Reference # - NDSU BT0096

Allow Calves to Grow Quickly, But Use a Pinch of Economics

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The North Dakota State University Dickinson Research Extension Center has been running creep feeding studies for a number of years, so one question I often get from producers at this time of the year concerns creep feeding. This is a very obvious question with a not-so-obvious answer.

I suspect those who sell feed are anxious to load the trucks and deliver, while those who own the calves are hanging on to their wallets and trying to hold input costs down. This can be akin to watching an underdog team win the series.

The decision to creep feed is made at the fork in the road: one producer goes left and provides supplementation or creep to the calves and counts on gain; another producer goes right, holding the line on input costs by providing no supplementation or creep, and is willing to accept a lighter calf.

Which road is right? The real answer is probably somewhere in the middle. In beef management today, two concepts come through loud and clear: cattle need to grow to make a profit and time is money. To explain some of the money held up in a beef operation, review the 2001 year-end fiscal inventory for the Dickinson Research Extension Center. The center had inventory values of $9,201 in crops and feed, $236,686 in market livestock, $259,900 in breeding livestock, $276,910 (50 percent attributed to the cattle enterprise) in machinery and equipment and $661,045 (50 percent attributed to the cattle enterprise) in buildings and improvements. Thatís a total of $1,443,742 in ending inventory attributed to the cattle enterprise.

Without getting those who work with inventory and value numbers upset, I will beg their indulgence to make a quick point about why some producers survive while some donít. If youíre at the end of the year managing $1,443,742 worth of inventory, a simple interest rate of 3 percent will return $43,312 annually on your investment.

In a 400-cow operation, each cow would need to contribute $108 annually above direct costs just to make 3 percent on the inventoryóabout 30 cents a day more than input costs to meet this expectation. But calves donít grow dollars, they grow pounds (which takes time), so you have to translate the potential growth (and time) into dollars.

The typical calf in North Dakota gains 2.3 pounds per day from birth until weaning. In last yearís creep feeding study at the center, calves receiving no creep gained 1.65 pounds per day, while those calves that received a pea, wheat midds, molasses, soybean meal plus mineral and vitamins based creep gained 2.33 pounds per day. For this particular creep feed, animal scientist Doug Landblom reported a net $1 return for every dollar invested in creep feed, using actual creep feed costs and appropriate price slides for the calves.

Creep feeds vary in price and calf price may not always be favorable, but in this case, creep feeding the calves increased the calf value almost $50. This translates into just under 25 cents a day over the 205-day grazing seasonóbut at least the dollars were in the right direction, and all the calves should have been creep fed. Actual profit for the operation still depends on total calf profit: gross returns minus total direct expenses and overhead expenses.

The bottom line on creep feeding: donít be afraid to allow your calves to grow, use a pinch of good economics and remember time is money. 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 BT0096.

Ending Inventory Values for Fiscal Year 2001

Crops and feed	$ 9,201
Market livestock	$ 236,686
Breeding livestock	$ 259,900
Machinery and equipment (50% of total)	$ 276,910
Building and improvements (50% of total)	$ 661,045
Total ending inventory	**$ 1,443,742**
3% return on inventory	$ 43,312
Expected contribution per cow (400 cows; above direct expenses)	$ 108