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Does Preconditioning Feeder Calves Pay the Cow-Calf Producer?

Feeder cattle buyers and feedlot managers have touted the virtues of preconditioned feeder calves for more than a decade now. However, that does not mean that they will willingly pay for the value added from preconditioning feeder calves. In fact, most will admit they are only going to make one more bid than the next buyer. 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.

What Does Preconditioning Mean?

Feeder calf preconditioning means different things to different people. Thus, in order to at least have an opportunity to get paid for what you do, the feeder cattle producer needs to represent the product he is selling by fully describing the preconditioning program that the feeder calves have received. A common feeder calf preconditioning program includes a complete health approach (initial and booster vaccinations, deworming, castration, dehorning, etc.). These calves are weaned and taught to feed out of a trough for a minimum of 45 days. Producers have been known to vary from this standard practice, but for whatever method is used, it is very important for cattle producers to fully describe their preconditioning program. This way, buyers will be aware of the enhanced value of these animals and bid appropriately.

Preconditioning and Shrink

One cannot talk about preconditioning feeder calves without considering shrink. Many cattle producers are unaware of the shrink they leave in the cow pen on sale day. Feeder calves that are sold at weaning typically incur a larger shrink than those that have been preconditioned. The primary reason for this is that preconditioned calves have recovered the shrink incurred during gathering and sorting. A conservative estimate by some cattlemen is that feeder calves will shrink 2 percent from gathering and 4 percent from sorting. An additional 2 percent is often incurred during loading. Also, cattle buyers typically get a 2 percent pencil shrink on the gross weight of the feeder calves. Summing these four items will give you a total shrink on the feeder calves, which in this example amounts to 10 percent. Depending upon the conditions (weather, time of day, nearness to working facilities, cattle disposition, number of cattle to be sorted, etc.) shrink may be more or less than this estimate.

How to Evaluate the Preconditioning Opportunity

A comparison of feeder calves sold at weaning which were not preconditioned with feeder calves sold after 45 days of preconditioning will help determine if preconditioning pays the cow-calf producer. Table 1 provides an evaluation to determine if preconditioning pays the cow-calf producer.

Table 1. An Evaluation To Determine If Preconditioning Pays The Cow-Calf Producer¹.

Item	Feeder Calves Sold At Weaning Non-Preconditioned	Feeder Calves Sold After 45 Days Preconditioning²
Initial Weight, Lbs.	640	640
Days Of Preconditioning	0	45
Preconditioning Cost/ Hd./Day	0	\$1.34
Preconditioning Cost/Hd.	0	\$60.22
Average Daily Gain, Lbs./Hd./Day	0	2.25
Gross Pay Weight, Lbs.	640	741.25
Gathering Shrink, %	2	0
Sorting Shrink, %	4	0
Loading Shrink, %	2	3
Pencil Shrink, %	2	2
Total Shrink, %	10	5
Total Shrink, Lbs.	64.00	37.06
Net Pay Weight, Lbs.	576.00	704.19
Sale Price, \$/Cwt.	\$117.00	\$110.00
Gross Receipts, \$/Hd.	\$673.92	\$774.61
Preconditioning Cost, \$/Hd.	\$0.00	\$60.22
Net Receipts, \$/Hd.	\$673.92	\$714.38
Difference in Net Receipts (Col. 2 - Col. 1), \$/Hd.		\$40.46

¹Feeder calves are assumed to be of comparable breed, lot size, quality, uniformity, etc.

²Feeder calf preconditioning includes a complete health program (initial and booster vaccinations, deworming, castration, dehorning, etc.). The preconditioned feeder calves were "weaned from the cow," sorted by sex, weight, and quality, and bunk broke (eat/drink from a trough) for an additional 45 days longer than the non-preconditioned feeder calves.

The feeder calves sold at weaning (non-preconditioned) alternative is the simplest to evaluate. Let's assume an initial weight of 640 pounds, 2 percent gathering shrink, 4 percent sorting shrink, 2 percent loading shrink, and 2 percent pencil shrink. Thus, a 10 percent total shrink on 640 pounds per head will result in a total shrink of 64 pounds per head. The net pay weight would be 576 pounds per head (640lbs-64lbs). Assuming a sale price of \$117 per hundredweight for the 576 pound feeder calf would result in gross receipts of \$673.92 per head. Since no preconditioning costs were incurred with this alternative, the net receipts would also be \$673.92 per head.

The feeder calves sold after 45 days of preconditioning alternative requires a little more effort to evaluate. The feeder calves will receive a complete health program (initial and booster vaccinations, deworming, castration, dehorning, etc.). The preconditioned feeder calves are weaned from the cow, sorted by sex, weight, and quality, and bunk broke (eat/drink from a trough) for an additional 45 days longer than the non-preconditioned feeder calves. Let's assume the preconditioning cost is \$1.34 per head per day. Thus, the total preconditioning cost would be \$60.22 per head ($\$1.34/\text{Hd}/\text{Day} * 45 \text{ days}$). Let's also assume the feeder calves will realize an average daily gain of 2.25 pounds per head per day during the 45 day preconditioning period. Thus, the gross pay weight would be 741 pounds per head ($640 + 45 * 2.25$). The shrink for the preconditioned feeder calves is estimated to be 5 percent (3 percent loading shrink and 2 percent pencil shrink). The net pay weight is approximately 704 pounds per head ($741 - 37$). Assuming a sale price of \$110 per hundredweight for the 704 pound feeder calf, gross receipts result in a total of \$774.61 per head. Net receipts for preconditioning feeder calves for 45 days is \$714.38 per head ($\$774.61 - \60.22). The difference in net receipts between the preconditioned and non-preconditioned feeder calves is an additional \$40.46 for the preconditioned calves.

Is Preconditioning Feeder Calves for Me?

In order for preconditioning to be beneficial to the producer, the producer must:

- Fully describe the preconditioning program to potential buyers.
- Have adequate working facilities to perform preconditioning management practices.
- Have enough cattle to achieve truck load units.
- Be able to meet nutritional requirements and attain reasonable weight gain during the preconditioning period.
- Identify market channels that will reward them for the added value.

With today's high feeder calf prices, preconditioning and weaning feeder calves is beneficial to buyers, sellers, as well as the beef industry. Preconditioning (weaning, recommended vaccinations, health procedures, bunk broke, etc.) reduces the amount of sickness, weight loss, and death loss associated with the feeder cattle industry. Managing this important transition period for the feeder calf (pasture to feedlot) adds more dollars to everybody's bottom line.

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