

## **Cattle Business in Mississippi – August 2007** **“Beef Production Strategies” article**

### **Staying in Business**

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The ongoing drought conditions add to the challenges faced on Mississippi beef cattle operations. Two categories of questions from beef producers make up the majority of questions coming in to Extension offices in recent years: marketing questions and nutrition questions. Both of these topics have a major impact on beef cattle operational profitability. Some key points are offered to help Mississippians keep the cattle business going through challenging production conditions.

#### **Marketing**

Cattle producers must market to stay in business. Breeders who take the approach that they do not wish to sell any good animals and only wish to sell a few culls will have difficulty marketing for profitability. Livestock marketing columnist Keith Evans once stated that, “The quickest way to kill a poor quality product is to advertise it heavily.” In other words, it is important to develop a reputation for good quality cattle. A quality product is something worth marketing.

There are many different perceptions of “quality.” Ultimately, a commitment to quality is needed in the cattle business. A cow-calf producer affects the marketability of calves when breeding stock is selected. It has been said that, “Any type of cattle can be sold at a price.” However, the goal is to produce cattle that can be marketed profitably. Breeders have the option to produce cattle to meet their own desires and preferences. Yet it is important from a marketing standpoint to produce cattle to meet the desires of potential buyers. Auction market studies in Kansas and Arkansas have shown that a “good” feeder calf that is rewarded by top of the market prices has the following characteristics: 1) medium or large frame; 2) muscle score 1 or 2; 3) weaned and healthy; 4) moderate flesh and fill; 5) dehorned, castrated, and vaccinated; 6) desirable breed composition; and 7) ready to eat and gain weight.

Producers who work to achieve an industry reputation for quality cattle will be in a position to attract more potential buyers to their product. For instance, a producer whose calves perform very well in a feedlot and on the rail may create opportunities where feedlots familiar with the producer’s calf performance history and potential will bid on or offer to partner on the producer’s feeder calves. With an increasing number of cattle being marketed on value-based carcass grids, the cattle that have documented potential for added value on the rail are worth more as feeder calves when marketed to capture that added value.

Information is worth money in the cattle industry today. Useful information for marketing purposes may include: 1) cattle identification/ registration number; 2) pedigree, breed composition; 3) individual or group birth date; 4) weaning date; 5) performance

information or herd history such as actual and adjusted weights, ratios, feedlot performance, carcass data, and ultrasound body composition scan results; 6) expected progeny differences of calf or sire; 7) management practice specifics concerning creep feeding, nutrition, weaning/ preconditioning, and herd health programs; and 8) reproductive performance information such as bull breeding soundness evaluation results, pregnancy diagnosis results, and breeding dates. With information gathering and sharing opportunities seemingly endless in the beef industry at present, why leave money on the table by not collecting and marketing valuable cattle information?

## **Nutrition**

Most nutrition discussions mention matching forage and feed supplies to cattle nutrient needs. The key word here is **matching**. Accurately matching the supply of and demand on forage and feed supplies will assist with keeping nutrition costs from being higher than necessary while maintaining desired cattle performance. Keeping costs manageable becomes increasingly challenging in years like this one where drought conditions have significantly impacted forage production up to now. Areas where producers could see large impacts of management decisions on nutrition costs include, but are not limited to, the following items: 1) minimizing hay harvest, storage, and feeding waste; 2) purchasing commodity feeds in bulk; 3) dividing the herd into nutritional groups based on age, production stage, current body condition, and performance level; and 4) reducing stored feed needs through improved forage management and utilization.

Consider that a 4' x 5' round bale of good quality bermudagrass costs \$35 per bale. If this bale spoils on the outside three inches due to being stored outside, the storage losses from that spoilage alone will be close to 25% of the bale. It is not uncommon for four to eight or more inches of spoilage to occur on large round hay bales stored outside with no protection in the Southeastern U.S. Then consider that most spoilage occurs when the bale contacts the soil, and factor in an additional waste factor of 5%. Typical dry matter losses in this region from storing hay outside are 30% or more as in this example. Now there is only 70% of the original bale available to feed due to storage losses.

Next, figure that feeding waste from animal refusal and trampling from not using a hay feeder to reduce feeding waste will result in additional hay waste of 60% or more. Hay also loses palatability from weathering, increasing animal refusal and decreasing animal intake of the hay. What is left of the original hay bale that is actually consumed by the cattle is roughly 35% of the bale using a storage waste estimate of 30% and a feeding waste estimate of just 50% in this example. These hay dry matter losses mean that additional hay must be harvested or purchased to replace hay losses to meet cattle intake targets. That makes this \$35 hay bale actually cost \$100 to get the amount of hay that was in the original bale into the digestive tracts of the cattle. Taken further, if the original bale weighed 850 pounds as many round bales this size weigh, then the hay consumed by cattle actually costs \$235.29 on a per ton basis. In addition to quantity losses with hay weathering, hay nutrient losses occur as well. That "expensive" \$35 hay just got a lot more expensive.

For efficient and cost-effective nutritional programs to work in a beef cattle operation, commodity feeds offer a good alternative for supplemental feeding. Sacking and purchasing feed in amounts less than a truckload add to feed expenses. To get the most out of using commodity feeds in supplemental programs, it is prudent to closely monitor prices and to be prepared to purchase and store these feeds in bulk when they are the best value. This often occurs during the summertime for many commonly used commodity feeds in Mississippi. Preparations must be made to establish or modify farm facilities to be equipped to adequately store and handle these feeds.

The nutrient requirements of various herd groups can differ dramatically. Instead of feeding the entire herd to the average of the nutrient need spectrum, a more efficient use of forage and feed resources is to divide the herd into groups based on nutrient requirements and to more accurately match the feeding programs with each specific cattle group. Consider the feasibility of utilizing existing or enhancing water locations and fencing options when planning to divide the herd into feeding groups. Also be sure the quantity of feeding troughs, mineral feeders, and the proximity of each group to acceptable cattle handling facilities is covered in the plan to divide the herd.

There are economic advantages to reducing stored feed requirements in a beef cattle operation. Rising input costs and the large proportion of annual cash costs attributed to cattle nutritional programs makes reducing stored feed needs even more critical. Lengthening the grazing season by strategically using pasture crops which have different production periods, stockpiling forage, and grazing crop residues are practical methods of reducing stored feed needs.

### **Making the Cattle Business Work**

Making the cattle business work takes work. In order to remain viable in the cattle business, additional time and effort may need to be put into the operation in challenging production periods. Spending extra time and effort to accomplish marketing and nutrition program objectives may not be the easy way out for cattle producers. However, if marketing and nutrition are not effectively and efficiently addressed, then the operation may be on the way out of the cattle business. The choice to be made is to either commit to spending the time and effort to make it work or to have extra time on hand and fewer or no cattle. Assistance in making these decisions and potentially improving in the cattle business is available for Mississippi cattle producers. For more information on beef cattle production, contact your local Extension office.