

Beef Talk

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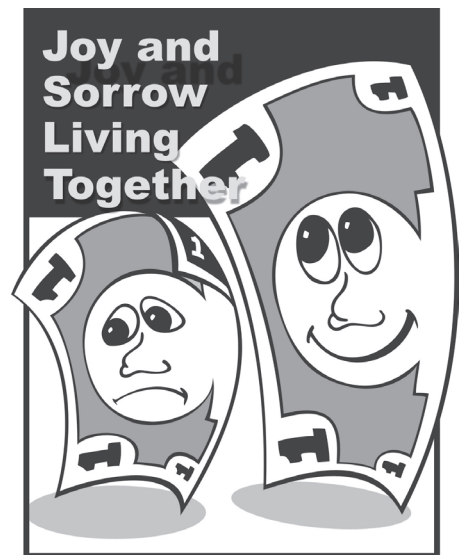


Joyful and sorrowful producers

After a recent review of articles and associated data regarding beef production priorities, a most intriguing point sticks out. There is money in

the beef business. One can watch the money flow by or do something about it.

The “do something about it” phrase is the kicker. The phrase is the stamp of



authenticity that joy and sorrow exist simultaneously in the beef industry and have for several decades.

A recent “Beef Talk” column cited data from the North Dakota Farm and Ranch Business Management program. The data revealed that the annual net return per cow in this century from the low 20% to the upper 20% amounted to \$232 for every cow in the beef enterprise.

Maybe I should repeat that. The difference in net return between those producers who were just getting by and those who were acquiring some level of wealth was more than \$232 for every cow on the place.

Maybe I should repeat that again. The difference in net return between those producers who don’t seem to really have profit as a motive and those who seem to want to strategically maneuver their respective beef businesses into a position of future sustenance for themselves, family and others associated with their beef operation was more than \$232 per cow. I could repeat it again, but, by now, one should have gotten the point.

The sum of \$232 is a lot of money when multiplied across the entire herd. When a producer starts to add up the good years and rate of growth, it doesn’t take long to understand why one quickly concludes the beef business generates significant revenue. During a period of time, beef can contribute significantly to



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one's chosen lifestyle, as well as to retirement. It is a good business.

Lessons to be learned

Beef production is an industry that does remarkably well surviving between joy and sorrow. The tough lesson, often learned only after the fact, is to be careful where you get your advice.

Within an industry that is relatively shy when it comes to recording data or information, those who surface on top appear to understand and implement processes that bring them significant information and know-how.

A recent letter from U.S. Premium Beef (USPB) was very clear on data and facts. USPB pays \$25 per head for finished, age-verified cattle that are 20 months of age or younger. This is more than current grid premiums. USPB offers the leasing of delivery rights and provides carcass data at no cost, along with a 60¢-per-hundredweight (cwt.) freight credit to help reduce transportation costs and a \$1 rebate for electronic identification (EID) tags.

This is real money. This is business. Companies such as USPB are leading the way by keeping money flowing. This is money that ultimately sustains and grows the beef industry. Granted, the sorrowful can and will find something to be disgruntled about and offer sufficient energy to block the flow of ideas; but the joyful stay joyful by continuing to engage companies, such as USPB, to capture some of the money flow.

This scenario, using USPB figures, has amounted to more than \$56 per head in grid and age-verification revenue and a savings of an additional \$7.20 for transportation on a 1,200-pound (lb.) steer, \$1 rebate on EID tags and \$5 to \$10 in data collection fees.

There is a reason the joyful exist. They do their homework and are not waiting for someone to give them the answers to the test.

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Editor's Note: Addressing the past, present and future state of the beef cattle business, "Beef Talk" is a weekly column distributed by the North Dakota State University (NDSU) Agricultural Communication office. Ringwall is executive secretary of the NDBCIA, director of the Dickinson Research Extension Center and an NDSU Extension beef specialist. An archive of columns can be found at www.BeefTalk.com, and your comments are always welcome.