

Getting your foot in the door

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For many young, hopeful future beef producers today the prospects of starting their own cattle farm may seem like a daunting task with a multitude of factors working against them. It seems like trying to get your foot in the door of the beef business becomes more difficult each year. Loans are becoming harder to obtain for young producers starting out who may not have much collateral or credit built up. Starting from scratch seems almost like an impossible task. For young families, who are interested in the lifestyle offered by owning and farming beef cattle full time this presents a different set of challenges.

For many young producers, cash flow may be a concern, and the time between buying replacement heifers, getting them bred, and marketing calves may be too long to fulfill debt requirements. This is where the stocker cattle opportunity may be a more viable option. Stocker cattle operations can offer a quick turnover option that may help to improve cash flow. In addition, more stocker cattle can be run on the same amount of land that it would take to manage cow/calf pairs or bred heifers.

Currently, my guilty pleasure on TV is HG TV and shows that involved “flipping” houses. Here, professionals or even sometimes amateurs turn the most run down house in a nice neighborhood into the star on the block ready to command top dollar. The stocker business can be thought of in a similar fashion. Producers take calves that may need a little extra TLC, get them healthy, shiny, and polished (in the preconditioned sense), and sell them with added value and hopefully bringing a profit to the bank.

The option of owning cattle for a shorter period of time, before seeing a return on investment may be appealing to many young producers who may not have the collateral or extra funds to support a loan. However, since the stocker business is essentially a margin business, where producers hope to buy low and sell high, it is extremely important to know your resources and realize your limitations.

One benefit for young producers in the stocker business, is that there is no one size fits all model for growing stocker cattle. Cattle can be grown year round or only seasonally to allow for another seasonal business. Cattle can be grown strictly on grass or cattle can be grown in a drylot with feed delivered. Regardless of the production methods chosen, there are a few keys factors that producers should keep in mind:

1. Sourcing cattle: There are numerous options for purchasing cattle, and it is important to understand the ins and outs of each. Cattle can be purchased straight off the farm, from the auction barn, in a special sale. Cattle can be purchased on your own or through an order buyer. A key thing is putting together calves that will grow and perform in a similar manner, as one of the ultimate goals is often to put together a truckload lot of uniform cattle that will perform well in the next segment of the beef industry. There are positive and negatives to each of these options so weighing these for each situation is important.
2. Observation is key: One thing about buying a fixer upper is that it'll need some TLC. For stocker cattle this means observing them closely after arrival for signs of illness. Since

these cattle are in a new environment, getting them started eating and drinking is key. Observing cattle closely to be sure that they've found the water and feed in their new surroundings is important. Often the cattle that enter a stocker operation are naïve to many of these factors, and have not had an extensive health management program previously. Which brings us to our next point...

3. Good health management protocols: Keeping cattle healthy is a key part of a success in the stocker cattle business. Seasoned producers often have flexible health protocols that can be adjusted based on the needs of each group of calves. The way calves respond to a certain health protocol may be impacted by stress, weather conditions, and especially the calf's previous environment. Work closely with a veterinarian experienced with stocker cattle to determine the best protocol to fit your needs.
4. Provide consistency: Often calves entering a stocker system, have recently experienced a good bit of change and are often highly stressed because of it. Providing cattle with some familiarity and routine is important to help them get settled and off on the right foot. This may be something as simple as providing hay during the first week (even if cattle are on grass) as this may be familiar to most cattle. Providing feed and monitoring cattle at a consistent time each day also becomes important.
5. Manage risk: The stocker cattle business is a risky one, and if a young producer is risk adverse then the stocker cattle business may not be for them. Managing risk is important, and can offer good opportunities for young producers. There are numerous options for managing risk, and they can range from simply buying farm fresh, backgrounded cattle (which are likely to be more expensive, but less likely to get sick) to protecting yourself in the market through forward contracting cattle or purchasing futures and options contracts.

For a young producer starting out in the beef business, the stocker cattle business may be a good fit for many reasons. However, it is important to remember that while there is money to be made, there is also the risk of losing. Management and marketing are key factors to success, and I encourage you to give the stocker business a hard look if you're looking for a way to get your foot in the door.

For more information about beef cattle production, contact an office of the Mississippi State University Extension Service, and visit extension.msstate.edu/beef.