

TIMELY INFORMATION

Agriculture & Natural Resources

DAERS 07 – 15

November 2007

Preconditioning Feeder Calves Makes Dollars and Sense

Walt Prevatt, Darrell Rankins, and Soren Rodning¹

Over the next couple of months, many cattle producers will wean their feeder calves. Some cattle producers will sell and ship their feeder calves the same day the calves are separated from the brood cows. Others will wean their calves and perform a 45-day feeder calf preconditioning program before they either sell the calves or retain-ownership of them in a stocker or finishing program. Why do these cattle producers prefer to precondition their feeder calves?

Cattle producers preferring to precondition their feeder calves either recognize the enhanced benefits of preconditioning feeder calves during the later stages of beef production (stockering and finishing programs) or they expect to get paid for this service upon selling their preconditioned feeder calves. Research has documented that preconditioned feeder calves achieve higher levels of animal and carcass performance and have a lower cost of gain. This makes preconditioned feeder calves more profitable and thus worth more.

What is Preconditioning?

Preconditioning feeder calves is nothing new. A few cattle producers have been preconditioning feeder calves for 20+ years. However, preconditioning feeder calves is definitely becoming more prevalent as increases are realized in both the value of the feeder calves and the costs of finishing them.

Presently a common feeder calf preconditioning program includes three components: weaning; a health program; and weight gain. Weaning or separating feeder calves from their dams is essential to help the feeder calves become independent and learn to eat from a feed bunk and drink from a water trough. A complete health program (initial and booster vaccinations administered according to the vaccine label instructions, castration, deworming, dehorning, etc.) enhances the immune system and prepares the feeder calf for the next beef production enterprise (either stocker or finishing program). 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 folks 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. The additional weight gain during this period also helps the feeder calf producer to recover the preconditioning expenses.

Most feeder calf buyers prefer feeder calves to be preconditioned a minimum of 45 days after weaning. This allows feeder calves the time needed to overcome the stresses of weaning and health management practices, the time for the health program to become effective, and allows for the feeder calf to learn to eat from a feed bunk and drink from a water trough.

In order to get paid for preconditioning, the feeder calf producer needs to represent the product he is selling by fully describing the preconditioning program that the feeder calves have received. Many buyers want a detailed description of the preconditioning practices (birth date of first calf, weaning date, a description of feeding program, a list of health practices performed with product type, product identification lot number, when they were performed and by whom, etc.). The more documentation you provide, the more confidence the buyer will have in bidding for your feeders.

What are the Economics of Preconditioning?

It has been well documented that by reducing the stress incurred by feeder calves as they transition from a suckling calf on the farm to becoming an independent animal, on either grass pasture or a feedlot environment, will pay dividends. Preconditioned feeder calves shipped to either grass pastures or feedlots will usually have less death loss, less medication and veterinary expenses (less sick pulls), better animal performance (average daily gain and feed conversion), and higher carcass characteristics (quality and yield grades). The combination of these factors will help pay cattle producers for their efforts to precondition feeder calves. There are three significant factors that affect the economics of preconditioning. They include reduced shrink, weight gain, and a price premium.

Reduced shrink on preconditioned feeder calves is an economic factor that is not easily detected. However, it is indeed real and many pounds of calf production are left on the farm during penning, sorting cows and calves, and loading the non-preconditioned (un-weaned) feeder calves. Some studies have estimated that non-preconditioned feeder calves will shrink between 10-15 percent when marketed right off the cow. A general rule of thumb is that preconditioned calves will shrink about one-half as much as non-preconditioned (un-weaned) feeder calves. On a 500-pound calf, a 10 percent shrink would be about 50 pounds per calf. One half of the 50 pounds would be about 25 pounds of shrink for a pre-conditioned feeder calf allowing for 25 additional pounds to be sold at approximately \$1.00/Lb. which results in an additional \$25 per head.

Providing adequate nutrition in a preconditioning program to achieve weight gain is an absolute must. Most cattlemen try to provide a feed ration that will achieve an average daily gain of between 2.0 to 2.5 pounds per day. Over a 45-day preconditioning period this results in between 90 to 112 pounds of additional weight gain per head that can be sold. Most cattlemen try to formulate a ration where the cost of gain is less than the value of gain. The average value of gain usually ranges between \$0.50 to \$1.00/lb. 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 \$0.75/lb. and the cost of gain is \$0.50/lb., you will make \$0.25/lb. on each additional pound of weight or on 100 pounds of weight gain that would be \$25 per head.

The price premium received for preconditioned feeder calves is a direct result of the combined attributes of the preconditioning program. Preconditioned feeder calves have successfully recovered from the stresses of weaning and health management practices, have an improved immune system, have the potential for higher animal performance and higher carcass characteristics. These attributes contribute to higher profits in later beef production phases. These higher profits allow cattle buyers to pay a price premium on preconditioned feeder calves. The price premiums for preconditioned above non-precondition feeder calves in Alabama have ranged between \$0 to \$15/cwt. (\$0.00 to \$0.15/lb.) which on a 600-pound calf amounts to \$0 to \$90 per head.

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

Is Preconditioning Feeder Calves for Me?

Only you can determine if preconditioning feeder calves will work for you. We all have our own goals and objectives. However, for most cattlemen the question becomes, “Does preconditioning feeder calves benefit me, the producer? In order for preconditioning to be beneficial to the producer, the producer must:

- Identify and properly implement a preconditioning program for which feeder calf buyers are willing to pay feeder calf producers.
- Fully describe the preconditioning program to the potential feeder calf buyers.
- Honestly represent the quality of feeder calves offered for sale.
- Have adequate working facilities to perform the preconditioning management practices or custom hire a preconditioning agent.
- Have enough feeder calves to achieve a truck load unit (50,000 pounds) or be able to pool feeders with other producers with similar quality cattle to achieve a truck load unit.
- Meet the nutritional requirements of feeder calves and attain a reasonable weight gain (2.0+ ADG) during the preconditioning period.
- Identify market time periods and outlets that will reward the seller for the added value of the feeder calves.
- Determine if the reward is large enough to justify the investment in a preconditioning program.

With today’s high feeder calf prices and high finishing costs, preconditioning feeding calves can be beneficial to buyers and sellers, as well as the beef industry. Feeder calf sellers benefit from selling more weight (due to the weight gained during preconditioning and less pounds of shrink) and a market price premium for performing this service. Feeder calf buyers benefit from buying preconditioned feeder calves because they have less death loss, lower medication and veterinary expenses (less sick pulls), improved animal performance, and improved carcass characteristics. Managing this important transition period for the feeder calf (suckling calf to feedlot) adds more dollars to everybody’s bottom line in the cattle industry.

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.