Is Preconditioning Feeder Calves For Me?
Walt Prevatt, Darrell Rankins, and Soren Rodning
Auburn University

Reputation and quality are common attributes associated with preconditioned feeder calves. Stocker and feedlot operators have touted the virtues of preconditioned feeder calves for decades. It has been well documented that by reducing the stress at weaning, feeder calves will have less sickness and death loss, a higher level of performance, and hang a higher quality carcass. The dollar sum of these benefits adds significant value to preconditioned feeder calves. Buyer interest in preconditioned feeder calves is expected to continue to grow as increases are realized in feeder calf prices and the cost to finish cattle.

Preconditioning Feeder Calf Programs
Feeder calf preconditioning programs usually include three components: 1) weaning, 2) a health care program, and 3) weight gain. Weaning or separating feeder calves from brood cows is necessary to help the feeder calves become independent and learn to consume adequate nutrition on their own (eat feed and minerals from a feed bunk and drink from a water trough) for growth. A complete health program (initial and booster vaccinations administered according to vaccine label instructions, castration, deworming, dehorning, etc.) enhances the immune system of feeder calves and prepares them for the next phase of beef production (either stocker and/or feedlot enterprises). The weight gain component of the preconditioning program provides adequate nutrition for the feeder calves to gain weight while they overcome the stresses of weaning and health management practices. Some people call this the “straightening out period” for a set of feeder calves. The end result is a heavier, healthier feeder calf with an improved immune system.

There are several preconditioning programs with varying names and management requirements. As you might expect, there are numerous ways to accomplish the three components that make up a preconditioning feeder calf program described above. Depending on the origin of the feeder calves and possibly where they will be transported to could have an
impact on the selection of the type of vaccines and how long they should be preconditioned. A common preconditioning feeder calf program in the Southeast is the VAC-45 program. It requires a 45-day preconditioning period with a specified animal health program (initial and booster vaccinations, castrate bull calves, deworming, dehorning, animal ID, etc.), a proper nutritional program (adequate feed and minerals for weight gain), and teaching feeder calves to eat feed from a feed bunk and drink water from a water trough. Most feeder calf buyers prefer preconditioning a minimum of 45-days after weaning. This allows the feeder calves the time needed to overcome the stresses of weaning and health management practices, time for the health program to become effective, and allows for the feeder calf to become accustomed to the feed bunk and water trough.

What are the Economics of Preconditioning Feeder Calves?

The economics of preconditioning feeder calves depends on a number of factors such as a) the quality of your feeder calves (preferred beef genetics that are medium-large frame and #1-#2 muscle score), b) how they perform during the preconditioning period (average daily gain and feed required per pound of gain), c) what management practices you currently perform, d) how you sell your feeder calves (one at a time or in truck load units), e) health program, and f) feed and mineral input prices. In order to simplify this discussion, let’s look at three significant factors that affect the economics of preconditioning. They include 1) reduced shrink, 2) weight gain, and 3) a price premium.

Shrink on feeder calves is an economic factor that is not easily detected. Many pounds of calf production are either left in the cowpen on the farm during penning, sorting calves from cows, sorting calves into steer and heifer groups, and loading non-preconditioned (un-weaned) feeder calves as well as the additional pounds lost during transport to and while waiting to be sold at the auction market. Some studies have estimated that non-preconditioned feeder calves will shrink between 10 and 15 percent when compared to what the feeder calves weighed in the pasture. A general rule of thumb is that preconditioned calves will shrink about one-half as much as non-preconditioned feeder calves. On a non-preconditioned 600-pound calf, a 10 percent shrink would be about 60 pounds per calf. One-half of the 60-pounds would be 30-pounds of shrink for the preconditioned feeder calf. This allows for 30 additional pounds to be marketed with a value of gain of $1.00 per lb. which results in an additional $30 per head of net income. Thus, the reduced shrink that is associated with preconditioned feeder calves is a big deal.

Weight gain during a preconditioning program is another economic factor that can benefit the cattle producer. Most cattlemen try to provide a feed ration that will achieve an average daily gain of 2.25 to 2.75 pounds per day. Over a 45-day preconditioning period this results in between 101 to 124 pounds of additional weight gain that can be sold. Cattle producers try to formulate a ration where the cost of gain is less than the value of gain. The recent average
value of gain had ranged between $0.80 and $1.20 per pound of gain. If we assume a value of gain of $1.00 per pound and weight gain of 100 pounds (after shrink), the value of gain would be $100 per head. If you can keep your cost of gain below the value of gain, you can make money on the weight gain. For example, if the value of gain is $1.00 per pound, the weight gain is 100 pounds (after shrink), and the cost of gain is $0.75 per pound you will make $0.25 per pound of gain which would be $25 per head ($100/hd - $75/hd).

The price premium received for preconditioned feeder calves is derived from their added value. Preconditioned feeder calves are heavier, have an improved immune system, have the potential for higher animal performance, and higher carcass characteristics. These attributes contribute to higher profits in later phases of beef production. Thus, these higher profits allow cattle buyers to pay a price premium for preconditioned feeder calves. The recent price premiums for preconditioned above non-preconditioned feeder calves in Alabama have ranged between $5 to $15 per hundredweight (or $0.05 to $0.15/lb.). The price premium on a 700-pound feeder calf would range between $35 and $105 per calf.

A couple of other factors to consider if you are currently selling your calves one-at-a-time is the opportunity to sell your feeder calves in truck load units (48-50,000 pounds) directly off the farm through a marketing agent. Many of our Alabama livestock market auctions offer this service. Selling preconditioned feeder calves in truckload units off the farm usually benefits the cattle producer through lower commission rates and reduced transportation costs. These factors could add $15 to $25 per head to your net income.

Collectively, these economic factors often add between $50 and $200 net income per head to preconditioned feeder calves in Alabama during spring and summer marketing time periods. Few management practices, if any, can compare with these results.

Is Preconditioning Feeder Calves For Me?

Most cow-calf producers ask the common question about whether or not preconditioning feeder calves adds sufficient value to offset the added costs. This question, of course, can only be answered by the individual cattle producer. Some can and some can’t. It all depends on your costs, performance, and the price premium received for preconditioned feeder calves. However, there seems to be a growing number of preconditioned feeder calves offered for sale over the last couple of decades which implies that more folks are making preconditioning work for them.

In order for preconditioning feeder calves to be beneficial to the cattle producer, he/she must:

- Produce quality feeder cattle (calves with preferred market genetics that are medium-large frame and #1-#2 muscle score).
- Have adequate working facilities to perform preconditioning management practices or have access to a custom preconditioning service.
- Identify a preconditioning program for which stocker and/or feedlot buyers are willing to pay the seller a reasonable profit to implement.
- Select and work with a marketing agent that can help get you paid for preconditioning feeder calves.
- Fully describe the preconditioning program to potential buyers and provide documentation that preconditioning practices were performed. This contributes to building your reputation as a source of high quality feeder calves.
- Individually have enough feeder calves or be able to comingle feeder calves with your neighbor to achieve truck load units (48-50,000 lbs.).
- Implement a feeder calf preconditioning program that meets nutritional requirements and attains reasonable weight gains on modest amounts of feed during the preconditioning period.
- Continuously tweak your preconditioning feeder calf program with improvements which enhance the value and reputation of your program and will reward the seller for the added value.

With today’s high feeder calf prices and production costs, weaning and preconditioning feeder calves is beneficial to both buyers and sellers. Sellers benefit from selling more weight (due to a combination of weight gained during the preconditioning period and less pounds of shrink on sale day), a price premium for preconditioned feeder calves, and lower levels of marketing costs (commission, hauling, etc.). However, it is extremely important to pay close attention to your cost of gain, especially with the current high feed prices. Buyers benefit from buying preconditioned calves because of a reduction in the amount of sickness, weight loss, death loss, and improved performance and higher quality carcasses. Thus, managing this important transition period for the feeder calf (from dependent on momma to becoming independent) adds more dollars to everybody’s bottom line in the cattle industry.

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1Walt Prevatt is Extension Economist and Professor, Department of Agricultural Economics and Rural Sociology, Darrell Rankins is Extension Animal Scientist and Professor, Department of Animal Science, and Soren Rodning is Extension Veterinarian and Assistant Professor, Department of Animal Science, Auburn University.