

VETERINARY CALL

by Bob Larson, Kansas State University

Optimizing Efficiency

Becoming more efficient — or maybe more importantly, identifying and removing inefficiencies, is essential for all beef cattle producers. But the exact definition of efficiency and the best methods to achieve it will be different for each producer.

High efficiency is essentially producing more product with less resources. For seedstock producers, the product is primarily bulls and to a lesser extent, replacement females. For some, the product will be value (driven by pounds) of weaned calves; while for others, the product will be value of yearling cattle, finished cattle or even carcasses. To evaluate efficiency, the value of the product must be compared to the resources used to create it.

Cow-calf efficiency

The most important resources to consider are land, cattle, labor and management. Therefore, efficiency measures will typically include the value of product sold divided by grazing unit (land resources); or by cows that enter the breeding season (cattle resources); or by number of hours of labor (human resources).

Some producers may need to focus on increasing production from the same amount of resources, while others may need to focus on decreasing the resources used to produce the same amount of

product, and some may need to focus on both.

I think that every producer should evaluate their operation through several methods of assessing efficiency, including: production per animal unit month (AUM), production per cow exposed for breeding, and production per hour of labor and management; as well as overall value of

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production divided by the cost of all resources used. However, the most important measure for each rancher will depend on whether resources are most limiting and valuable.

It is impossible to conserve all resources maximally on the same ranch at the same time, because some resources will have to be "spent" more aggressively to conserve others. While the cost in dollars of each resource provides a common standard of comparison — the dollar-cost of resources is the average of how much the members of a particular economy comparatively value each resource, it is not the situation-dependent value.

Tough choices

If you ranch in an area where land is over-valued compared to the national average, you will feel pressure to efficiently produce cattle per unit of land, which will require that you forfeit maximum productivity per hour of labor and management. In contrast, if labor is valuable or difficult to obtain, then you will feel pressure to improve efficiency of production per hour of labor while sacrificing maximum productivity per unit of land.

By focusing your management plan on improving the efficient use of the most important inputs on your particular operation, improving efficiency has the most opportunity to improve profitability of your cattle business. Over time, the value of some inputs are likely to increase or decrease in relative importance. You must occasionally evaluate which inputs are the most valuable and readjust your management to emphasize their efficient use. **AJ**

Editor's note: Robert L. Larson is a professor of production medicine and executive director of Veterinary Medicine Continuing Education at Kansas State University in Manhattan, Kan.