Financial Risk Management for Cow Herd Rebuilding and Replacements in South Texas

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Abstract

How much should a producer pay for a cow or other female replacement? This is a decision faced by producers expanding or replacing breeding females in their herds. Financial risk can be reduced by improved purchasing decisions and implementing proven calf and reproductive management practices. The use of the beef cow bid estimator Excel spreadsheet tool helps producers better understand the financial risks they face. The tool helps evaluates how much can they pay for an animal from an overall investment perspective using net present value analysis. Additionally, cattle producers can determine the value and impact of calf and reproductive management practices to bottom-line profitability.

County-level Extension and industry educational meetings were the delivery platform used to educate producers on how the tool works and how it can be used to do "what if" analysis. The bid price and net present value effects of adopting best management calf and reproductive management practices was also demonstrated. Criteria for selecting replacements and market outlook updates were included in most programs.

Program Objectives

1. Educate producers on criteria for selecting herd replacements.
2. Illustrate the benefit and economic value of calf and reproductive management practices.
3. Demonstrate the bid price estimator tool and value of calf and reproductive management practices.
4. Provide cattle market and value of replacements update.

Program Topics

Rebuilding the Cowherd: Fitting Cattle to the Environment
Economic Value of Calf and Reproductive Management Practices
Bid Price Estimator for Beef Cows
Cattle Market Outlook and Replacement Values

Cumulative Post-Workshop Evaluation Results (13 programs; 579 Attendees):

▷ 90.75% of respondents indicated that they were "Satisfied" or "Very Satisfied" with the information they received and the program.

▷ On average, a 41.92% increase in knowledge of financial aspects of herd rebuilding was reported.

▷ Respondents experienced an 86.27% increase in knowledge in the use of the cow bid price estimator; a 47.86% increase in understanding the factors affecting the cattle market; a 36.18% increase in the understanding of breeding cow selection techniques; and a 42.16% increase in knowledge of the economic benefits of calf and reproductive management.

▷ Overall, 86.71% of respondents expected to benefit from the use of the software tool. Respondents indicated that the software tool would add about $10.55 per cow or $696.30 added value to their operation. The total financial impact for all attendees is an estimated $346,061. Respondents had, on average, 66 cows with 11.51% of the respondents owning over 200 cows.

Completed 2016-17 Programs (13)

Rockne (Bastrop & Caldwell Counties) – 9/23/16
Wharton (Wharton County) – 10/13/16
Taft (Nueces & San Patricio Counties – 12/1/16
Refugio (Bee, Goliad & Refugio Counties – 12/2/16
Industry (Colorado County) – 3/24/17
TSCRA Annual Meeting (San Antonio), 2 Sessions – 3/31-4/1/17

D11 Ag Symposium (Corpus Christi Center) – 4/18/17
Dayton (Liberty County) – 5/4/17
Kingsville (Kleberg County) – 5/11/17
La Vernia (Bexar, Guadalupe & Wilson Counties) – 5/12/17
Alvin (Brazoria & Galveston) – 7/10/17
2017 Beef Cattle Short Course (College Station) – 8/9/17