

Which area of production needs the most improvement in your operation? What calculations did you use to reach this conclusion? If you are not properly calculating this, there is a great possibility that you are being misled, thus mismanaging your operation. Below you will find a scenario of two ranchers who manage their operations in manners that create extremely different results.

Joe is a commercial cattle producer that owns 100 cows. Although he does not keep detailed records of his operation, he boasts of the \$50,000 check he received from the sale barn after selling his calves in the fall. After looking at the check stub, Joe sees that he sold 72 calves averaging 350 pounds each. However, captivated by the price on the check, Joe disregards the low number of calves sold and their weaning weights, and maintains that his operation did well financially for the year. After all, \$50,000 is a significant amount of money, and Joe is convinced that he has hit the jackpot.

Ten miles down the road another producer named Sam also manages a herd of 100 cows. He, too, sold his calves last fall, and received a check totaling \$56,000. His check stub reveals that he sold 80 calves averaging 350 pounds each. Although Sam is glad to get the money that he did, he feels like there is room for improvement in his operation. As he does each year, Sam entered this data into his SPA report and the results confirmed his suspicions. Because SPA not only calculates an individual rancher's data, but compares it to others in the region as well, Sam was able to see which areas his operation excelled and fell short in. The results showed that while Sam's pregnancy, calving, and weaning percentages were all average, his weaning weights were 78 pounds below the average in his region. This means that the average producer in Sam's region has found a way to increase pounds weaned per cow exposed, simultaneously maintaining high production percentages. Sam decides that if other producers can achieve this in their operation, he should also be able to do this successfully.

The following year at auction Sam's 80 calves averaged 430 pounds each, just as he had set out to achieve the year before. And, just as he predicted, this increase in weaning weight per cow exposed created a significant increase in income- a \$78,000 check, \$12,000 more than the previous year. Joe's check, however, did not increase. Although Joe thought he was doing okay with his operation, he never realized the amount of potential income he was missing out on. Had he used SPA and done the same calculations as Sam, Joe would have been able to see the area(s) in his operation that needed the most attention, rather than just assume everything was fine. This would in turn help guide Joe in making decisions of how to best manage his operation to create the most income- something that Sam excels at with the help of SPA.

SPA is a free tool available that can be used to show producers the areas of their operation that are and are not functioning as efficiently as possible. This method of recordkeeping not only reveals production areas that may need attention, but calculates financial figures as well. This combination is valuable in that it helps the producer see just how profitable **and** productive his operation is. Stan Bevers, extension economist, will be further discussing the use of SPA at the East Texas Beef Cattle Short Course February 25. This is a great opportunity to learn more about SPA, hear real world examples of how SPA helped producers change the profitability of their operation, and learn how to implement this program into your herd. If you would like to register to attend the short course, please contact Rick Hirsch at 903-675-6130.

Thanks,
Dr. Jesse Richardson