

UNCOMMON SENSE :: Why do we call it common sense when so few seem to have it?

Absent herd-specific data, what has been the genetic trend among commercial beef cow operations within the United States? Angus breed registries account for approximately 45% of all beef cattle registered within a given year in the United States. While it is not a perfect correlation, extrapolating the Angus data may at least provide a sense of genetic trend direction in commercial cow herds. Reviewing the genetic trends within the Angus breed EPD's from 1990 to 2006 the weaning and yearling weights have approximately doubled. During the same time period milk production has tripled. Clearly, the trend in Angus cattle during these 16 years has been toward increased growth and milk production.

Increased growth and milk production, be it registered or commercial, has a cost in terms of additional inputs. There is a point in every herd at which we spend more on input costs than the value of the product produced (i.e. diminishing returns). This point is dynamic and will vary from year to year depending on the value of product produced (calf prices x lbs sold) and the cost of production. Decreasing calf prices and increasing production costs, as we are experiencing in the current economic environment, are driving the point of diminishing returns downward (decreased profitability) in most herds. When the cost of production exceeds the value of increased production, added performance is not the solution to increased profits.

What options are available to increase profits or decrease losses in commercial cow herds in light of the current situation? In the current economic environment we have an opportunity. An opportunity to review the genetic composition, input costs and management associated with cow herds. While every herd is unique, the following areas may provide opportunities worthy of increasing your profits:

- Look at your operation from a global perspective: Few decisions have an isolated effect. The unintended consequences of a decision often lead to the development of additional problems that are sometimes worse than the original.
- Develop a new perspective: While the phrase "think outside the box" is overused in many cases, it does illustrate this point. Begin thinking about your operation from a different vantage point. If you begin reviewing ways to improve the balance of input costs and output production in your operation from the "I can't do anything" viewpoint, you will likely succeed in not doing anything.
- Seek input from others: Employ the insights and skills of those who you trust and that know your operation. Managers deal with many people in their business from nutritionists, to bankers and agronomists. Take advantage of their expertise, after all you are already paying for it. Brainstorm with these individuals and work with them to find creative solutions to your challenges.

- What are your competitive advantages: Look for opportunities that would provide you an advantage not every one else has or can use. An example of this might be a feed source you are not using that could be incorporated to your advantage. Perhaps there are forage sources that could be utilized with little additional cost, such as unused pastures or woodlands. Is there a commodity feed source in your area you could incorporate into your operation? Is direct marketing your animals an alternative?
- Match genetics and management: Generally speaking an animal best adapted to their environment and management produce at a lower cost. Are high growth or high milk EPD animals best adapted to your operation given the associated input and management cost increases? Given the estimate that feed costs comprise over 50% of cost of maintaining a beef cow, does it make financial sense to increase feed costs in light of lower calf prices?

Thought to be one of the greatest intellects in the history of man, Albert Einstein was an interesting and colorful individual. There are numerous quotations attributed to him, but one of my favorites is “We can't solve problems by using the same kind of thinking we used when we created them.” While I am sure this quotation was not originally directed at the beef industry, it however seems very appropriate as we search for improved profitability. (September 2009 - Vol. 1)