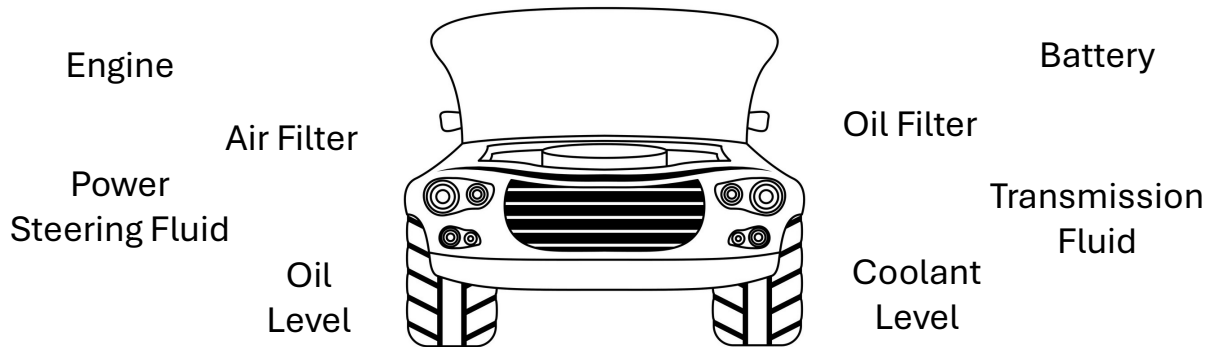
Managing Input Costs: The Importance of Record Keeping

Hannah Baker

State Specialized Agent – Beef & Forage Economics
UF/IFAS Range Cattle Research and Education Center

1

“What’s Under the Hood?”



If I notice something is wrong with my vehicle, I can first check what is under the hood to find the problem.

If I can't identify the problem myself, I can then call an expert or outside resources to find the problem:

**Mechanic
Dealership
Friend
Dad (personal preference 😊)**

2

“What’s Under the Hood of Your Operation?”

Efficient Cows

Nutrition Program

Marketing Strategies



Marketable
Calves

Forage
Quality/Quantity

Health Program

If you notice something is “wrong” on your operation, are you able to “check under the hood”?

If you can’t identify the problem yourself, you can then call an expert or outside resources to find the problem:

Veterinarian
Extension Agent/Specialist
Friend/Neighbor
Industry Professional
(sales reps, nutritionist, etc.)

3

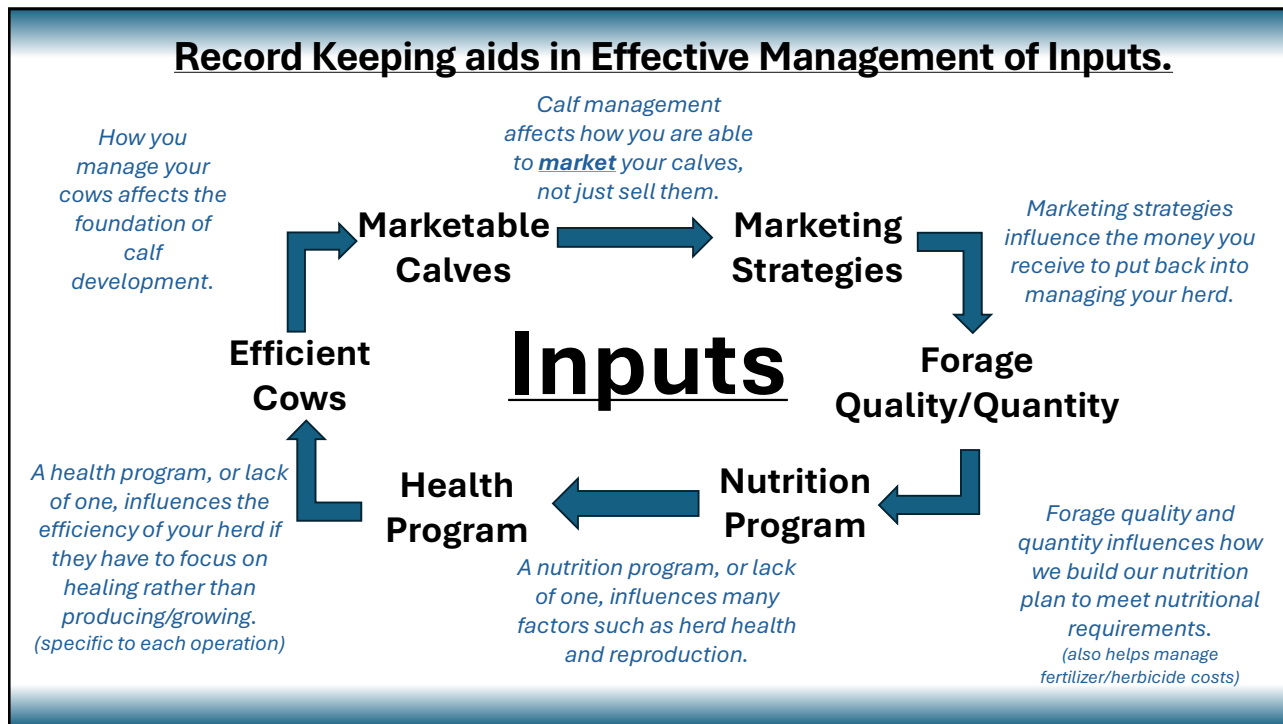
Significance of Record Keeping:

You’re always ***‘in the know’*** about:
what is going on, why it is going on, & when it is going on
in your herd.



You’re always ***‘in the know’*** about:
what you’re spending, why you’re spending,
& when you’re spending
on your herd.

4



5

What do all these inputs have in common?

If we have to spend the money regardless, let's know why we are spending it.

\$

Forage Quality/Quantity

\$

Nutrition Program

\$

Health Program

\$

Efficient Cows

\$

Marketable Calves

\$

Marketing Strategies

If we know why we are spending it by keeping accurate records, we can then know if and how we can improve our operations & potentially our profitability.

6

What can we record at the chute?

- Body Condition
 - WHY? – body condition is going to affect reproduction & calf development
 - can help you know if you need to adjust nutrition plan
- Preg Checks
 - WHY? – **open cows cost more than they make: cull her**
 - who is getting bred early in the season?
 - **what do they need nutritionally based on their gestational/lactation phase?**
- Weights of bulls, cows, and calves
 - WHY? – most **vaccines/medications** and fly controls - weight basis
 - bull and cow nutrition/DMI - weight basis
 - **weaning weights** – Which calves are the heaviest? Who was that calf's sire/dam?
 - When were they born in the calving season?
 - What was their ADG?
- Overall Health & Temperament
 - WHY? – riding/checking pastures with a pocket notebook is great! But having cattle in the chute is a great opportunity to take a closer look

7

Other General (but important) Things to Record

- Forages
 - Soil test & forage/hay samples
 - Weed management
- Nutrition
 - Mineral and supplement intake
 - Water sampling
- Health
 - Vet relationship & vaccination protocol for YOUR operation
 - Pest management (flies, lice, ticks, etc.)
- Marketing
 - Did this year's calf crop bring more than last year's? Why?
 - **Market conditions? Time of year? Change in calf management program?**
 - Cull cows: "secret weapon" (especially in today's market)
 - Can I afford to improve the BCS of my cull cows to sell as replacements or improve sale price?

8

Cow Nutrition

Main Points:

- 1) Give your cows what they need so they can give you what you need: a healthy, marketable calf!
 - 2) Invest in the BCS of your cows ***but do it efficiently!***
- Knowing the nutritional requirements of your cows **during each stage & season** allows you to be able to adjust when needed.
 - Knowing **what your cows need & when** influences how much money you spend on their nutrition plan.

9

Does it really make that big of a difference?

Beef cow (1200 lbs) supplemented for 180 days

Groups	Requirements	Supplied by Forage (Bahagrass)	Met?	Needs	Supplement Cost	Cost per head
Dry	1.5 lbs of CP 24 lbs of DMI	6.8% CP * 24 lbs of DMI = 1.6 lbs CP	YES	0 lbs	\$350/ton (\$0.18/lb)	\$0
Lactating	2.2 lbs of CP 29 lbs of DMI	6.8% CP * 29 lbs of DMI = 1.9 lbs CP	NO	0.3 lbs of CP: 1 lb of 32% CP/day	\$350/ton (\$0.18/lb)	\$32.40

Basic Nutrient Requirements of Beef Cows - <https://edis.ifas.ufl.edu/publication/AN190>

10

Does it really make that big of a difference?

25 head of beef cows (1200 lbs) supplemented for 180 days
Only 12 have a calf on the ground (lactating)

Groups	Cost per Head	Head	Total Cost	SAVINGS
All 25	\$32.40/hd	25	\$810	\$420 total or \$16.80/hd
Sorted	\$32.40/hd	12	\$390	

11

Cow Nutrition

- “What if I do have a **breeding season** and all my cows do need that rate of supplementation? I am not saving anything.”
- You are right...but now we have a completely different scenario.
- Your lactating cows **need** that supplement. A dry cow does not (*in this scenario*). So, your supplemental costs are now a **necessary investment**, not an **unnecessary expense**. **That is your “why”**.

12

Cow Breeding Season

A breeding season can help in *maintaining organized records*.

❖ Benefits:

- ✓ specific things are done at a specific time of year
 - allows for year-to-year comparisons
- ✓ can sort cows based on nutritional requirements
- ✓ can help in monitoring and maintaining cow BCS
- ✓ helps in monitoring cow productivity – who is getting bred back & when?
- ✓ can focus on calving during the season instead of checking year-round
- ✓ calves can be worked all together instead of several times a year
- ✓ more accurate administration of vaccines because calves are similar ages & weights

13

Cow Efficiency

Every Producer's Goal for Each Cow: One Calf Every 365 Days
If not...she is costing you more than she is making you

It would take **3 years** to fully recover from her just missing one year.

Year	Expenses Description	Expenses	Revenue	Return to Expenses (Profit)
1	annual expenses	\$(915)	\$1,500	\$585
2	annual expenses	\$(915)	\$1,500	\$585
3	annual expenses	\$(915)	\$0	\$(915)
4	annual expenses + previous year's expenses	\$(1,830)	\$1,500	\$(330)
5	annual expenses + previous year's expenses	\$(1,245)	\$1,500	\$255
6	annual expenses	\$(915)	\$1,500	\$585
7	annual expenses	\$(915)	\$1,300	\$585

14

Cow Efficiency

“Okay, well if I sell her, I need to replace her...and that is expensive, especially in today’s market.”

It may still take **3-4 years** to fully recover even if you sell & replace her, but you have cash flow in year 3, a younger cow that will hopefully be a valuable investment, and it positively affects long-term income.

Year	Expenses Description	Expenses	Revenue	Return to Expenses (Profit)
1	annual expenses	\$(915)	\$1,500	\$585
2	annual expenses	\$(915)	\$1,500	\$585
3	annual expenses	\$(915)	\$1,200	\$285
4	annual expenses + purchase of a bred cow/heifer*	\$(2,000)	\$1,500	\$(500)
5	annual expenses + previous year's expenses	\$(1,415)	\$1,500	\$(115)
6	annual expenses + previous year's expenses	\$(1,030)	\$1,500	\$470
7	annual expenses	\$(915)	\$1,500	\$585

*price of young bred cow/heifer in July 2024: \$1,800 https://mymarketnews.ams.usda.gov/filerepo/sites/default/files/1704/2024-07-21/851844/ams_1704_00258.pdf

15

Cow Efficiency

Decision	7-Year Return to Expenses	Difference
Keep the Open Cow	\$1,350	\$545
Sell & Replace the Open Cow	\$1,895	

16

Why is recording cow efficiency important?

“Is she having a calf every year?”



NO



Cull Her



YES



“How efficient is her milk production for raising **calves**?”



“What is the Average Daily Gain of her **calves**:
Weaning Wt. – Birth Wt./Days Old as Weaning = ADG



“Which cows produce **calves** with the heaviest weaning weights?”

(genetics & management practices also affect ADG, but this can be one indicator and an easy thing to track)

❖ Recording cow information is important because it can help us select for the most productive & efficient cows to produce the best calves.

17

Calf Management: Vaccination Protocols

- Why should we vaccinate our calves?
 - Like taking kids to daycare:
 - your calves are immune to your environment, not the feedlot environment they are going to.
 - Sick calves:
 - more money spent on recovery
 - negative affect on ADG
 - less pounds to sell
 - lower profit

These consequences affect not only your profitability, but a feedlot manager’s as well.

“Why, as a cow-calf producer, should I care about a feedlot manager’s profit?”

18

Calf Management: Vaccination Protocols

Marketing Strategy:
Buyers are typically willing to pay more for calves with a lower risk of getting sick in the feedlot.



The “why” behind spending money on an effective health/vaccination program:
I can refer to my records to see what worked & what was worth it.

19

Marketing Strategies

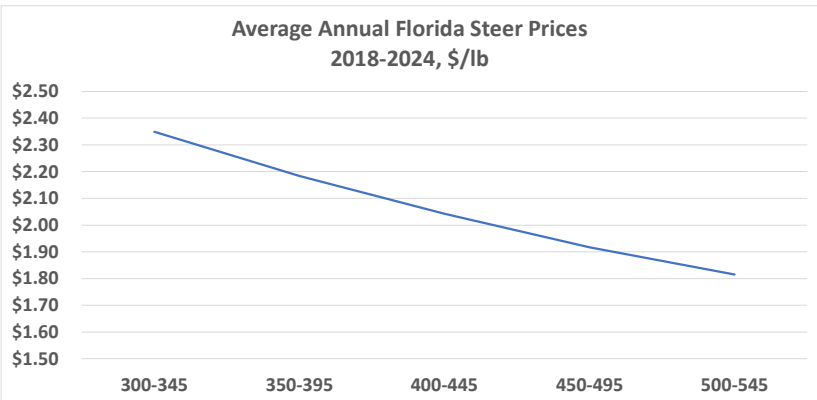
- Record keeping helps when comparing expenses to revenue. What was the difference between this year’s profit and last year’s profit?
 - Were market conditions different?
 - Were my inputs more expensive or cheaper this year?
 - Did I sell my calves in a different month this year?
 - Did I make a change in a management practice?
 - Was it all of the above?

We can’t know how to improve profitability if we don’t know what needs to be improved or if it can be improved.

20

Marketing Strategies: Month of Sale

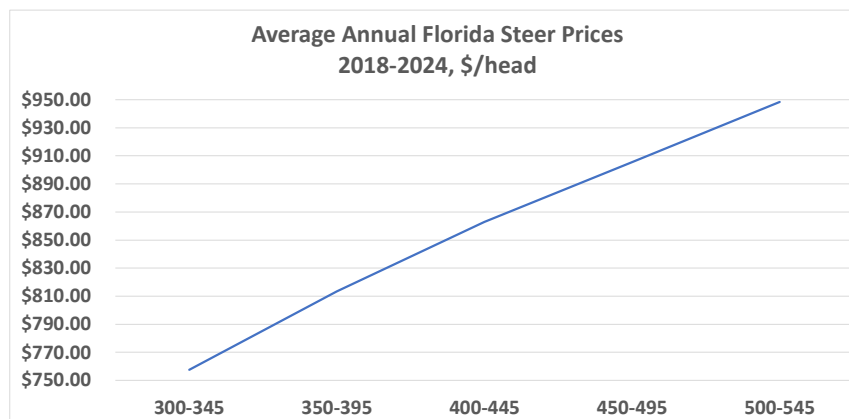
- Can I afford to keep my calves for 2 extra months? Would it be worth it?
- Complicated question with many factors:
 - What is my cost of gain/value of gain?
 - Has seasonality been considered?
 - Do I have the capacity/resources to hold them?
- **Price per pound decreases** when pounds increase.



21

Marketing Strategies: Month of Sale

- **Price per head increases** when pounds increase.
- So, in today's market or in any future market, when should I market my calves?



22

Marketing Strategies

....IT DEPENDS....

- BUT...because you kept records...
 - You know what your calves' ADG is.
 - You can estimate what your cost of gain and value of gain will be because you already have the groundwork laid from recording your input costs.
 - You can also refer to previous years to see how you made this decision in similar market situations.

*Prices change seasonally/month-to-month, so that must be considered as well. (example: higher prices in the spring vs. fall)

*Can use futures market to estimate future prices

23

Marketing Strategies: Month of Sale

- “I know my calves will gain about **1.5 lbs/day**, so that would be an additional **90 pounds** if I keep them an extra 60 days.”
- “The cost to keep these calves for 60 extra days would be **\$100 more per calf.**”

WEIGHT	MONTH (2024)	\$/LB	\$/HEAD	VARIABLE COSTS	RETURN/ HEAD
375- pound calf	August	\$3.63	\$1,360	\$740	\$620
465- pound calf	October	\$3.08	\$1,430	\$840	\$590

COST OF GAIN	\$1.11/LB	VALUE OF GAIN	\$0.33/LB	LOSS/ GAIN	\$0.78/LB
-------------------------	------------------	--------------------------	------------------	-----------------------	------------------

24

Marketing Strategies: Month of Sale

- “I know my calves will gain about **2.0 lbs/day**, so that would be an additional **120 pounds** if I keep them an extra 60 days.”
- “The cost to keep these calves for 60 extra days would be **\$100 more per calf.**”

WEANING WEIGHT	MONTH (2024)	\$/LB	\$/HEAD	VARIABLE COSTS	RETURN
465-pound calf	August	\$2.67	\$1,240	\$740	\$500
585-pound calf	October	\$2.47	\$1,445	\$840	\$605

COST OF GAIN	\$0.83/LB	VALUE OF GAIN	\$0.88/LB	LOSS/GAIN	\$0.05/LB
---------------------	------------------	----------------------	------------------	------------------	------------------

25

KEY TAKEAWAY POINTS

❖ If we don't record it...we can't fix it...
because we don't know that it needs fixing!



❖ Record keeping is economically significant because it allows us to see what we are spending money on, how we are spending it, and why we are spending it.

26

Florida Cattlemen's Institute & Allied Trade Show

January 23rd, 2025

THANK YOU!

MAY GOD BLESS YOUR STEWARDHSIP!

Contact Me @

h.baker@ufl.edu or (863)-374-7051