

Structure of the Cow-Calf Industry

- Profitability in the cow-calf business has been relatively low due to several factors, including the cost structure of the industry and production practices used.
- While the cattle industry has experienced record high calf prices during the past three years, standardized performance analyses revealed that beef herds in the southwestern United States had low profitability and a mean annual return on assets of 3.85%.
- Partly due to the complex nature of the industry, many producers lack an adequate record-keeping and analysis system necessary to evaluate the financial aspects of their business.

AgriLife Extension's Response

- Texas A&M AgriLife Extension Service economists worked with the National Cattlemen's Beef Association and others to develop the Cow-Calf Standardized Performance Analysis (SPA) system to help producers evaluate the production and financial performance of their operations.
- Cow-Calf SPA is an analytical program that uses both financial and production data to generate

performance measures beneficial in the management decision-making process.

- Through workshops and individual contacts, economists analyzed individual cow-calf operations and suggested financial and production measures that producers can use to make better management decisions.
- Participants received an analysis of their operation, identifying performance and cost-reference points for the individual ranch.

Economic Impacts

- Since the first SPA analysis was developed in 1991, 459 herds, totaling more than 330,000 breeding cows, have been analyzed in Texas. These herds have ranged from 12 to more than 13,000 head of breeding cows.
- To measure the economic impacts, data was gathered from 12 ranches that participated in the program for at least three consecutive years since 2005. The impacts were measured in terms of the change in net income per cow attributable to the program.
- With an average change in net income of \$152 per cow and an average herd size of 275 head of breeding cows, the total economic impact in 2015 was \$501,600 for selected herds.

