

Cash in on Cull Cows

Marketing strategies for cull cows can increase profit.

by *Heather Smith Thomas*

Herd improvement is always a work in progress. Producers are constantly trying to fine-tune the genetics to create elite cows with all the desired traits for producing top-quality calves, while at the same time honing and culling to remove the bottom end — the cows that fall short of expectations. Selling those can make room for better replacements, but having a plan for marketing the culls can make a difference on whether you are selling them at a profit or loss.

Market timing is sometimes difficult, but pregnancy testing is always a place to start for determining which cows to sell. Then you can manage the cull group for a future target market or sell them to cut losses after calves are weaned. If you calve early and can preg test for an August sale and wean early, this strategy provides more options. Most years, cull cow prices are higher in August than later in the fall when everyone is selling open cows.

Bruce Viney, risk management specialist with Alberta Agriculture and Forestry, says there are no right answers to fit

everyone, and the best decisions vary from year to year because cattle prices are unpredictable.

“Even though prices tend to go up in the summer, they don’t always,” Viney says. “Knowing your cost of production is crucial. Even though you might have lots of feed, this doesn’t mean you should put it into old cows. You might be better off to keep it for calves or another use.”

Keeping a group of cull cows longer to put more weight on them is not just the feed you put into them. “The feed has a value,” he says. “You could always sell it or use it for something else.” All factors need to be weighed when making these decisions.

“If you have older cull cows that will bring the lower end of the price range, you might not want to spend much on feed to try to get them heavier. Sometimes you are better off to just sell them,” he explains. “On the other hand, if the open cows are good young heifers that lost calves, they are worth more and you can afford to spend a little more to get them ready to sell and put together a





load. Sometimes there can be a good market for heiferettes if they have the potential to grade better.”

When to market

Everyone wants to hit the peak market, but that’s hard to do. “There is a seasonal tendency for higher prices in spring and summer, but it costs feed and overhead to hold cull cows over winter and get them into that market,” Viney says. “If you have cheap feed and the facilities to do it, you can make money, but there is always some risk in holding cows.”

As a rule of thumb, however, Viney says culls should generally be sold outside of peak marketing periods. Holding off until seasonal markets strengthen again can put on cheap weight gains if the pasture is available to run those cows a little longer. If weight needs to be added to cull cows before selling, it may make money to deworm them. It also pays to treat any cow with foot rot, pinkeye, respiratory problems, etc., and not selling her until she is healthy.

Cull cows and bulls often comprise 10 to 25% of the annual income on an average beef operation — affecting yearly profit or loss. Increasing cull cow weight and price by even 10% can reduce the price needed for break-even on calves.

There is another option rather than holding culls to put more weight on them, if cows are not too thin to sell in midsummer, or if you are short on fall pasture due to drought and cannot afford the feed to put gains on cull cows after weaning. During those times, producers can wean calves early and to send cull cows to market ahead of the annual fall price drop. Calves off cull cows can be weaned on green pasture at a young age with no setbacks after selling cows early.

The market may dictate the best time to sell cows. If cull cows are worth less and calves are worth a lot, there are times it pays to keep older cows another year if they are pregnant. Getting one or two more calves may more than offset the low price you might get for them later, and the cull market may strengthen by then. If cull cows are worth a lot, it may pay to sell older cows or any cows that give you management problems.

One ranch’s strategy

Travis Olson at Ole Farms in Alberta, Canada, says the biggest thing to focus on when culling is the economic factor. This ranch raises seedstock as well as commercial cattle.

“We calve out about 1,500 cows each year and 1,000 of those are registered,” Olson says. “We are in the cattle business to make money. When making culling decisions the first thing to think about is whether the cow will make a profit in the future. The number one factor in profit and loss, in beef operations in North America, is how many calves you wean for every cow you expose to the bull. If a cow is open, she needs to be gone.”

Other culling decisions revolve around management factors and whether a cow fits your program and how good or poor her calves are.

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Culling as an opportunity

Ranchers are often frustrated during times of low prices, but in the long term, a down cycle can actually be a time of opportunity — the time to lay the genetic foundations to improve the herd. Seedstock is cheaper than it was a couple of years ago, so this is a good time to buy bulls and to cull the cow herd in the right direction.

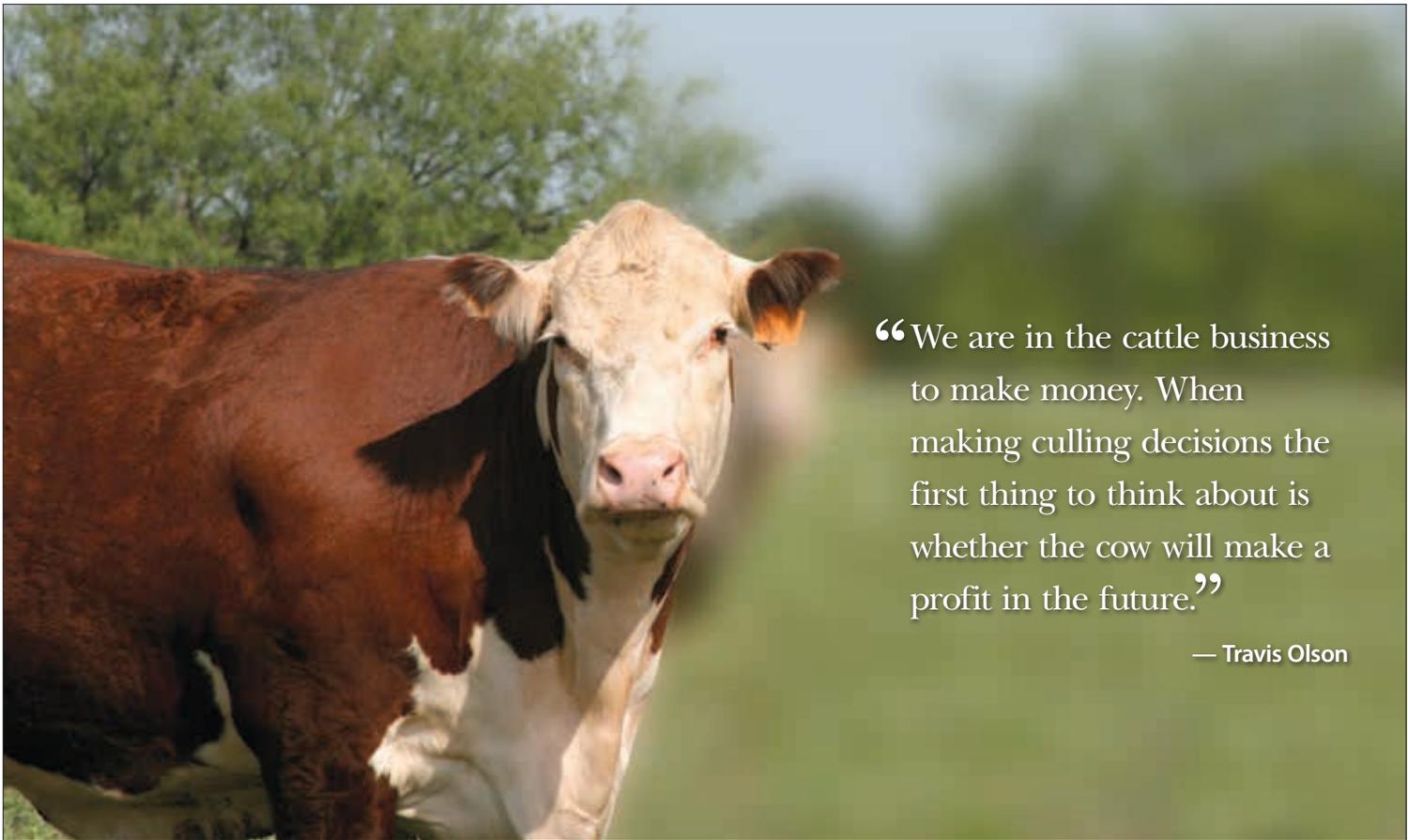
Commercial producers can make important decisions that make a big difference on whether or not they can capitalize later on better markets. You can take this opportunity to position cattle genetically, shaping the cow herd not only for better reproduction and calving ease but also for genetic potential for feed efficiency.

Evaluate where the herd is today and where it needs to go. This is the time to make the adjustments, not when you are paying high prices for bulls or replacements. In a price crisis, all too often ranchers talk about the negative aspects and how hard it is to pay the bills and tend to overlook the economic opportunities.

Cattlemen may need to put cull cows on the market if feed costs are high, and they can’t afford to maintain open cows. But watch the markets. There are huge differences in how ranchers sell their cull cows. Timing is important — where and when and whether or not the cows are thin or in good condition. If you are in a position to put some weight on cows, you can still make money.

Don’t be tied into a traditional program — weaning on a certain date or selling culls at a certain time. Just because that’s the way you’ve always done it, doesn’t mean it’s the best way. Be innovative and creative, looking at ways to best market your product. The way you cull your herd and market those culls may be one of the biggest determining factors in surviving the rough years. **HW**





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Reasons to cull

Grant Lastiwka, forage/livestock business specialist with Alberta Agriculture and Forestry, says a producer's safety and time are the most important factors. “Also the main factor affecting cow profitability is that she has to calve, and we have to be able to sell that calf or the cow is a costly loss.”

If she doesn't have a calf or doesn't have a live calf to market, she is not profitable. “Calving issues, health issues and udder issues are reasons to cull a cow. If she requires calving assistance or has feet issues, she's a cull. I culled this year for a cow that had a calf with scours two years in a row,” he says.

Culling decisions should include safety for people and ease of handling. “We often say that, but it is still an issue. Producers tend to keep that cow if she has a good calf — knowing that she can be dangerous at times or harder to handle, slowing our working time,” he says.

“If a certain cow doesn't work in your system, you don't need her. If she stays skinny while other cows maintain body condition, she might have a weak calf, or might not rebreed,” Lastiwka explains. “Some cows just don't work in a certain management system; maybe she doesn't stay in a fence or hops over the electric fence. Any cow that makes more work for you should be on the cull list.”

Sometimes you have to prioritize the reasons you'd cull a cow. “How her calf performs might be important. If calf performance is poor I would cull the cow, after the previous reasons have been covered, or I might decide to keep one with poor feet if she has one of the best calves. Depending on cow price to calf price ratio I think this factor will be varied, but the cows with really low calf productivity are the ones that should get less chance to stay in the herd.”

For the seedstock breeder, culling decisions are even more important. Certain faults that might be tolerated for a while in a commercial herd should never be tolerated in a purebred herd, because you don't want to pass problems on to your customers. **HW**

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Ole Farms sells its cull cows directly to a packing plant. “This is one advantage we have as a larger operation. We sell our cull cows by the load and get a price on the rail,” Olson says. He has found this to be more profitable than selling through an auction where he has to pay a commission.

“The auction also tends to find a way to discount your animals, and if they are going directly to the plant you don't have this discount. It doesn't matter if a cow has a sore hip or some other minor problem; she goes on the truck just fine and we get full retail value, whereas if she went through the auction she would be severely docked.”

The cattle business is a tight market. “You have to find ways to reduce cost, and it takes away your profit if you pay a lot of money in sales commissions,” he says.

Depending on the operation, some years it might pay to keep thin cows and to put more weight on them before they are sold, while other years it won't pay to keep them longer.

“Our dry cows that come home without a calf usually have good flesh, and the best time to market them is as soon as we find them, since the market tends to be higher in summer, rather than waiting until late fall,” he says. “Sorting off the cows that have lost a calf and getting them to market quickly is usually helpful. Usually we send one load of cows in mid-summer after we've gone through and picked them out.”

After preg-testing by ultrasound, Olsen watches the market closely to decide when to ship the group. Our typical market time for those is March to April. We put some weight on those cows over winter and market them in the early spring. Most years the better price will pay for the feed we put in them, and they also gain weight very well. Many of those cows will put on 100 lb. between January and March,” he explains.

Looking at a 10- or 20-year average, the market is usually higher in April than it is in November. “Everyone wants to preg test in October and November when they bring their calves in for weaning, and if they don't want to winter those open cows, those are all sent to market. I think a person usually gets paid very well to hold them over and sell on the spring market. This is where the bigger ranches have an advantage, getting away from paying commissions by having a full load to go right to the plant,” he says.

“In years past our marketing decisions were often based on what the Nilsson Brothers did. They had an auction market and at one point a slaughter facility. We used to drive by and watch what they were doing. If they had 5,000 cows sitting in their lot, we didn't sell ours. When they were liquidating their inventory, that's when we sold ours, because they knew more about markets than we did. That was our brilliant marketing scheme — copying someone smarter than us.” **HW**

