

# Risk Management

by **Kim Holt**

**C**attle prices are historically high, and inputs are, too. But if you're looking to cut costs, your herd health program is not the area, cautions Charlie Stoltenow, North Dakota State University Extension veterinarian.

He points out that health care entails only 2%-5% of total production costs for a cow-calf operation, a mere drop in the bucket, so to speak, when compared to winter feed costs. These are an operation's single largest expense, often tying up from 30% to nearly 50% of overall costs.

"The insurance policy — or bang for your buck — on preventative health has a very high economic return rate," he points out. "Say you cut your health costs from 5% to 3% and do away with all vaccinations. You're not really saving yourself anything. In fact,

you're increasing your risks with marginal returns."

Another point Stoltenow makes: A 5% savings in feed costs, alone, would allow you to double or triple your health program.

Carl Dahlen, North Dakota State's Extension beef cattle specialist, puts the risk associated with not vaccinating in terms of dollars and cents. Given the especially high cattle prices the industry is experiencing, if you lose one animal to any type of disease that could have been prevented with vaccination — say

it's a mature cow potentially worth \$1,600 — you've

lost enough money to pay for vaccinating the herd for several years.

Stoltenow says that people need to view health programs as risk management.

He points out that producers won't bat



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an eye at paying for crop insurance or to manage risk.

"Why would you be skimping on something that actually does impact your risk?" he asks.

Both professionals encourage producers to not focus on the cash outlay that herd health requires, but on other ways to decrease costs that may not be as apparent. What about wasted feed? A 5%-10% improvement in feed utilization "has a huge economic implication," Dahlen points out.

Another way to decrease costs is to pregnancy-check all cows. It's just part of preventative health, Stoltenow reminds. If you don't do this, it can actually cost you "huge dollars," he says.

Cutting out preg-checking in the fall, and carrying over open cows until the following spring will cost money, not make money. In North Dakota, data from the last several years shows the feed bill just to maintain one cow in winter was \$200, not to mention labor and health care.

"Just that alone would have saved you money to preg-check a lot of other cows," Stoltenow remarks.

Dahlen adds that preg-checking is too important not to do. It's an indicator of a herd's reproductive health. He says that data he's collected the past 18 years show that, on average, you'll even lose money if you carry a cull cow over for a few extra months in order to hit a better market. Producers often forget to factor in carrying and feed costs for those additional months.