



Operational Resiliency: Operation Size

October 8, 2025

Max Runge, Ken Kelley, Dr. Andrew Griffith



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Disclaimer:

- Size can matter but isn't necessarily an indicator of profit!!



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U.S. Beef Cattle Herd Size*

Herd Size – Head	Percent of Farms	Precent of Beef Cattle
1 to 9	25.08	3.20
10 to 19	23.34	7.95
20 o 49	30.47	22.59
50 to 99	12.67	21.12
100 to 199	5.20	16.99
200 to 499	2.75	19.50
500 or more	0.49	8.64



*Source: https://www.nass.usda.gov/Publications/AgCensus/2022/Full_Report/Volume_1,_Chapter_1_US/st99_1_015_016.pdf

M-P-11
09/12/25



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80 – 20 Rule

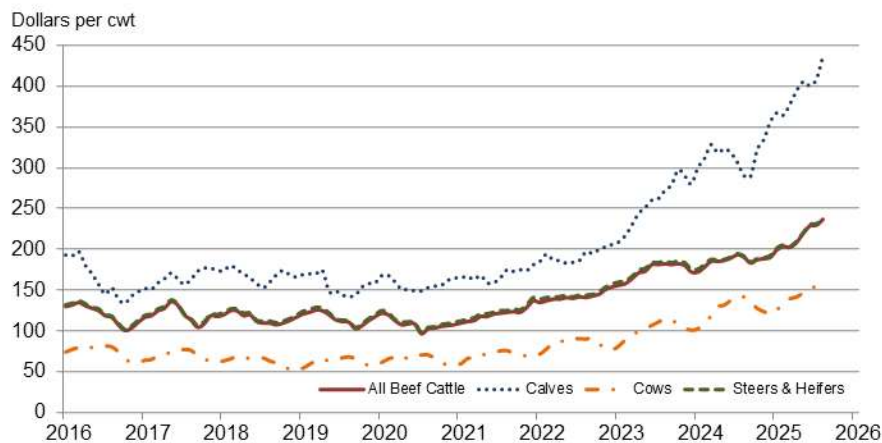
Beef Cattle Farms		Beef Cattle Inventory
80%	Less than 50 Head	25%
20%	More than 50 Head	75%

Note: U.S. average is 47 head
2022 Census of Ag



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Prices Received for Cattle by Month – United States



USDA – NASS
09/30/2025



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Advantages for Large Producers

1. Lower per-head costs (fixed costs spread out)
2. Bargaining power & bulk discounts
3. Improved efficiency (labor specialization, systems)
4. Market flexibility & better access



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Challenges for Large Producers

1. High capital investment
2. Complex management needs
3. Vulnerable to:
 - Price volatility
 - Disease outbreaks
 - Regulatory changes



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Challenges for Small-Scale Producers

1. Higher per-head costs
2. Limited access to some markets
3. Vulnerable to price fluctuations
4. Less efficient operations



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Opportunities for Small Producers

1. Specialized markets (organic, grass-fed)
2. Direct-to-consumer sales
3. Building buyer relationships

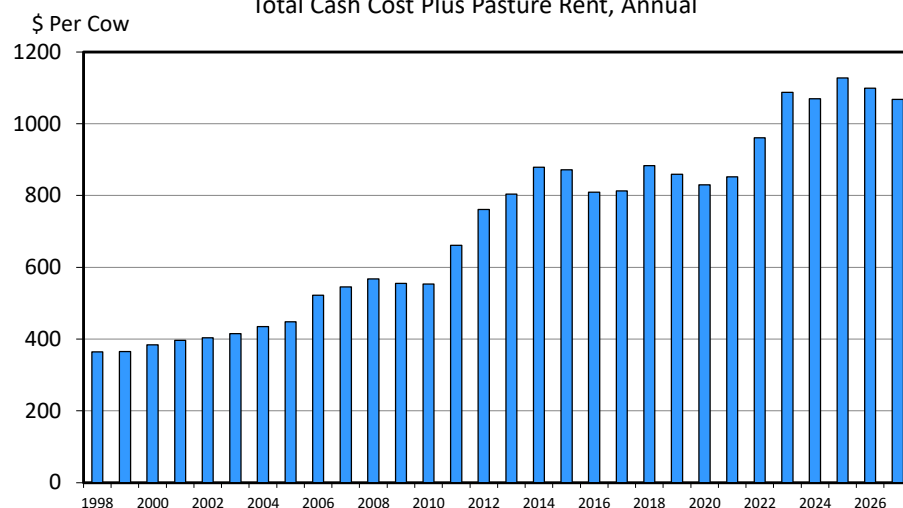
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ESTIMATED AVERAGE COW CALF COSTS

Total Cash Cost Plus Pasture Rent, Annual



2025 - \$1,128
2026 - \$1,099
2027 - \$1,068

Data Source: USDA & LMIC, Compiled by
LMIC

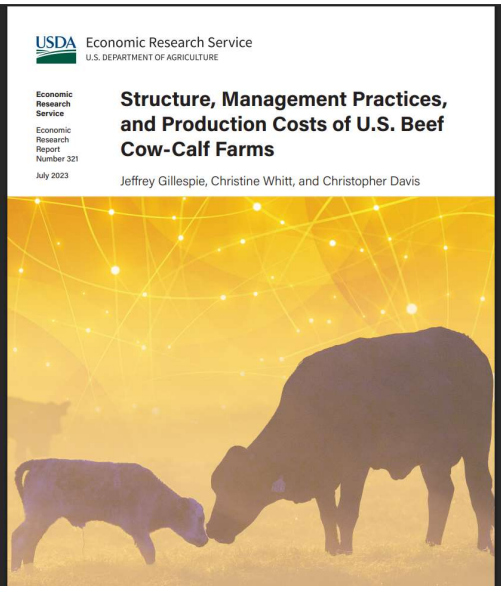
Livestock Marketing Information Center



09/15/25



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USDA Economic Research Service
U.S. DEPARTMENT OF AGRICULTURE

Economic Research Service
Economic Research Report
Number 321
July 2023

Structure, Management Practices, and Production Costs of U.S. Beef Cow-Calf Farms

Jeffrey Gillespie, Christine Whitt, and Christopher Davis

AUBURN
AGRICULTURE

Gillespie, J., Whitt, C., & Davis, C.G. (2023). *Structure, management practices, and production costs of U.S. beef cow-calf farms* (Report No. ERR-321). U.S. Department of Agriculture, Economic Research Service. <https://dx.doi.org/10.32747/2023.8134136.ers>




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Costs Considered

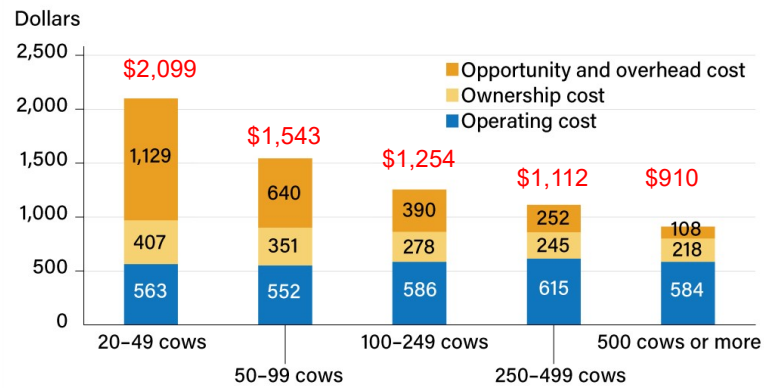
- **Operating Costs:**
 - Feed (purchased, grown, grazed) purchased animals –stocker/backgrounding, vet med & services, bedding & litter, marketing, custom services, fuel, repairs paid labor interest on operating capital

- **Ownership Costs:**
 - Capital Recovery on buildings, machinery, & equipment, taxes, insurance
- **Opportunity and overhead Costs:**
 - Expenses such as farm supplies and building maintenance
 - Land opportunity cost rental rate of pasture
 - Unpaid Labor opportunity costs wage rate of off farm income




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Opportunity and overhead costs, as well as those for ownership, decrease with farm size



Note: Opportunity and overhead costs include costs such as unpaid labor, land, and general farm overhead.

Source: USDA, Economic Research Service (ERS) and USDA, National Agricultural Statistics Service 2018 cow-calf version of the Agricultural Resource Management Survey data; and ERS 2018 Commodity Costs and Returns data product.



Gillespie, J., Whitt, C., & Davis, C.G. (2023). *Structure, management practices, and production costs of U.S. beef cow-calf farms* (Report No. ERR-321). U.S. Department of Agriculture, Economic Research Service. <https://dx.doi.org/10.32747/2023.8134136.ers>



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Alabama Representative Farms



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Alabama Representative Cow-Calf Studies

Year 2022	Gross Returns	Var. Costs	Total Cost	Net Returns	
S.W. Small	\$541.05	\$736.09	\$854.99	-\$313.94	40 cows / 1 bull
S.W. Large	\$821.26	\$1,130.47	\$1,294.85	-\$473.59	150 cows / 6 bulls
S.E. Small	\$952.58	\$954.77	\$1,106.18	-\$120.73	38 cows / 1 bull
S.E. Large	\$977.58	\$929.72	\$1,156.67	-\$179.67	250 cows / 10 bulls

Year 2024	Gross Returns	Var. Costs	Total Cost	Net Returns	
Blackbelt Small	\$1,036.68	\$949.60	\$1,058.59	-\$21.91	30 cows / 1 bull
Blackbelt Small Progressive	\$1,675.24	\$1,579.67	\$1,856.17	-\$180.93	30 cows / 1 bull
Blackbelt Large	\$1,883.90	\$1,608.83	\$1,771.06	\$112.84	350 cows / 17 bulls



<https://www.aces.edu/blog/topics/farm-management/south-alabama-cow-calf-enterprise-cost-study/>

<https://www.aces.edu/blog/topics/farm-management/blackbelt-cow-calf-enterprise-cost-study/>



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Conclusion

- Small farms = majority of operations
- Large farms = majority of cattle inventory
- Economies of scale drive efficiency
- Success depends on adaptation to:
 - Market dynamics
 - Consumer preferences
 - Economic conditions
 - Managing Costs (especially fixed)



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Thanks!

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