

YEAR 2001

STOCKER/FEEDER CALF MARKETING OPTIONS

Traditional vs. Process Verified & Preconditioned

TITLE

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Cedar Run Ranch

COOPERATOR

WASKOM
COMMUNITY

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AGENT

1
PRECINCT

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I. SUMMARY:

Numerous marketing options are available to cow/calf producers - from selling freshly weaned calves to a branded beef product at retail or directly to the consumer. The purpose of this project is to evaluate two calf marketing options:

- g Selling calves in individual lots through a commission company immediately after weaning, or
- g Process verified, preconditioned and commingled lots for a premium stocker/feeder sale.

II. PROBLEM:

Over half of the beef calves produced in Texas are sold through a commission company immediately after separation (weaning) from their dam. Many are sold individually. Marketing calves in this manner is convenient for the cow calf producer. Stocker and feedlot operators prefer calves that have been weaned for at least forty-five (45) days and vaccinated for respiratory viruses and common bacterial pathogens. Calves exposed to this regime consistently yield more predictable, favorable health performances. Better health results in faster, more efficient weight gains and improved carcass merit.



Preconditioned cattle

III. OBJECTIVE:

Preconditioning calves at the ranch involves additional expenses when compared to the traditional sell-at-weaning program. The question asked by many producers is “Will it pay?” Therefore, the purpose of this demonstration project is to compare the two marketing options:

└ **Traditional** - sell calves as individuals through a commission company immediately after weaning.

└ **Value Added: Process Verified & Preconditioned** - calves weaned, vaccinated and held on the ranch for at least forty-five (45) days. Calves were process verified, sorted by type, weight, condition, commingled in truckload lots and sold in a special commission company sale.



Implanting cattle

IV. MATERIALS/METHODS:

This demonstration was conducted from June through July of 2001, using calves that were reared on the Cedar Run Ranch, between Marshall and Waskom, Texas. Calves involved in this demonstration were Charolais sired and out of Brangus cows. Calves were born October 7, 2000 through December 30, 2000.

The schedule of events for this demonstration are as follows:

May 31 Cows and calves are gathered from the pasture. Twenty calves (Traditional weaning group of mixed heifers and steers) were randomly selected, weighed (weaning weight) and transported 85 miles to a commission company. The remaining cows and calves were left in pens with hay and water overnight.

June 1 The traditional calves that were pulled off of the cows the day before, were sold at a local commission company that the ranch normally does business with.

June 2 The remaining 101 calves (Preconditioned group of steers and heifers) were separated from the cows by 9 a.m. Preconditioned calves processed, weighed (weaning weight) and transported to a weaning lot on the ranch.

Preconditioned steers were vaccinated, treated for internal parasites and tagged with an NETBIO (Northeast Texas Beef Improvement Organization) ear tag provided by the Sulphur Springs Livestock Auction. These calves were offered fresh water and bermudagrass hay free choice and remained in the weaning lot for the first five days post-weaning.

During the first 14 days post-weaning, preconditioned calves were hand fed 3 lbs. Of cottonseed meal supplement containing Bovatec. Mineral supplement was also available free choice.

June 16 Preconditioned calves were weighed and second BRD vaccination administered. Cottonseed meal supplement was reduced to 2 pounds per day.

- June 16** Preconditioned calves were moved to a 33 acre coastal bermudagrass field.
- July 17** Preconditioned calves were weighed (final ranch weight) and turned back to grass traps overnight.
- July 18** Preconditioned calves were transported 127 miles to Sulphur Springs Livestock Auction in Sulphur Springs, Texas. Calves were allowed to stand in pens with access to feed, water, hay and shade for two hours prior to being sorted and weighed (payweight). Calves were commingled in with others of like kind, weight, condition and quality.
- July 18** Preconditioned calves were sold during the Premium Stocker/Feeder Sale.

Animal health products used are shown in Table 1. Vendor receipts (showing proof of purchase) were attached to consignment forms as a part of the process verification protocol.

Table 1. Animal Health Products Used in Preconditioning Program

Product	Manufacturer	# of Doses	Cost/hd
4 Once (IBR, BVD, PI3, BRSV (MLV)	Intervet	2	\$5.08
Vision 7 Somous	Intervet	2	\$0.92
Revelor-G Implants (50 Head only)	Intervet	1	\$1.23
Safe-Guard	Hoechst Roussel	1	\$1.07
Total			\$8.30

V. RESULTS/DISCUSSION:

A comparison of the two marketing programs in this demonstration is presented in Table 2. Both groups of calves were very similar in weaning weight at the start of the demonstration and both groups had similar percentages of steers and heifers.

Traditional Marketing Option:

A comparison of weaning weights (average 431.4 pounds) and payweights (average 411.5 pounds) indicates these calves experienced a 4.61% shrink (calves average weight change from weaning to sale barn was actually a negative 19.9 pounds per head). Industry expectations for shrink by fresh weaned calves range from 2-10%. Average gross price received was \$102.46 (range \$89-125). Theoretically, the shrink experienced by these calves represents a revenue loss of \$20.38 per head.

Preconditioned Marketing Option:

No death of illness was incurred during the 45 day preconditioning period. Preconditioned calves gained an



Truck arrives

average of .93 pounds per day (comparing weaning weight to final ranch weight). Quality of the bermudagrass pasture was at its peak during the preconditioning period (It might also be noted that it was wet spring and early summer, grass was very lush). Interim weights taken on June 16th, indicate that calves had very little trouble making the weaning transition. Calves were commingled and sold in lots ranging in size from 1 to 22 head. Preconditioning and process verification by the producer and the sorting, commingling and merchandising of lots by the commission company resulted in an increase net return of \$41.73 per head, (*see Table 2*). Factors contributing to this improved profit include;

Heavier Market Weight - Average payweight for preconditioned calves was 42 pounds *heavier* than their weaning weight. Preconditioned calves had an actual shrink of 2.43% and a 2% pencil shrink (all calves sold in this sale have a 2% pencil shrink applied). Calves marketed in the traditional manner averaged 40.26 pounds *less* at market than the weaned.

Precaution: Results of this project are only a snapshot in time, involving one small set of calves and two commission companies. It should not be concluded that preconditioning is unanimously profitable.

VI. ECONOMIC ANALYSIS / DISCUSSION:

(See Last Page, Table 2)



Loaded and ready for delivery to sale!

VII. ACKNOWLEDGMENTS:

We wish to thank Tom Boone, owner of Boone Cattle Company and the Cedar Run Ranch, also to managers, Jay and Ann Harris for their hard work and assistance in gathering data from the cattle. We would also like to thank Dr. Greg Clary, Extension Economist-Management, headquartered at the Research & Extension Center in Overton for his assistance and guidance during this demonstration, it is very much appreciated. We would also like to thank Mr. Lee Barr, Sales Representative with Intervet for donating all of the animal health products and implants used in this demonstration. The Sulphur Springs Livestock Auction for their assistance in this project is also appreciated.

The information given herein is for educational purposes only. Reference to commercial products or trade names is made with the understanding that no discrimination is intended and no endorsement by the Cooperative Extension Service is implied.

Table 2 TRADITIONAL VERSUS PRE-CONDITIONING (VALUE ADDED)

Data	Traditional Weaning	Value Added
Date Weaned	6/1/01	6/2/01
Date Sold	6/2/01	7/18/01
Number of Head	20	101
Weaning Weight, Pounds	431.4	452
Ranch Shipping Weight, Pounds	431.4	494
Salebarn Weight, Pounds	411.5	482
Shrink, Pounds	4.61%	2.43%
Pencil Shrink		2.00%
Payweight, Pounds	411.5	472.36
Weight Change, Pounds	-19.9	20.36
INCOME:	\$/cwt	\$/cwt
Price - Average	102.46	100.41
Range	\$89 - 125	\$88.5 - 118
Proceeds - Gross	\$8,432.00	\$48,880.20
Average Value, \$/Head	\$421.60	\$483.96
EXPENSES: (Marketing)		
Commission	\$234.00	\$1,147.00
Feed/Yardage	8.00	\$303.00
Beef Check-off	20.00	\$101.00
Brand Inspection	9.67	\$48.48
Insurance	21.07	\$58.65
Freight	230.35	\$274.50
Sub-Total	523.09	\$1,932.63
Sub-Total, \$/Head	26.15	\$19.13
EXPENSES (Preconditioning)		
5-way		\$5.08
7-way		\$0.92
Worming		\$1.07
Implant		\$1.23
Feed		\$16.07
Hay		\$1.18
Minerals		\$1.06

Tags		\$0.75
Labor		\$2.14
Labor		\$1.07
Pasture		\$11.17
Interest (7%)		\$4.05
Total		\$45.79
NET INCOME: (per-head)	\$395.45	\$437.18
DIFFERENCE: (per head)		\$41.73