



Coyote Creek Ranch Angus

How Much Should You Pay for a Bull?

Even with a stronger market for feeder cattle, most ranchers are still pretty focused on controlling their costs. From diesel fuel to corn to vaccines, just about everything it takes to run a cow herd has increased in price. We're all looking for places to save money, and buying a bull represents a significant expense. But selecting a bull is one of the most important decisions a cow-calf producer makes, significantly affecting the profit picture for their operation. In fact, selecting a high quality bull at a reasonable price is one of the surest ways to increase the bottom line.

Here's an example to prove that point. It compares two yearling bulls, one that costs \$1,300 and a better quality one that costs \$2,500. Suppose we look closely at the value delivered by both these bulls over their breeding lives.

Of course, good quality means a lot of things in a bull, including a low predictable birth weight, solid predictable weaning weight, and low PAP (pulmonary arterial pressure.) A good bull should sire good-doing calves that wean heavy and finish well to attract buyers. We think he should also father replacement heifers that milk and mother well, because all of those things add to the bottom line. But just to keep our example simple, let's concentrate on weaning weight. Suppose we figure that the good quality bull can add 40 lbs of weaning weight to each calf that he sires. Now, to be conservative, let's assume that each bull sires 20 calves per year for 3 years. (If we were trying to be argumentative, we might even claim that lower birthweight would increase calving success by about 1 calf out of 20 per year, and that low PAP would add 1 more calf out of 20 per year to the weaning group. But we won't insist on that – we'll just do the arithmetic based on weaning weight.)

All right then. Over 3 years there are 60 calves sired by each bull, with the good quality bull adding 40 lbs per calf, for a total of 2,400 more lbs of weaned beef. Let's suppose that the market stays at least moderate, averaging \$1.25/lb over those 3 years (we guess it better.) That means that the good quality bull has added \$3,000 to the value of his calves and generated an additional \$1,800 profit for the ranch. Here's the math behind that story:

Added calf weight:	60 calves X 40 lb = 2,400 lbs
Added calf revenue:	2,400 lbs X \$1.25/lb = \$3,000
Increased cost:	\$2,500 (quality bull) - \$1,300 (low-quality bull) = \$1,200
Increased profit:	\$3,000 revenue - \$1,200 cost = <u>\$1,800</u>

Not too many things that you can buy today for \$1,200 will pay for themselves *and increase your profit* by \$1,800. Of course, if you throw in 2 more calves per year from lower birthweight and PAP, the added profit would even higher. And we haven't mentioned at all the higher quality of any replacement heifers that you might end up keeping. But like we said, we don't want to seem stubborn.

Anyways, it's something to think about. At Coyote Creek Ranch Angus, we're trying our best to offer you good quality bulls at a fair price. We believe that our seedstock will add to your calves' performance and your bottom line.

28005 County Road 37
Hayden, Co 81639
www.coyotecreekangus.com

Tel: 970-276-2190
Cell: 970-214-5414