Accurate, up-to-date production and financial records are an important part of any successful business operation.

**Production Records**

Production records include those that document the production of saleable animals or animal products. Production data may include:

- Individual animal inventories
- Breeding and calving, farrowing, lambing, kidding, or foaling dates
- Percent of cows, sows, ewes, or nannies bred
- Percent of calf, pig, lamb, or kid crop born
- Percent of calf, pig, lamb, or kid crop weaned and their average adjusted weaning weights
- Carcass data
- Number of bulls, boars, rams, or bucks per female
- Net income and feed costs per head (or per pound of gain for feeder animals)

Production records may vary depending on the species of livestock produced. A purebred or commercial producer may have a need to track and record different types of information regarding weaning, growing, or finishing. Basic inventory records associated with births, sales, deaths, and health management practices should be recorded regardless of business type.

Recording and inventorying animals utilizes a unique identification system of tags, brands, ear notching, and tattoos. This identification system may also provide sire and dam information. Purebred animals are assigned a registration number by the breed association identifying the breed and registration date. Regulation rules usually require a unique tattoo or brand to identify the animal. All record information should be dated and associated with the individual animal. Records should include purchase and cull sale prices, veterinary examinations (pregnancy testing for females, breeding soundness for males); and animal health practices (vaccinations, parasite control, treatment).

Birth records (calving, farrowing, lambing, kidding, foaling) assist in determining age and country of origin.
labeling (COOL). These records may include information such as ease of birth (unassisted vs. assisted); type of birth (single, twin, multiple); health problems with dam or offspring; milk production (teat size or shape), etc. Growth to weaning records might include any health problems or intermediate measurements of weight or height. At weaning weight, when young are removed from their dam, price per pound and sometimes height are recorded to determine which animals had more efficient and profitable growth rates. Tracking these variables allows producers to select for these traits.

The growth rate of weaned animals is determined using the initial and final feeding period weight. Efficiency of growth is measured by the amount of feed consumed by these animals, usually as a group since it costs too much to feed animals individually. The price per pound is based on live weight, or carcass merit, and should also be recorded. Net profit or loss is calculated by taking the cost of the initial animal, feed, and health treatment and subtracting it from gross revenue received from the finished animal.

Many of these production records may be summarized by sire group (all the calves by a single sire) or dam group (calves from the same dam). After one or two crops of offspring, sires can be evaluated based on the performance of their calves. For dams producing only one or two offspring per birthing, this might require five seasons to gather enough information to make reliable assessments.

Financial Records

Successful businesses also maintain financial records to track revenue and expenses and to use for tax purposes. Financial records include:

- Animal, feed, equipment
- Budgets (income and expenses associated with a business activity)
- Cash flow
- Depreciation schedule (deduction for useful life of equipment and livestock)
- Annual net income
- Profit and loss statement
- Net worth statement

Other Records

Other records that should be kept may or may not be directly related to the production or financial records but are important to the overall operation of the business. For example, feed inventories should be kept to monitor feed use. These should include all the feed and hay purchased, produced, or sold. The difference between a beginning inventory in January and an ending inventory in December (types of feed, weight, number of bales, etc.) would provide data regarding the amount of feed used during the year. An inventory of fertilizers, herbicides, and pesticides used or purchased during those months would be beneficial for both tax purposes (expense items) and to aid in an audit by a regulating authority. Their use, location, and amount used should be noted in the daily record. Other records that may be included are sales taxes, land taxes, fuel, and labor costs. Maintaining records of this nature is useful for tax purposes as well.

Why Keep Records?

Records need to be kept in order to determine production levels and profitability margin. Without records it is difficult to determine if the business is successful or to develop plans to make it more successful. Production records can be used to examine changes in the operation such as in animal numbers and weighs and show if any changes made proved to be beneficial.

Financial records can be used to determine if production increases are cost effective based on the unit cost of production. In addition, financial records can be used for income tax purposes, to obtain credit at reasonable interest rates, to guide changes in the livestock enterprise, to serve as a guide for current income and expenses, and to maintain “continuity of the business” in case the owner becomes incapacitated. Basic financial records should include an annual inventory, a budget (for each enterprise: cattle, horses, hay, etc.), a profit and loss statement (P and L), a net worth statement, and enterprise accounts.

How to Keep Records

Record keeping begins with a daily accounting of what was done, usually in a notebook. Purchases,
sales, births, deaths, sick animals treated (with what and how much), and other activities should all be noted daily. The information can then be summarized on a weekly or monthly basis and recorded in the production and financial records. These records can be handwritten or generated using a computerized system. The daily record will aid in understanding what was done and why an expense was incurred or income generated. Often a computerized system allows for a detailed analysis of production and financial records. Regardless of the method used, a duplicate copy, or electronic backup copy should be maintained and stored at a separate location in the event of an emergency and updated regularly.

**Summary**

Production managers maintain both production and financial records. Production records generally deal with animals or crops that are raised and sold. Financial records are those associated with profit and loss in raising livestock or crops. Production records are necessary to determine if a business is improving in terms of numbers and pounds of animals or units of crops sold while financial records are necessary to determine if a business is profitable based on net income (or net income per unit). Financial records are also important to secure loans and to maintain the continuity of the business. Daily records should be recorded and summarized weekly or monthly and entered into the production and financial records. Records can be kept on paper or on a computer spreadsheet with secure paper or computer backup. These records can also be used for tax purposes.

**References**


Questions

1. What are two basic types of records that should be kept in an animal business operation?
2. List five data items that may be included in a production record?
3. List five data items that may be included in a financial record?
4. What is the basic outcome to be determined by interpretation of a production record?
5. What is the basic outcome to be determined by analysis of financial record?

Activity

1. Review the production record of an animal business operation and determine whether or not an interpretation of the recorded data is able to determine annual changes in production levels.