

Application of SPA to a Cow/Calf Operation in Florida

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Deseret Cattle and Citrus

Before starting my Ranch presentation on cost of production, I'm going to give a brief explanation of the system we use.

To facilitate the activities of the Integrated Research Management program, the National Cattlemen's Association Research and Education Committee and the National IRM Subcommittee determined that there was a need for a production and financial analysis tool that would allow producers to evaluate their operations. Accordingly, a committee comprised of ranchers from all parts of the nation was selected to lead and direct the development of such a tool. This committee was chaired by Paul Genho, who at that time was NCA Research and Education Committee Chairman. Academic assistance was provided by many universities with Texas A & M taking the lead under the direction of Dr. Jim McGrann. Financial assistance for the development of the program was supplied by the USDA Extension Service. Recently a contract has been developed with Cattle Fax to allow them to become the national gathering point for pooling and summarizing the data. To date, many producers nationwide have become involved and

data including over 100,000 cows annually is being gathered. This is the best financial and production data ever gathered on the beef cattle industry.

The product was called SPA which is an acronym for Standardized Performance Analysis. SPA is not a software package. Instead it is a set of formulas which standardize the computation of various production and financial data about beef cattle production. This allows for comparisons between operations and is most useful to bankers, veterinarians, and others who might advise a producer on his operation. It gives the producer an executive summary of his operations. Various software packages have been developed using the SPA formulas.

My presentation will present the 1992 SPA data for two of our commercial units at Deseret Ranches. Unit A has primarily improved pastures and Unit B is a combination of improved and native.

The four charts below give production and financial data of each unit with the positive or negative effect in the right hand column.

Table 1. SPA - Unit Summary Comparison & Assumptions			
General	Unit A	Unit B	Difference (A-B)
Breeding days	122	122	.00
Weaning days	5	5	.00
Native unimproved acres/head	0	10.48	(10.48)
Native improved acres/head	4.29	1.74	2.55
Annual pasture acres/head	.04	.04	.00
Total acres/head	4.33	12.26	(7.93)

Table 2. SPA - Unit Summary Comparison & Assumptions			
Production	Unit A	Unit B	Difference (A-B)
Pregnancy percentage	90.45%	83.83%	7%
Weaning percentage	82.18%	74.01%	8%
Weaning weights - steers	536	492	44.00
Weaning weights - heifers	506	487	19.00
Weaning weights - average	522	490	32.00
Lbs. weaned per exposed female	430	363	67.00
Lbs. weaned per acre	99.18	29.57	69.61

Table 3. SPA - Unit Summary Comparison & Assumptions			
Profit and Loss	Unit A	Unit B	Difference (A-B)
Per Cow:			
Direct costs	166	240.17	(74.17)
Indirect costs	23.6	22.03	1.57
Total costs	189.6	262.20	(72.60)
Net income	164.05	67.95	96.10
Per CWT:			
Direct costs	34.28	58.52	(24.24)
Indirect costs	4.87	5.37	(.50)
Total costs	39.15	63.89	(24.74)
Net income	33.87	16.56	17.31

Table 4. SPA - Unit Summary Comparison & Assumptions			
Marketing/Investment	Unit A	Unit B	Difference (A-B)
Marketing per CWT:			
Steers	80.21	84.15	(3.94)
Heifers sold	79.81	81.69	(1.88)
Weighted average	75.46	78.16	(2.70)
Investment:			
Cost basis per cow	1,115.03	1,113.58	1.45
Market basis per cow	5,072.59	12,002.45	(6,929.86)
ROR on enterprise assets:			
Cost basis	14.71%	6.10%	8.61%
Market basis	3.23%	.57%	2.66%

In summary, by using SPA and collecting the production data shown above, this method will allow for more factual decision making.