



PHOTO BY JOHN MEENTS

Give Cattle and Profits an Edge with Preconditioning Program

Follow a third-party certified preconditioning program, earn up to \$6.15 more per hundredweight this fall.

With fickle fall feeder calf markets in the forecast, producers looking to expand profit margins should evaluate their calf preconditioning program now.

"Cow-calf producers are facing projected stagnant to lower markets this fall and, therefore, potentially slimmer profit margins," says Frank Hurtig, director of Merial Veterinary Services. "That means they need to start exploring every possible avenue for adding value to their calves and bottom line."

According to U.S. Department of Agriculture (USDA) forecasts, a struggling world economy will result in weak beef demand that will keep cattle placements level with 2008 numbers – despite the late 2008 drop in feed crop prices. Since feedlots will likely be feeding fewer cattle than most years, buyers are more likely to be picky on sale day, potentially giving producers who follow a preconditioning program an edge, Hurtig says.

"Cattle feeders got burned by record high feed costs in 2008. And with the ongoing uncertainty of the market, they are likely to seek out heavier calves with reduced health risks to protect profits in 2009," he says. "One way cow-calf producers can cater to that need – and pad their own profit margin – is to use a nationwide, veterinarian-certified calf preconditioning program."

Preconditioning programs, such as the Merial® SureHealth®

Calf Preconditioning Program, are a great way for cattle producers and feeders to extract more profit from a calf crop, Hurtig says. Preconditioning programs are designed to help reduce stress for calves at weaning and improve their immune systems, which helps them to perform better postweaning. Plus, the SureHealth limited health warranty takes away some of the potential risk for feeders.

"There is a huge profit spread on animals that get sick versus those that stay healthy," says Jeremy Powell, professor at University of Arkansas Department of Animal Science. "If buyers can spend about \$20 more per head and as a result save \$75 in medical expenses and performance losses because calves stay healthy, you bet they'll do it."

In addition to potential premiums, another plus for cow-calf producers is that feedlots may not be able to find enough preconditioned calves – resulting in stronger demand. According to an Oklahoma State University survey of Oklahoma livestock markets, only 11.9% of the calves sold through surveyed markets in 2007 were considered preconditioned, or value-added.

Beyond premiums, cattle producers also stand to earn extra profits by holding cattle longer than normal. The 45-day weaning period required by the SureHealth program means calves are likely sold in November or December, instead of at weaning in October.

"Feeder calf markets often spike during later months, which means producers have the potential to earn even more profit by selling at the top of the seasonal market," Hurtig says.

By calculating in that market difference, extra gain and the costs of preconditioning, including labor, feed, health expenses and more, one survey determined the true profit earned from following a preconditioning program was \$21 per head.

Program selection matters

There are many preconditioning programs available, but they won't all provide top returns, Hurtig says. Calves marketed with third-party-certified preconditioning claims earned \$6.15 per hundredweight (cwt.) over calves marketed with no preconditioning claims and earned \$2.75 per cwt. more than calves with uncertified claims, according to an Iowa State University analysis.

Veterinarian certification gets calves even more attention at market, Hurtig says. Research has shown that nine out of 10 feedlot managers see a signed veterinary certificate as having an advantage over noncertified programs.

"Veterinarian certification adds credibility for the buyer," Powell says. "The buyer is reassured that the cattle he's buying have been handled properly, meet all program requirements and will have the extra value he's paying for."

The SureHealth program is a nationwide, veterinarian-certified preconditioning program.

"The great thing about the SureHealth program is that many producers likely already meet most of the protocols for certification," Hurtig says. "By making a few adjustments and taking advantage of the program, they can improve the marketability of their calves and their profit margins."

SureHealth protocols include parasite control with an Ivomec® Brand Product; two rounds of vaccinations; a Pasteurella vaccination with Respishield® HM; a 45-day weaning period; and other best management practices, such as castration and dehorning.

As profit margins tighten, producers may be tempted to cut back on costs. But Powell warns producers should be careful that they don't inadvertently trim profits at the same time.

"Your preconditioning program should be the last place you look to cut," Powell says. "Data shows that preconditioning makes you money. If you want to maximize profits, stick with preconditioning and cut costs in other areas, such as by extending the grazing season."

For more information, contact your veterinarian or local Merial territory manager, visit www.surehealth.com or call 1-888-MERIAL-1. **HW**

Editor's Note: This article was provided by Merial.