



Table 1: Costs associated with operating a one ton used diesel truck

INPUT DATA	Units	Vehicle/Pickup Values
Current Value	\$	\$20,000
Total Miles Used (useful life)	Mile	250,000
Current Mileage	Mile	135,000
Salvage Value (trade or junk)	\$	\$2,500
Annual Miles of Use	Mile	20,000
Fuel Use (miles per gallon)	Gal.	15
Cost of Fuel	\$/Gal.	\$4
Interest Rate on Capital	%	7
Monthly Loan Payments (if made)	\$	\$0
Annual License & Tax	\$	\$100
Annual Insurance	\$	\$615
Tire Cost (per set)	\$	\$700
Tire Life in Miles	Mile	30,000
Annual Repair & Maintenance Cost	\$	\$2,500

COST COMPONENTS	Units	Vehicle Values
Operating or Variable Cost		
Fuel	\$/Mi.	\$0.267
Tires	\$/Mi.	\$0.023
Repair & Maintenance	\$/Mi.	\$0.125
Total Oper. or Variable Cost (\$/Mile)	\$/Mi.	\$0.42
Total Annual Oper. or Variable Cost	\$	\$8,300

FIXED COSTS	Units	Vehicle Values
License / Tax	\$/Mi.	\$0.005
Insurance	\$/Mi.	\$0.031
Interest (non-cash)	\$/Mi.	\$0.065
Depreciation	\$/Mi.	\$0.152
Total Fixed Cost (\$/Mile)	\$/Mi.	\$0.25
Total Annual Fixed Cost	\$	\$5,052

Total Cost per Mile (Operating + Fixed)	\$/Mi.	\$0.67
Total Annual Cost (Operating + Fixed)	\$	\$13,352
Total Cash Costs per Mile *	\$/Mi.*	\$0.45
Total Cash Costs *	\$	\$9,015

*Includes loan payment if being made.

Table 2. Influence of Miles Driven/Year on Total Cost Per Mile

	10,000 miles	15,000 miles	20,000 miles	25,000 miles
Total Cost/Mile (Operating & Fixed)	\$0.90	\$0.74	\$0.67	\$0.62

Table 3. Influence of Miles Per Gallon on Total Cost Per Mile @ \$4/gallon Fuel

	10 MPG	15 MPG	20 MPG
Total Cost/Mile (Operating & Fixed)	\$0.80	\$0.67	\$0.60

Table 4. Influence of Price Per Gallon on Total Cost Per Mile @ 15 Miles Per Gallon

	\$3.50/gal.	\$4/gal.	\$4.50/gal.
Total Cost/Mile (Operating & Fixed)	\$0.63	\$0.67	\$0.70

Profit Options

By Curt Olson

Selecting a new way to sell cattle and beef can lead to paralysis by analysis. Do you want a process verified program, niche market such as natural or organic, sell on a value-based grid, directly market to consumers, sell into a certified or branded program, get involved with an export verification program — or would you rather take them to the sale barn and be finished with them? But don't forget. Many sale barns have programs that also help you make more money: VAC 45, ID, age and source verified, etc.

“You can be overcome by information,” says Jim Robb, a livestock marketing specialist with the Livestock Marketing Information Center. “Focus on what you can do. There's not one source of information you're going to grab onto and the light bulb will go on. There is not one stop shopping. It's an ongoing process. You have to start reading.”

University of Nebraska Extension agent Ivan Rush urges caution if you're considering an alliance. While the industry definitely has seen success in this area, there have been failures. “When you start looking at alliances, the biggest thing is the reputation and how long you think it's going to stay in business,” he says. If you have doubts, you may not want to change breeding or production practices to meet their standards.

Smaller operators have learned that pooling calves that are the same sex and weight from multiple owners often brings more money. DeeVon Bailey of Utah State University points out that it will probably be up to the cattlemen to form their own pool and the rules for how it works. Pool participants have to agree on the rules and that they will be enforced. It will take a commitment from everyone to make it work, especially when cattle don't meet the pool requirements.