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# Rethink your farm business

*Beef production: Walking a thin line of profitability*



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### Feeder Steer Production

*Measure twice, cut once.* This great rule of carpentry obviously makes a lot of sense. Applying this rule to a business is to say that the best way to save money is to not make any costly mistakes. It seems, however, that very few of us take the necessary time and effort in

applying that rule. This is especially true in a production such as feeder steers where profits are not calculated in dollars, but in cents, and as often as not, in fractions of cents.

I have said it before and I sure won't stop repeating myself: EVERY little detail counts. More than any others, beef producers are walking on very thin lines of profit margins. Producers involved in custom work often settle for a price per pound of weight gain based on the client's well-bargained offer, rather than on a down to earth calculated production cost. I have seen it before while analyzing the leakage of an efficient but nevertheless unprofitable hog and beef farm. The producer would lose 10 cents for every pound of weight gain, while the owner of the cattle was making a comfortable \$1,000 a day! "Who's fault is that?" is the question that needs to be pondered.

A scale to weigh the animals is not only a good investment, it is mandatory. That would seem obvious in a production where revenues are measured by the pound, but then again,

scales are sometimes "missing in action". As it is with a person who starts a new diet, each animal, as well as the feed that is supplied to it, should be weighed EVERY DAY in order to know and understand what is going on. Control, collect data and calculate EVERY DAY. That way you will know what your feed costs per day per pound of weigh gain really are.

Another good way to help oneself is to invest in vaccinated and preconditioned animals, as well as in specialized software. Many good management tools are available, some of which are even free! Of course, some successful and profitable beef farms have found yet another way to lower their feed costs by feeding humid produce and waste from food processing plants. Some of these farms are actually owned by the food processing plants!

### Cow-calf production: cute, cuddly and costly

When dealing with efficiency and profitability, an agronomist always has to keep in mind that he has to deal with

one wild card: animal lovers! Nothing is truer than for those in cow-calf production. Let's admit it, these animals are very likeable. What was initiated as a government measure to occupy the Quebec vast territory and available pasture land in the hope of creating prosperous farm businesses, by generously subsidizing the cow-calf production through the Farm Income Stabilization Insurance program (FISI), became a real love affair between the farm owners and the animals that provide their source of revenues, if any. However, something has to terribly wrong when you could get a FISI compensation of \$500 for a beef cow that would not produce even one calf, while you might have got \$400 for the calf itself.

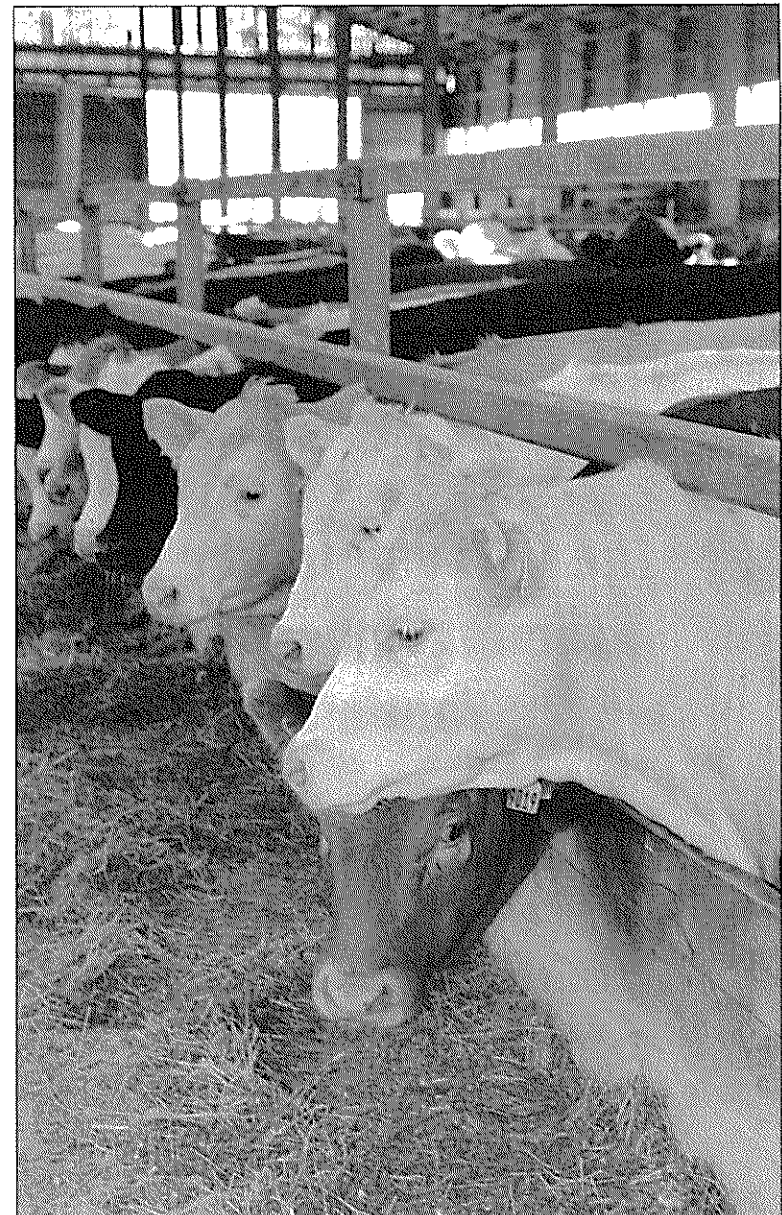
Warning! The next lines may contain a coarse truth, therefore readers' discretion is advised. Here we go. In my twenty-five years as an agronomist, I scarcely became aware of any profitable cow-calf farms. In the majority of those cases, it would have been better to sell the cows and put the money in the bank. Just take a look at the

backyards of our neighbours, whether it is United States or Ontario, and you won't see many cow-calf herds peacefully grazing in lush green pastures. These great subjects for artists are good for Western Canada from which a large number of owners of cattle feedlots in Quebec obtain cheaper calves of similar or higher quality.

However, the one good thing about this disguised agricultural social measure is that the value of farmlands has steadily increased, to the financial advantage of the farm owners. But in the end, one has to keep in mind that all the hard work involved might not be fairly compensated.

*Having worked for over 16 years for various financial organizations, Robert Savage, founder of Solutions affaires experts-conseils, has established an innovated approach to farm consulting services. With the help of a multidisciplinary team of experts, Solutions affaires experts-conseils can get your farm on its way to greater profitability by working with your existing resources and by having access to a network of professionals involved in agri-business.*

**THERE ARE THREE MEN ON A TRAIN ENTERING SCOTLAND. THE FIRST MAN IS AN ECOLOGIST. THE SECOND MAN IS A LOGICIAN. THE THIRD MAN IS A MATHEMATICIAN. THEY ALL SEE A BROWN COW ON THE SIDE OF THE TRACKS PARALLEL TO THE TRAIN. THE ECOLOGIST SAYS, "LOOK! THE COWS IN SCOTLAND ARE BROWN." THE LOGICIAN SAYS, "NO NO. THERE IS AT LEAST ONE COW IN SCOTLAND THAT IS BROWN." THE MATHEMATICIAN SAYS, "YOU'RE BOTH WRONG. THERE IS AT LEAST ONE COW IN SCOTLAND OF WHICH ONE SIDE APPEARS TO BE BROWN."**




**Fédération  
des producteurs  
de lait du Québec**

### Additional production days for May, June and July

The P5 provinces approved the quota committee's recommendation of adding an additional production day for May and two additional days for each of the months of June and July. Just like the additional days already scheduled for August, September, October and November, these days are not cumulative.

The purpose of adding these days is to ensure that there is enough milk in the summer and fall, since certain provinces are producing less than expected.