

DID YOU KNOW ?

Why Ranchers precondition their calves...

\$30.00
ADDITIONAL
PROFIT/HEAD



Sutherland's

OVER

The Economics of Preconditioning*

*Adopted from "Adding Value to Your Calf Crop by Preconditioning" Walt Prevatt, Darrell Rankins, and Soren Rodning, Auburn University 4-07

MANAGING SHRINK—A rancher cannot make decisions about marketing feeder calves without considering shrink. Calf shrink occurs in following areas:

- ⇒ gather and pen the cattle
- ⇒ sort the calves from the brood cows
- ⇒ sort the calves on sex (steers/heifer)
- ⇒ sort the calves on weight and uniformity
- ⇒ load the feeder calves
- ⇒ transport the feeder calves
- ⇒ handling at the auction barn

Various studies have estimated feeder calf shrink to range between 10-15 % when marketing the un-weaned feeder calf. On a 500-pound feeder calf that would be 50-75 pounds per head. Thus, feeder calf shrink could have a significant impact on your net farm income.

Whereas, preconditioned calves have recovered the shrink incurred during gathering and sorting process, have adapted to people and the pen environment, and are use to being handled.

Table 1. illustrates the potential value to preconditioning

MARKETING PRECONDITIONED CALVES—

Feeder calf preconditioning means different things to different people and does not guarantee that buyers will always pay for the value. Therefore, feeder calf producers must fully describe their preconditioned feeder calves and market them in an environment where they will be compensated for the increased value.

IDENTIFYING VALUE ADDED BUYERS— Perhaps the most overlooked step in marketing preconditioned calves is marketing to the right set of potential buyers. Who is your customer? Do they have a value added endpoint for your calves? Marketing should be a process; not simply a task. Coordinated beef programs such as Suther's and Power Genetics offer producers access to buyers searching for preconditioned calves.

SUTHER'S PEN-START & RUM-START—Nutrition is an important part of any preconditioning program. Suther's line of calf starters come in a range of package sizes to include products fed at rates of .33 lbs., 1 lb., and 6 lbs. per head per day. Let us work with you to determine the correct product and complete feeding program for your ranch.

Table 1. A financial comparison of non-preconditioned and preconditioned feeder calves*

Item	Feeder calves sold at weaning non-preconditioned	Feeder Calves Sold after 45 days of preconditioning
		Feed cost, \$/ton \$110.00
Number of head	75	75
Initial weight lbs.	550	550
Days of preconditioning	0	45
Facilities cost, \$/hd.	-	\$8.00
Feed & mineral cost, \$/hd	-	\$47.83
Labor cost, \$/hd.	-	\$10.00
Medication cost, \$/hd	-	\$11.00
Death Loss, \$/hd.	-	\$5.69
Total cost, \$/hd.	-	\$82.52
Total cost, \$/hd./day	-	\$1.83
Average Daily gain, lbs/hd./day	-	2.25
Gross pay weight, lbs	-	651.25
Gathering and penning shrink, percent	2%	-
Sorting shrink, percent	3%	-
Loading shrink, percent	1%	1%
Transportation shrink, percent	2%	2%
Pencil shrink, percent	2%	2%
Total shrink, percent	10%	5%
Total shrink, lbs.	55	28
Net pay weight, lbs.	495	624
Sale price, \$/cwt.	\$115.00	\$110.00
Gross receipts, \$/hd.	\$569.25	\$686.13
Preconditioning cost, \$/hd.	\$0.00	\$82.52
Net receipts, \$/hd.	\$569.25	\$603.61
Difference net receipts, \$/hd.		\$34.36
Difference in net receipts, total \$ per group		\$2,576.72