Structure of 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.
- Standardized performance analysis completed in 2008 revealed that beef herds in the southwestern United States had low profitability and a mean annual return on assets of 0.61 percent.
- Partly due to the complex nature of the industry, many producers are lacking an adequate record-keeping and analysis system necessary to evaluate the financial aspects of their businesses.

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 SPA analysis 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 ranches (cow-calf operations) on various financial and production measures that can be used in making better management decisions.
- Participants received an analysis of their operations, identifying performance and cost-reference points for the individual ranch.

Economic Benefit

- Since the first SPA analysis was developed in 1991, 441 herds totaling more than 318,000 breeding cows have been analyzed in Texas. These herds have ranged from 12 to more than 13,000 head of breeding cows.
- The economic impact of the Cow-Calf SPA program was garnered from 51 ranches that annually participated in the program for at least three years. The economic benefit was measured in terms of the change in net income per cow attributable to the program.
- With an average change in net income of $29 per cow and an average herd size of 594 head of breeding cows, the total economic benefit in 2011 was $679,000.