

Cattle Business in Mississippi – August 2019

“Stocker Cents” article

The Value of Preconditioning

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As we enter the fall months, weaning time is at hand for most spring calving herds.

Preconditioning is a topic that gets discussed a good bit this time of year. Is it really worth all the hype?

The ultimate goal of a preconditioning program is to create weaned, immunocompetent cattle that perform well when stickered or fed. This is what makes these cattle more valuable to the buyer in the next phase of beef production. There are numerous branded, and well known preconditioning programs with several objectives and requirements. Most require a minimum number of days post weaning and some type of health program.

A preconditioning program should have several objectives. The ultimate goal of any program is to reduce the inherent stress from weaning or shipping. Along with this, another objective should be to develop immunity and fight off new disease challenges. The third objective involves the behavior of cattle. During this time, calves are asked to immediately adapt to new surrounding and perhaps even new penmates. They must learn to eat and drink from feed bunks and water troughs, and adjust to a new social hierarchy. Based on these objectives, the primary goals of this program should be to keep cattle healthy and have them start eating quickly.

Over the years, researchers have been able to analyze livestock auction data to determine which attributes of an animal or group of animals buyers prefer, and are willing to pay more for.

Researchers from Kansas State University analyzed the impact of value-added management practices on calf prices at Superior Livestock Auction Markets from 2001 to 2010, and found that buyers preferred weaned calves with at least 2 rounds of respiratory vaccinations compared to non-vaccinated, and non-weaned calves. In fact, weaned steer calves with certified health programs sold for premiums of \$7 to \$10 more per hundred weight (Zimmerman et. al., 2012). A few more key takeaways from this study were: for steers, certified weaning is worth \$3 to \$5 per cwt and has roughly doubled in value since the early 2000s. Certified health programs such as VAC34, VAC34P, or VAC45 generally add more than \$3 per cwt to calf value independent of added calf weaning value. Supply of weaned calves and those treated with certified health programs have both increased over time.

Unfortunately these increased price premiums don't always equal added returns to your bottom line. A very important consideration is how much does it cost you to produce that weaned calf? Too often it is easy for producers to only focus on revenue (how much you were paid) compared to profit (how much you were paid minus how much it cost you to produce that calf). It is always a good idea to determine your cost of gain by considering all of the added costs associated with preconditioning such as feed, pasture, labor, health costs, etc. To calculate the cost of gain simply divide these total costs by your total gain.

In the majority of scenarios, a preconditioning program quickly pencils out to pay for itself, however it is especially important in times of higher grain prices to be cognizant of not just the cost of that feed, but also how efficient cattle are at converting that feed into added weight.

Another important consideration is how your cattle will be marketed. When adding value to cattle through a preconditioning program, it is extremely important that they are adequately described and marketed as such. Buyers are willing to pay more for these cattle, but won't pay more if they don't know!

We're still interested in learning more about some of your thoughts on basic production and marketing practices, and hope you'll take the time to send in this valuable survey. A paper copy was available in the June/July issue, and an online version of the survey is available: <https://tinyurl.com/beefmarketingandproduction>. There is even the opportunity to win a prize for your participation. Be sure to submit your survey by September 1 to be eligible!

The information will be very valuable to the Extension specialists and researchers here on campus, as we work on ways to better help you find the answers you need to be more productive and profitable in your cattle operation.

For more information about beef cattle production, contact an office of the Mississippi State University Extension Service.

References:

Zimmerman, L.C., Schroeder, T.C., Dhuyvetter, K.C., Olson, K.C., Stokka, G.L., Seeger, J.T., and Grotelueschen, D.M.. "The Effect of Value-Added Management on Calf Prices at Superior Livestock Auction Video Markets". *Journal of Agricultural and Resource Economics* 37(2012): 128–143.