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BeefTalk: Overhead Costs Loom Big in Working Cattle on Range

By **Kris Ringwall**, Beef Specialist
NDSU Extension Service

After spending the summer and fall working cattle, points are starting to surface as to what the industry needs. In general, nothing has changed. Large obstacles remain. In reviewing the crew's ability to work cattle, a common pattern emerged.

A typical 10-hour workday easily is divided into two parts. The most often talked about time is the actual working of the cattle; however, most of the day is spent in travel and overhead time.

For the typical heavy-tow diesel pickup utilized in pulling the portable equipment, operating costs are \$.266, depreciation \$.154 and replacement \$.010, for a total cost of 43 cents per mile, \$57.62 per round trip per vehicle or just more than \$115 total for the team vehicles.

In terms of labor charges for a six-person crew, three in each pulling unit and making \$12 per hour per person, a 10-hour day means regular time of \$96 and overtime pay of \$36, for a total of \$132 per person or \$792 for the day's crew. The daily labor charge is \$1,030 when factoring in the \$238 cost for workers' compensation, Social Security and health insurance. The expense of feeding the crew was \$120 per day, so total personnel costs for the day are \$1,150.

This crew not only worked the cattle, but also, on average, spent an hour for setup, an hour for lunch, a half-hour for two break periods, a half-hour for teardown and an hour and a half for cleanup, for a total of 4.5 hours.

The cost of the equipment for the portable working facility, the portable hydraulic double alley with chute and portable corral system on wheels was \$35,000. Using a straight-line depreciation of five years, depreciation

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of the portable units would be \$5,000 per year. If 10,000 calves were run through the unit on an annual basis, the per-calf chute charge is a \$1 per head, estimating depreciation, operating and replacement costs.

Given an average day and the capacity to work calves at 66 seconds per head, 191 calves could be worked, for a total chute charge of \$191. The current processing team costs are \$115 for travel, \$1,150 for labor and a \$191 chute charge. The total cost of the team for only the service of the team would be \$1,456. This translates into a cost of \$6.27 per head for travel, labor and chute services. This number does not account for any supplies, such as ear tags, vaccinations or other needed chute side supplies.

It is unlikely that costs could be reduced, but a target of reducing overhead time (setup time, tear downtime and cleanup time) by 20 percent would allow more calves to be worked. The 20 percent reduction in overhead time (180 minutes) would allow for just more than 30 minutes of additional work time, or 30 calves. Working 240 calves instead of 210 calves would bring the cost to just over \$6.32 per calf. A 20 percent increase over the average processing rate would allow for a calf to be worked every 53 seconds, or 238 calves for the 3 1/2 hours of work time, bringing the cost down to \$5.65 per calf.

Combining the increase in time efficiency and the increase in processing rate, the crew could work 272 calves for a cost of \$5.35 per calf. With the right crew, the right producers and the right cattle, \$5 per head could be a reachable target. For now, given the right crew, but the current industry, I will bet on the higher numbers.

May you find all your USAIP ear tags.

Your comments are always welcome at www.BeefTalk.com. For more information, contact the North Dakota Beef Cattle Improvement Association, 1133 State Avenue, Dickinson, ND 58601 or go to www.CHAPS2000.com on the Internet. In correspondence about this column, refer to BT0230.

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Source: Kris Ringwall, (701) 483-2427, kringwal@ndsuxext.nodak.edu
Editor: Rich Mattern, (701) 231-6136, richard.mattern@ndsu.nodak.edu

Per-Head Costs for Working Cattle on the Range with Mobile Facilities

Based on average crew performance	\$7.62
A. -20% reduction of overhead time	\$6.27
B. -20% increase in processing rate	\$6.32
Combing A and B improvements	\$5.65

Average six-person crew performance for a typical 10-hour day with two mobile cattle working units: two hours travel; three hours overhead time (setup, teardown, cleanup); 3½ hours to work cattle; one hour for lunch; plus half an hour for breaks and conversation. Total average cattle worked: 191 calves.

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