

SK-10 Future Farm Summary

Reduce Sales Commission		Reduce Calf Deathloss
Description	Change marketing method from traditional auction mart sale to electronic auction market to reduce cost in sales commission.	Reduce Calf Deathloss
Assumptions	<ul style="list-style-type: none"> Change sales commission cost from \$30.16 to \$19/cow Assume no price premium on forward contracting vs. cash prices at auction mart 	<ul style="list-style-type: none"> Reduce calf deathloss from 4% (group avg) to 2% (best of the group) within 24 hrs after birth, and from 2.75% to 1% after 24 hrs to weaning Number of calves born alive up from 122 head to 125 head Number of calves sold at weaning up from 103 head to 108 head Increase veterinary cost from \$13.65/cow to \$25/cow
Trade-Off Considerations	<ul style="list-style-type: none"> Marketing feeder cattle via electronic auction is most adventurous if the producer can fill a truckload with uniform animals, but this can be a challenge to achieve 	<ul style="list-style-type: none"> If treatment costs become excessively high, it might not be financially viable to treat every sick calf Although the assumption connects calf deathloss to veterinary expenses, calf mortality is multifactorial, influenced by a variety of other factors such as genetics, nutrition, predator control Environmental factors like weather conditions and disease exposure can also influence calf mortality rates
5-year average vs. baseline year*		
Estimated Change at Whole Farm Level (\$/year)		
Net Income	+\$10,992**	+\$13,679
Net Cash Farm Income	+\$10,989**	+\$13,676
Estimated Change at Cow-calf Enterprise (\$/cow)		
Short-term Profits	+\$77**	+\$96
Medium-term Profits	+\$77**	+\$96
Long-term Profits	+\$70**	+\$86

* Changes in profitability come from the practice change as well as debt servicing. Improve profitability in these two scenarios is influenced by the reduction in interest payments over the course of time, while reduced sales commission and deathloss also contribute to improved margins.

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