

Fear of Unknown Prompts Retained Ownership Reluctance

By Kris Ringwall
Extension Beef Specialist
NDSU Extension Service



In life, it is often the fear of the unknown that keeps people from trying new things. The same is true in the beef cattle business. And that may be one of the reasons why retained ownership has some detractors.

The biggest unknowns in retained ownership are the price when a producer's calves are ready for harvest and the cost of feed. My informed guess is that the most often-discussed unknown is feeding costs. Yet, despite these unknowns, a positive experience with retained ownership of calves should be a goal of every cow/calf producer.

In my tenure as a livestock extension specialist, many demonstrations or activities have focused on helping producers better understand their cattle through maintaining ownership until harvest. How many of those experiences have been positive? The number of producers that shift from selling their calves in the fall or after a few weeks of backgrounding to selling the calves on the rail is very small.

The North Dakota State University Dickinson Research Extension Center began retaining ownership with the 1996 calf crop and continues today. Our primary reason for retaining ownership is to continue to gather data to assess the importance (or lack of importance) retained ownership should have in local beef operations. One point that is absolutely clear: there is nothing simple about retained ownership.

In previous columns I've discussed the importance of carcass value and fall calf value. The total cost of feeding is another important part of the equation. Few producers actually have the facilities or know how to feed their own cattle, so a custom relationship must be developed.

As with any agreement, a certain amount of faith needs to be present as well as a good competitive atmosphere. At the research extension center, the requirement for absolute electronic data retrieval was essential. Having settled on a yard, the total costs of having the yard feed our cattle could be noted.

After reviewing 12 lots of calves in recent years, the feeding costs have varied considerably. But reviewing them does provide a feel for total costs per head for feed, yardage, processing, veterinarian, alliance and miscellaneous charges. The total cost includes everything paid to the feed

yard and the other charges are all those costs required to get the calves to the yard including health certificates, brand inspection and shipping.

Our costs are based on totals. Many cattle discussions focus on feed versus yardage versus management versus interest, etc. and often cattle producers are snowed under with those numbers while trying to decide whether to establish a relationship with a feed yard. They become overwhelmed and forget the total is what you pay. There are no hidden costs when the number is totaled.

For us, the individual lot total feeding costs per head and other charges per head for the twelve lots of cattle fed since 1997 were: lot 1, \$217 feeding costs and \$24 other costs; lot 2, \$237 feeding costs and \$33 other costs; lot 3, \$263 feeding costs and \$16 other costs; lot 4, \$185 feeding costs and \$23 other costs; lot 5, \$179 feeding cost and \$21 other costs; lot 6, \$200 feeding costs and \$18.74 other costs; lot 7, \$222 feeding costs and \$19 other costs; lot 8, \$284 feeding costs and \$18 other costs; lot 9, \$269 feeding costs and \$18 other costs; lot 10, \$251 feeding costs and \$15 other costs; lot 11, \$284 feeding costs and \$15 other costs; and lot 12, \$269 feeding costs and \$16 other costs.

For the 12 lots of calves finished since 1997, the total feeding charge per head has averaged \$239 and \$20 for other costs for a total cost of \$259 per every calf the Dickinson Research Extension Center has fed and placed on the rail at harvest. Over the years, the low total cost was \$200 per head and the high was \$302 per head.

For us to assess the value on the rail, we've had to pay an average of \$259 per head. Has this been a positive experience? More in a future column.

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 BT0149.

Total Feeding Costs and Other Costs for Cattle

NDSU Dickinson Research Extension Center

Lot	Feedyard Cost ¹	Additional Cost ²	Total Cost
1476	217.85	24.59	242.44
383	237.29	33.21	270.50
9337	263.42	16.90	280.32
9336	185.36	23.93	209.29
9292	179.33	21.27	200.60
8337	200.68	18.74	219.42
8328	222.10	19.84	241.94
7402	284.15	18.20	302.35
7401	269.22	18.20	287.42
6300	251.80	15.48	267.28
6299	284.56	15.72	300.28
6269	269.64	16.81	286.45
Average	238.78	20.24	259.02

¹Feed, yardage, processing, veterinarian, alliance, misc. charges

²Health certs, brand inspection, shipping