Sheep Records: The Key to Profitability

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A key to profitability of any livestock operation is a good set of records. Choosing what type of records to keep for your sheep operation initially starts with looking at what influences profitability of the flock. Once you decide what affects the profitability, then you can start collecting the records that help you make better informed decisions. These decisions might include tasks such as how to select the best performing sheep in your flock, how to identify sheep that should be culled, or how to identify expenses that could be decreased.

A research study at North Dakota State University, “Critical Control Points for Profitability in Sheep Production,” identified four key points that determine net profit for sheep operations: sufficient volume of production to be efficient, low unit cost of production, adding value to the lambs by feeding them to market weight, and labor efficiency. So, the question now is what types of records should a producer keep in order to address these profitability points?

When I think of production efficiency, there are several criteria that come to mind. For rams, they should be more than just fast growing, muscular, and structurally correct. Any ram needs to be reproductively sound. Records that will prove his merit would include the percentage of ewes he settled in two heat cycles, growth and performance of his offspring as lambs and the performance of those lambs as sires and dams. For ewes I might look at total weaning weight of her lambs at a given age as well as post weaning growth, muscling and structural correctness. To arrive at this information, producers should keep detailed lambing records: birth date, sire, dam, sex, type of birth, birth weight. Producers should also collect weaning weights and post weaning weights. Additionally, ultrasound scan data for loin eye area and/or depth plus fat thickness is very useful for evaluating production parameters.

To address sufficient volume of production to be efficient, we need to realize that not only do we have certain expectations of each individual ewe and ram in the flock, but we also need to lamb out a large enough flock that we can spread the expenses across a larger number of ewes. Some expenses are fixed regardless of the number of sheep on the farm, while others are flexible and will vary based on the number of sheep. An example of a fixed expense would be a mortgage payment. A flexible expense example would be feed. The mortgage cost stays the same, but the feed cost increases as the number of sheep increases.

Operation expenses will have a large impact on the overall profitability of an operation. The NDSU research study looked at net profit across a number of years and their data suggests that producers should spend time looking closely at measuring and controlling operation expenses. Feed costs are typically one of the biggest expenses in an operation so practices such as sheep selection to decrease grain consumption (an expensive feed resource) and methods to increase and improve pasture production can make a difference in the bottom line at the end of the year.

A low unit cost of production takes into account two aspects of the operation: total production and total costs. You can consider your unit cost of production in several ways, depending on the product that you are selling. For producers selling feeder lambs, you might look at cost to raise a lamb to weaning age. If you are looking at selling market lambs, you might want to consider the cost per pound of gain. For breeding stock you might look at the costs associated with raising a replacement ewe.

Adding value to lambs by feeding them out would take a closer look at cost to finish a lamb to a specified weight compared to the value of that lamb at marketing. Low cost weight gains on pasture could be compared against feeding efficiencies (pound of feed needed for a pound of gain) in a feedlot. Pasture growth rates will be slower and thus lambs take longer to reach market weight compared to fast growing feedlot lambs who are consuming more expensive grain rations.

Labor efficiency can be largely dependent on the operation facilities. Obviously, there is a cost to improving facilities, but that cost can be justified if labor cost is reduced by more than the cost of the improvement. For example, handling small square bales can be very time consuming. By purchasing a round bale feeder and switching to large bales a great savings can be realized in the amount of time spent feeding forages to the sheep. However, if this switch also requires investing in new equipment to handle the larger bales the lower labor cost may not justify the additional expense.

A key to any record keeping system is to choose a method that is both easy to use as well as easily accessible. Whether you are using a handwritten system or a sophisticated computer program, they need to be kept up to date in order to make the best use of the records. Income and expense records can be very valuable when they are compared over a number of years.

As we start this new calendar year, are there ways that you can do a better job of keeping records for your operation? Do you need to become more efficient at keeping records? Do you need to keep more detailed records? Or, do you need to develop a new system for keeping those records. Plan now to be more profitable in 2013!

The CDC has Pocket Lambing Record Books and Lambing Barnsheets free of charge upon request for CDC members. Contact the CDC office today for your 2013 lambing season needs!