

NEWS

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NDSU Extension Service

BeefTalk: Increased Calf Value, Not Premiums Can Be Realized

By Kris Ringwall, Extension Beef Specialist,

Does the cow-calf industry impact the feeding industry? Do the management practices producers implement influence available feedlot profit? Does this year's bull semen order really change a producer's bottom line? Is it possible to capture added value?

Not only do beef cattle prices fluctuate around a historical 10-year cycle, my experience indicates there is a similar cycle of beef cattle producer attitudes in the relationship between owners of the pre-weaned calf and the owners of weaned, background or feedlot calves. Cooperation is always on the table, but calls for cooperation shift from party to party depending on who seems to be getting the better deal.

The North Dakota State University Dickinson Research and Extension Center has conducted several trials over recent years, trying to get a better handle on how pre-weaning management and genetics impact subsequent performance of calves in the feedlot and on the rail in the packing house. The last two decades, or should I say cattle cycles, have been impregnated with ideas of increasing the value of the calf through proper management and selection.

Two cycles ago, the NDSU Extension Service (as well as extension services in many other states) focused educational activities around a program entitled "The Green Tag." The heart of the program was the recognition of superior genetics, sound management, well-defined calf preconditioning guidelines, individual tag identification, calf certification and a well-tuned marketing strategy.

The present cycle has seen Beef Quality Assurance programs slowly replace the old "Green Tag" efforts, but the heart of the program is still the same. The bottom line: develop and implement procedures that would increase the value of the calves as they move into the feeding and harvest sectors.

Having worked with value-added programs through out the past two decades, I believe the big question that still looms is, "Where's the premium?" While the premiums are difficult to find, data shows the ability to increase the value of a calf seems very real.

For the past four years at the center, we have been able to document the additional net revenue gain generated by different management practices or genetics within sets of calves we controlled through harvest.

In 1997-98, a net gain of \$47.89 per head on the rail was realized. In 1998-99, the net gain was \$76.23 per head. In 1999-2000, the center realized a net gain \$33.17 per head and in 2000-01 there was a net gain of \$46.98. A summary of this profit potential results in an average net return of a whopping \$51.07 per head for the better-managed calves.

The treatments were not all the same but the profit was real. Complete details are available in the Dickinson Research Extension Center Annual Report on the Web (www.ag.ndsu.nodak.edu/dickinso/) or by contacting your county agent. The \$51.07 net return means with proper management an additional \$8 per hundredweight is available on 600-pound calves.

Superior genetics followed a similar pattern. The increase in average net return in sire value based on performance of progeny on the rail was a nearly unbelievable \$85.64 per head. At six weights, calves of the better sires are worth more than \$14 more per hundredweight in the ring compared to poor performing calves.

Now, let me go back to the original statement or question. Where is the premium for well managed, well bred calves? The proof is in the data: identify and verify the well-managed, well-bred calf, secure demand and the premium might be there. But there is still no guarantee.

In the end, the industry is better off, yet the cow-calf producer must be astute relative to marketing and retained ownership. Even then, commodity market shifts can be devastating and the management of financial risk is critical.

May you find all your ear tags.

Your comments are always welcome at www.BeefTalk.com. For more information, contact the North Dakota Beef Cattle Improvement Association, 1133 State Avenue, Dickinson, ND 58601 or go to www.CHAPS2000.COM on the Internet. In correspondence about this column, refer to BT0058.

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Influence of Management and Genetics on Feedlot Net Return for Calves	
Management	
Year	Increased Value
1997-1998	\$47.89
1998-1999	\$76.23
1999-2000	\$33.17
2000-2001	\$46.98
1997-2001 (Avg)	\$51.07
Genetic (Bull)	
1997-2001 (Avg)	\$85.64

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