



BeefTalk 527: The Higher Priced Calves Bought Supper

SUPPORTING MATERIALS

Calf Death Rate

The calculated impact of a 3 percent difference in historic calf death rate.

	Producer A	Producer B
Death loss	3 %	0 %
Sale weight	650 pounds	650 pounds
Value	\$1.11	\$1.15
Per head value	\$721.50	\$747.50

With current technology, cattle buyers can call up performance measures and health histories on previously purchased cattle at the touch of a phone pad.

Fall cattle processing raises the question of just how much a producer wants or needs to do. What if two neighbors each were selling 30 steer calves and split the trucking cost?

The calves were well-grown, typical northern calves that were managed similarly through pre- and post-weaning. The calves averaged 650 pounds.

The first set of calves sold in the ring for \$1.11 per pound. This gives us an average price of \$721.50. The second set of calves brought \$1.15 per pound for an average price of \$747.50.

The first lot grossed \$21,645, while the second lot grossed \$22,425, which is a difference of \$780 or \$26 per head.

Since the cattle appeared similar and the same buyer bought both sets of calves, the producers asked what the difference was. The buyer flipped open his cell phone, pulled the feedlot notes off the company's website and said that the first set of calves bought from the same producer last year had a 3 percent greater death loss than the calves from the second producer.

The difference meant the first set of calves, if they perform as they did the previous year, would have to make up the value of a dead calf, plus the added treatment and feed expenses for a dead calf. The moral of the story is that people who buy cattle know their business and can track previous purchases and fine-tune expectations by using modern communication devices.

With a little calculation, the previous year lowered the potential value of this year's calves by the dollars lost in last year's dead calf, plus the amount of investment the feed yard had in the calf prior to its death. When calves are in short supply, buyers may be challenged if they get too picky. However, the fact remains that surviving in the beef business depends on sharp pencils and knowing the field.

The offset for producers is to better present calves as being fully prepared for the market and highlight expected



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future performance and calf health.

Two basic principles apply based on two questions.

As a producer, will I be keeping ownership of the calves following weaning and for how long? If one plans on keeping the calves or retaining interest in the ownership of the calves through feeding, one needs to make sure the calves are fully prepared for maximum protection because dead or sick calves do not bring a reward.

Likewise, making sure the calves can qualify for additional market opportunities also is critical. Owning cattle at the time of harvest allows for a direct transfer of premium dollars if the cattle have met the required criteria for the desired market.

Second, will I be selling directly off the cows? This question is a bit more problematic.

A similar concept would be fixing up a house or car before advertizing it for sale. How many dollars does the current owner want to put into a calf to please a future owner?

As often noted, the obvious marketing benefits are not always so obvious. One thing does seem more and more obvious: Technology does not forget.

With cell phones and other communication devices, instant communication has become the norm. Large historic data files are readily available and usable.

With current technology, cattle buyers can call up performance measures and health histories on previously purchased cattle at the touch of a phone pad. Pictures and feed yard performance are standard recall, and any harvest opportunities that were captured can be noted.

The price is a result of a quick review by phone that tells the cattle buyer all that he or she needs to know. The buyer then knows how hard to push for a given set of cattle.

In this case, the neighbors are still neighbors. On the way home, both reviewed their herd health protocols and just how they could better present their calves at next month's sale.

Before I forget, the producer who got more money for his calves bought supper.

May you find all your ear tags.

Your comments are always welcome at <http://www.BeefTalk.com>. For more information, contact the NDBCIA Office, 1041 State Ave., Dickinson, ND 58601, or go to <http://www.CHAPS2000.com> on the Internet.

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