## Dr. Colin Palmer

Biography:

Dr. Colin Palmer is an Associate Professor of Theriogenology (Animal Reproduction) at the Western College of Veterinary Medicine. Originally from Nova Scotia, Dr. Palmer worked in mixed practices in Ontario and British Columbia and has owned/operated a practice in Saskatchewan. Dr. Palmer along with his wife Kim and children Lauren, Emily and Carter run a herd of purebred Red Angus cattle under the KC Cattle Co. name.

# Finding the Balance Between Price and Quality

**A Breeder's... Veterinary Perspective**

If you sell purebred stock you have undoubtedly been frustrated when you lose customers to a lower priced competitor. Competition in the marketplace is a good thing, but in this case it would seem, only if you are a buyer. Cattle prices are up and with that the price of replacement bulls - for the most part anyway. Buying good quality bulls that sire high value calves is one of the best investments a cattleman can make in his herd yet it seems like we struggle to get that message out there.

There are so many variables in raising cattle. Feeding situations, when to calve, labour, facilities, availability of land, finances, marketing to name a few. One of biggest problems in our industry is that few producers know their cost of production. Part of this scenario is not knowing what their calves weigh and not understanding what determines their value. Without this knowledge, it is very difficult to appreciate the return on investment of an input; therefore, the least costs mindset prevails because it is safe. Only the very best will take the time to consider the lost opportunity.

How much should you expect to pay for a bull to be used on a commercial herd? An article that I read a few years back in a US beef magazine suggested that a good rule of thumb was 5 to 7 times the value of a commercial weaned calf. Locally, I have heard 4 times the value of a steer calf. For many producers, it seems hard to justify the cost of higher priced bulls and so they try very hard to find cheaper bulls. Supply and demand forces play a big part in determining price. I will not argue that there are bargains to be had; especially, when there are too many bulls out there. However, at all times buyers need to be astute – are you buying better genetics or just something to get your cows pregnant? How has the bull been raised, has his semen been evaluated, what about a guarantee?

Those that sell cheap bulls limit the development of the cattle industry. Have they ever attempted to figure out what is involved in raising a quality bull? Good bulls usually have great sires. Costs of herd sires and AI programs can easily exceed those endured by commercial producers. Performance herds must have scales and weigh their cattle; yardage costs are higher as bulls need specialized pens; feed, showing, advertising, registration, delivery and sale costs all must be factored in. What about losses from death, injury and failed semen tests? I estimate all of these costs at perhaps a conservative $1500 to $2000 per bull over that of raising a commercial calf. If a steer calf is now worth $1000 then add this cost to the cost of raising the bull and you will get a $2500 to $3000 break-even price for a yearling bull. If you don't factor in the lost opportunity to sell that calf as a steer then you are really fooling yourself. The longer that bull remains in the purebred producer's inventory the higher the break-even price becomes.

Purveyors of cheap bulls can only be truly profitable if they lower their costs of production which can be accomplished by cutting corners or by taking advantage of economies of scale. My personal observations have been that large operations that are in the position to take advantage of economies of scale generally do not sell cheap bulls – they are just more profitable. Taking advantage of economies of scale is what helped to keep them solvent during the years of poor prices. Therefore, sellers of cheap bulls are either cutting corners or simply eroding their equity. Not exactly poster boys for our industry!

Large animal veterinary medicine has also changed considerably in the last decade and there are more changes to come. In 2001, the average Saskatchewan beef cow herd consisted of 80 breeding cows; in 2012 that number has risen to 154 cows. Across North America the number of farms is decreasing while the size is increasing. Cattle vets are now and will continue to become consultants rather than focusing on saving sick animals. Our rural vets will need more communication and business skills to better serve the needs of their clients. There really is no shortage of rural vets, but rather a shortage of visible opportunities for veterinarians in some rural areas. In other words, if it is worth while vets will establish practices in rural areas, or more appropriately provide service in those areas in lieu of an actual physical structure. You as a producer, must realize that you probably only need access to veterinary services rather than actually have a vet waiting on stand-by in your community.

Believe it or not, many large animal vets lack business sense, but that must change. Like cattlemen offering cheap bulls they continue to offer services at prices at or below what was charged 30 years ago and many of them survive on their small animal business. Most vets have big hearts and they want to help their clients, but usually at their own expense. A segment of the profession have recognized opportunities and are offering more and more specialized services to producers. Competition has resulted in better prices for the producer, but it is still up to the cattleman to determine value. Is the vet doing a good job for you, are they thorough, are they professional and can they stand by their work? Perhaps they are able to package goods and services with rewards for loyalty. Those that are truly focused on the cattle industry are very willing to consider your business needs not just their own. Spend some time thinking about what you want your vet to provide and remember, just like when buying bulls, the lowest price isn't always the best way to go.