

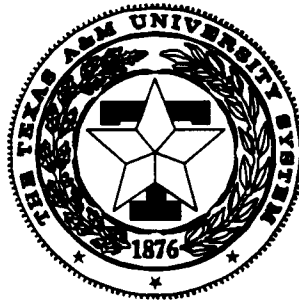
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MANAGEMENT STRATEGIES TO IMPROVE CALF VALUE-HOW MUCH MONEY ARE YOU LEAVING ON THE TABLE?

T.A. Thrift

Today's beef producers are faced with a rapidly changing industry. Value-based marketing is becoming a reality in certain segments of our industry. New strategic alliance programs are forming at an exponential rate. Additionally, our customers continue to evolve and demand more from the products we produce. These customers include not only the initial buyers of your calves but also packers, retailers and most importantly, consumers. With all of the changes taking place, the question arises as to what combinations of management and genetics will produce the "right kind" of calf to meet the demands of all segments of our industry as well as consumers of our end product? Once the calf is born, calf quality is dependant upon management practices that insure that the animal performs to its genetic potential. Many of these management decisions are made on tradition and (or) convenience. In the future, management decisions will have to be made so that total production efficiency can be achieved. For the cow calf producer, this means paying attention to what the next production phase expects and requires after the calves leave the ranch. Today's beef industry can no longer afford to continue the adversarial relationship that exist between the different segments of the industry.

The first step in accomplishing an improvement in the quality of beef will require an improvement in the flow of information between the various industry segments. In 1995 the National Cattleman's Association conducted a survey to determine what type of information the first buyers (stocker and feedlot operators) of calves where interested in knowing. Buyers of calves were asked to respond to questions with a numerical score (1-100) which indicated the importance of the information. Additionally, buyers were asked if they would price calves differently if this information was provided. The top five responses are presented in Fig. 1. Knowledge that a calf has been weaned, and time period since weaning were very important to calf buyers. A high percentage of buyers suggested that they would price calves differently if this information was known. The buyers were also interested in knowing about the calves vaccination program and most indicated that this was information they would pay for. This survey would

Figure 1. Top Five Responses of the NCA Calf Survey

Top Five Responses by Feedlot and Stocker Operators		
Is it important that you know...	.avg. score*	buyers who would price calves differently
-If the calves have been weaned?	92	88%
-What diseases were vaccinated against?	93	77%
-How long have the calves been weaned?	90	84%
-Timing of vaccination program?	86	66%
-What vaccines were used?	87	64%

*The average score rates the importance of the information (100=most important)
NCA Calf History Information Survey, 1995

suggest that calves vaccinated and weaned for a period of 30-45 days might bring a greater return (or fewer discounts). Currently, several major calf buyers have a program that offers rewards for value-added calves. Buyers who have purchased backgrounded calves in the past mentioned in the survey that they had better overall health of the calves, less death loss and better performance. These results have

been documented in the Texas A&M Ranch to Rail program with healthy calves returning an average of \$92/hd more than sick calves. However, some buyers are still wary of backgrounded

calves because of misrepresentation of calves, and some calves are too fleshy upon arrival. Data that proves past performance and a valid health program may become a valuable marketing tool in the future. Other management practices were also addressed in the calf survey. Buyers were interested in knowing **when (not if)** calves were dehorned and castrated. Additionally information about parasite control, site of vaccine administration, and brand sites was of interest, however, most buyers said they would not be willing to price calves differently for this information. In reality, these practices are just a part of good husbandry and should be performed routinely without expectation of premiums. Research at Kansas State University revealed that discounts are already in place in the industry to penalize poor management. Groups of horned calves sold for \$1.39/cwt lower than calves without horns. Additional studies suggested that the cost of dehorning in terms of loss of gain and health at arrival is around \$5.00 per head (Brazle, 1995) suggesting that the discount was justified. Bulls are traditionally discounted \$3-7/cwt behind steers. In the same study, Brazle also estimated that a 550 lb bull calf was worth \$5.73 to \$6.69/cwt less than a similar weight steer. It was shown that castration of 500 lb or larger bulls resulted in a reduction in weight gain for 100 or more days past castration, along with an increase in morbidity and mortality. The decrease in gain and increase in morbidity is not due solely to the stress of surgery but rather is a reflection of overall poorer management on the farm of origin (Brazle, 1995). Consequently a 550 lb bull calf should be worth \$31.52 to \$36.82 less than the same weight steer. According to the 1997 USDA/APHIS survey only 67% of the male calves in Texas and Oklahoma were castrated before sale. This estimate was similar to the Southeast region (66%) with all other regions of the country castrating between 85-93% prior to sale time. This survey also revealed that smaller producers were more likely to sell intact bulls. This is ironic since the small producer has a much greater opportunity to insure that **ALL** calves are castrated.

Other management factors also affect the value received for calves. Groups of calves that are of the same sex and have only a slight weight variation have been shown to receive \$2.00/cwt more than uneven groups of calves. A controlled breeding season is the first step to reduce weight variation in a group of calves. Assuming, that calves gain 2 lb/d prior to weaning translates into 120 lbs of variation for a group of calves from a 60 day calving season or 240 lbs of variation for a group of calves from a 120 day calving season.

When the topic of calf management is raised, the number one question posed by producers is "Who is going to pay me to do these things?" To answer that question an analogy with the automobile industry is needed. Today a new pickup cost around \$25,000. Depending on the company, that pickup comes with a 3 year/36,000 mile warranty and may have as much as a 100,000 mile warranty on the drivetrain. If a producer sells 57 calves (550 lb) for \$80/cwt his check should be about \$25,000. The question is, How many producers provide a warranty with those calves when they receive that check? Or taken from another prospective, how many of you would be willing to purchase a new pickup without a warranty? That is what the buyers of your calves are effectively doing and so they must price the calves accordingly. Certainly, the producer can not be expected to guarantee that all calves will remain healthy. However some certified calf sales have programs in effect that guarantee all heifers to be open and all males to be steers. If this guarantee, is broken then the seller of the calf must reimburse the buyer \$100/hd. Producers who pay strict attention to management will become select suppliers and will be rewarded for producing a desirable product. Producers who are diligent about measuring performance and pay specific attention to management will have the upperhand in the future.