# ETHE EDITOR

### The costs of doing business



Shauna Hermel, editor shermel@angus.org It's a lot more fun to evaluate the revenue side of the business than it is the cost side. For one thing, it's simpler. For the basic cow-calf operation, there are generally fewer line items. You have receipts for your calves, your cull cows, your cull bulls. If you are a data nerd like me, you might divide them into steer calves, replacement-quality heifers and market heifers. You may want to evaluate by season, or maybe compare receipts for calves vs. yearlings. Still, it's pretty straightforward, and as those checks generally go to the bank in clumps, you have a pretty firm record.

Income can be as simple as dividing all income for the year by the number of cows in inventory to get a revenue generated per cow.

How about expenses? Yes, you also have a record of what you paid out of your checking account. However, if you own your land, that amount

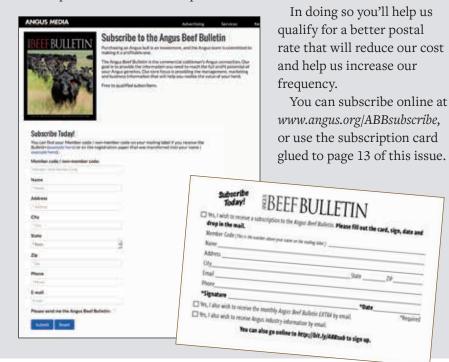
doesn't consider your grazing cost, which is a good portion of your feed bill. If you don't include that cost in your evaluation, how do you know if you wouldn't be better off to sell the cows and rent the grass? Okay, please don't do that, but, I'm just saying ....

The university cow-calf budget examples presented in "Building a Budget" on page 104 offer a starting point for analyzing your revenue and expenses. CattleFax offers an online cow-calf breakeven calculator at *https://www.cattlefax.com/ccbe/* that can help you work through costs. It provides results in terms of the real and the cash profit/loss per cow and will let you calculate the minimum number of cows necessary to break even, as well as a minimum sales price for steer calves to break even based on your current herd size and expected production levels and costs.

Knowing your financial strengths and weaknesses gives you a starting point for evaluating how you can add profitability, and there's no better time to get started than right now.

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