Cow-Calf Enterprise Standardized Performance Analysis
Cattlemen are challenged to reduce production costs, be more competitive, and increase market share and profits.

The first step to lowering the cost of production is to clearly determine the current unit cost of production and make comparisons to alternative production systems.

In 1992, the National Cattlemen’s Beef Association adopted the Standardized Performance Analysis (SPA) system developed through efforts of NCBA producers, the National Integrated Resource Management Coordinating Committee and Extension specialists.

The SPA developers also endorsed the use of the Farm Financial Standards Guidelines developed by a national task force to facilitate preparation of total farm or ranch financial statements.
Purpose of SPA

- SPA is an analysis tool, not an accounting or production record system.
- The first objective of SPA is to determine the production and financial performance of the individual cow-calf enterprise.
- SPA helps identify potential areas for change and measures progress in meeting business objectives.
- The standardized analysis facilitates comparisons between production years, producers, production regions, and production systems.
Information Requirements

- To implement SPA certain minimal data are required: 1) the fiscal year financial statements (the beginning and ending balance sheets and an income or profit and loss statement allocated to the cow-calf enterprise); 2) the farm or ranch depreciation schedule; and 3) the fiscal year IRS tax schedules.

- For production performance measures, the producer must have additional data for the fiscal or tax year in which calves are weaned: 1) IRS tax and depreciation schedule; 2) loan payment schedules; 3) financial statements prepared for the business analysis and lenders; 4) cattle inventories and feed use; and 5) production records.
Production Data

- General ranch and land use descriptive data
- The cow herd management/production season data – breeding, calving, weaning
- Weaned calf production, value, and cull or breeding cattle sales
- Land use, both owned and leased
- Feed use and end-of-year inventory
- Breeding cattle inventories
- Number of breeding females exposed
Specific Cattle Inventories

- The breeding cattle inventory:
  - At the end or beginning of the fiscal year
  - At the beginning of the breeding season
  - When cows are pregnancy tested, record bred, and open
Financial Data

- IRS tax schedules, especially Schedule F
- Depreciation schedule
- Loan payment schedules
- Financial statements that have been prepared for the fiscal year business analysis or the lender. Statements would include:
  - Beginning and ending fiscal year balance sheet (ending is next year’s beginning)
  - Income statement (accrual adjustments will be made for the analysis)
Sources for SPA Financial Data

- IRS tax schedules for fiscal or tax year or analysis
  - Schedule F – Profit or Loss from Farming
  - Form 4562 – Depreciation and Amortization
  - Form 4797 – Sales of Business Property
- Depreciation schedule for operation
- Loan payment schedules, available from each lender
- Beginning and ending balance sheet showing all business assets and liabilities (the depreciation schedule has information for depreciable assets)
Good to Have Data

- End-of-year inventories for cattle and feed.
- Enterprise revenue and expenses if the business accounting system generates enterprise values.
Reproduction Data – Performance Measures

- Based on exposed females
  - Pregnancy percentage
  - Pregnancy loss percentage
  - Calving percentage
  - Calf death loss
  - Calf crop or weaning percentage
  - Female replacement rate
- Calf death loss based on calves born
- Calving distribution
- Cumulative distribution
  - Calves during first 21 days
  - Calves during first 42 days
  - Calves during first 63 days
  - Calves after first 63 days
Production Data

- Based on exposed females
  - Average calf weaned age (months)
  - Actual weaning weight (pounds per head)
    - Steers/bulls
    - Heifers
  - Pounds weaned per exposed female
Grazing and raised feed land measures

- Acres per exposed female
  - Grazing acres per exposed female
  - Raised feed acres per exposed female
  - Crop aftermath acres per exposed female
- Pounds weaned per acres used by the cow-calf enterprise
- Dominant grazing method – exposed females
- Pounds of raised/purchased feed fed per breeding cow
Marketing Information

- Marketing method
- Pricing method
- Dominant breed
- Pay weight cattle prices ($/cwt)
  - Calves
  - Culls
  - Steers/bulls, cows
  - Heifers, bulls
  - Weighted average
Financial Position

- Investment per breeding cow (value of assets)
  - Current assets
  - Livestock
  - Machinery and equipment
  - Other non-current assets
  - Real estate – land and improvements
  - Total investment

- Debt per breeding cow (enterprise liabilities)

- Equity to assets or percent equity
Financial and Economic Performance per Breeding Cow and Per Cwt of Calf Weaned

- Total raised/purchased feed cost
- Total grazing cost
- Gross cow-calf enterprise accrual revenue
- Total cow-calf enterprise operating cost
- Total financing cost and economic return
- Total cost before non-calf revenue adjustment
- Net income
- Percent return on enterprise assets (ROA)
- Unit cost of production (economic breakeven price)
  - Total non-calf revenue
  - Total calf cost (non-calf revenue adjusted)
- Rate of economic return on the owned real estate investment