

BSE Decision Making on Retaining Calves Fall 2004

Decision required: To sell calves after weaning or, to background, or to finish and sell as fats.

To make this decision several areas must be addressed and all alternatives examined.

Area One: Resources Available

Question 1: What is your feeder management ability?

Answers or information needed:

- Is your experience in feeding cattle sufficient to manage back grounding or finishing calves?
- If you have no feeding experience can you access management help if needed?

Question 2: Is there enough feed, bedding, and water supplies to retain calves?

Answers or information needed:

- Has an inventory and assessment of the quantity and quality of the feed supplies been done?
- Have rations and a feeding program been developed based on realistic rates of gain?
- Have benchmarks been established?

Question 3: Are the facilities, labour, and the equipment required adequate?

Answers or information needed:

- Are the facilities in need of repair or expansion if the calves are retained?
- Is extra labour required to help in feeding the calves?
- Does extra processing equipment need to be purchased?

<http://www.gov.mb.ca/agriculture/livestock/index.html>

Area Two: Financial Management

Question 1: Does your financial situation allow you to retain calves?

Answers or information needed:

- Have you completed a cash flow to see what delaying sales and increasing costs does to your cash position?
- Is your operating loan limit high enough to cash flow the feeding of your calves?
- Does your equity position allow you to take the risk of retaining your calves?
- What is your taxable position if you must sell two calf crops the following year?

Question 2: Is the potential profit benefit in retaining the calves worth the risk?

Answers or information needed:

- Have you completed a cost of production budget and are your costs above, at, or below the industry standard?
- Have you researched the market and the potential prices for your product?

<http://www.gov.mb.ca/agriculture/financial/farm/farm.html>

Area Three: Risk Management

Question 1: Can you manage the risk if the decision to keep the calves does not work out?

Answers or information needed:

- What is your coverage under the CAIS program?
- What is your debt servicing capacity and can the debt still be serviced if a loss occurs?
- Is the profit potential high enough so that taking the risk is worth while?

<http://www.agr.gc.ca/compare>

Area Four: Marketing

Question 1: Can the animals be marketed when required?

Answers or information needed:

- Will you be able to access the market for your animals when they are ready for sale?
- Do you have the quantity and quality of animals to get at least average market prices?
- Are the costs of marketing going to lower the profit margins to the point it will not warrant the risk?

Question 2: What other options do you have?

Answers or information needed:

- Can you sell any surplus feed you have for a reasonable price?
- Can you sell your calves instead of feeding them and custom board cows for other producers?
- Can you afford to send your calves to a custom feedlot and still make a profit instead of feeding them yourself?

<http://www.canfax.ca/>

These are some of the questions and information that must be considered before deciding if retaining your calves makes any sense (cents).

For more information, contact your local [Ag Office or Farm Management Specialist](#).