Beef Up Profitability: Where to Focus Management for Success

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Return Over Total Cost

Return Over Total Cost

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dollars/Cow</td>
<td>-350</td>
<td>-300</td>
<td>-250</td>
<td>-200</td>
<td>-150</td>
</tr>
</tbody>
</table>
What factors affect profitability and can be persistently managed over time?
Research

• 2014—2018 KFMA cow-calf enterprises
  • 71 enterprises with data in at least 3 of 5 years

• Divided into 3 profitability groups
  • High-, middle- and low-profit
  • 24 enterprises per group

• Multi-year average for each producer
High-Profit Third

Net Return: $60.53

Medium-Profit Third

Net Return: -$155.20

- $41 difference in Gross Income
- $175 difference in Total Cost
- $215.73 difference in Net Returns
Net Return: $60.53

High-Profit Third

Net Return: -$155.20

Medium-Profit Third

• $41 difference in Gross Income
• $175 difference in Total Cost
• $215.73 difference in Net Returns

Net Return: -$351.72

Low-Profit Third

• $152 difference in Gross Income
• $260 difference in Total Cost
• $412.25 difference in Net Returns
High-Profit Third

- Larger herds, slightly heavier calves
- 63.1% of difference attributed to cost
  - 48% of cost differences attributed to feed/pasture cost

Low-Profit Third

Net Return:
$60.53

Net Return:
-$351.72
Target Audience

• Cow-calf producers

• Stakeholders closely involved in the management of their farms, including agricultural lenders and Extension agents

• Bottom third of producers (in terms of profitability)
Goals & Objectives

To improve enterprise profitability of Kansas cow-calf producers by identifying key differences in management and production traits between high- and low-profit cow-calf producers
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To improve enterprise profitability of Kansas cow-calf producers by identifying key differences in management and production traits between high- and low-profit cow-calf producers

• Provide management recommendations to producers with low profitability
  • First 6 months: Evaluate adoption of new management practices
  • First year: Evaluate profitability

• Engage key stakeholders with results of research to better support cow-calf producers
Program Delivery: Land Grant Model
Outreach: Publications

• 60,000 page views, 20,000 users annually
Outreach: Publications

- Monthly newsletter, Kansas State Department of Animal Science
- 8,000 page views annually
Outreach: Radio broadcast, Podcast

- Kansas, Colorado, Nebraska, Missouri, Oklahoma
- 1,000 listeners per month
Outreach: Workshops for Producers & Stakeholders

• Risk & Profit Conference, Department of Agricultural Economics
  • 150-170 farmers, ranchers, and stakeholders

• Ag Lenders Conference, Department of Agricultural Economics
  • 80-90 agricultural lenders, 2 locations in Kansas

• Winter Ranch Management Series, Department of Animal Science
  • 50-60 ranchers and stakeholders, 3 locations across Kansas
Outreach: Workshops for Producers & Stakeholders

• For those unable to attend in-person:
  
  • Recorded presentations available through Zoom platform
  
  • Slides posted on AgManager.info
In-Class Seminars

• Beef Systems Management course, Department of Animal Science

• Farm Management Strategy, Department of Agricultural Economics

• Direct application of benchmarks covered in class
• Financial implication of production practices
Evaluation

- Pre- and post-workshop survey
  - General interest in the topic
  - Current record-keeping practices
  - Perception of their financial situation relative to others in the region and state
To support producers and evaluate program success:

• First 6 months: Evaluate adoption of new management practices

• First year: Evaluate profitability
To support producers and evaluate program success:

- First 6 months: Evaluate adoption of new management practices

- First year: Evaluate profitability

- KFMA Economists meet twice annually with producers
  - Will provide training to KFMA economists
  - Producers will complete a survey regarding management practices

- Financial health and profitability will be evaluated as part of 2019 KFMA farm analysis
Future Research

• Cost management vs. Marketing

• Farm income volatility

• Animal husbandry
Thank You

Questions?