CATTLEMEN INCREASE PROFITABILITY THROUGH RETAINED OWNERSHIP OF FEEDER CATTLE

The Situation

Cattle production in the Intermountain West is dominated by ranches producing weaned calves, which are generally sold to other parties for further steps in the beef production process. The forage base and environmental conditions of the area usually dictate a management system of spring calving, summer breeding and fall weaning and sale of calves. Many cow-calf producers have no idea of the quality of their calves as they proceed through the later stages of the beef production process (feeding and slaughter).

Marketing alternatives for cow-calf producers are fairly limited given the nature of production and availability of animals throughout the year. Supply and demand determine market prices and eventually profit levels for individual ranchers. Calf prices in the fall are usually relatively low compared to the rest of the marketing year.

Our Response

In an effort to provide Idaho ranchers with information relating to retained ownership, marketing alternatives and individual animal performance, an educational program was designed and implemented by the University of Idaho Extension personnel with input from ranchers, bankers, feeders, and allied industries.

Specific project objectives were to provide Idaho cattle producers with:

1) a process for selection of a custom feedlot.
2) a process for selection of a financial institution to finance feeding.
3) feedlot performance information for their cattle.
4) individual animal carcass information at slaughter.
5) marketing alternatives available during the feeding program.
6) economic evaluation of retained ownership for individual operators and the pen of cattle.

Information was collected from five custom feedlots and four lending institutions. Thirty-one ranchers consigned 200 steer calves in increments of 5 head to “A to Z Retained Ownership Company”. The calves were preconditioned (weaned, vaccinated) on the ranch and delivered to the feedlot on December 1 and 2, 1992. All steers were finished by late May 1993, processed at Iowa Beef Processors (IBP, Boise) and carcass data were collected.

Achievements

The 200 steers averaged 653 lbs, entering the feedlot and 1164 lbs at the end of the 161 day feeding period for an average daily gain of 3.19 lbs. Dry matter intake was 22.1 lbs/day with a feed efficiency of 6.94 (lb of feed/lb of gain). Hot carcass weight was 733 lbs with 59.7% of the steers...
grading choice. Profitability averaged $95.03/steer. A field day was held at the feedlot in February (56 attending) and the summary meeting was held in June 1993. Seventy-eight people representing 29 of the 31 ranches attended. Each owner received feedlot performance, carcass data and costs and returns from his steers and the whole pen. A summary report has been published.

The Future

The steering committee selected Bruneau Cattle Company to feed the cattle and Idaho State Bank to finance the project. Twenty-six questionnaires were returned indicating that 100% were satisfied with the project, 56% would consider the retained ownership option in their marketing plan and 85% would like to participate in another demonstration trial. Another demonstration trial is planned for 1993-94.