



WHAT A FEEDLOT WANTS

Western feedlot operators share their criteria for buying calves via video, auction market and ranch.

Story & photos by Paige Nelson, field editor

Shopping — love it or hate it — is a necessary task, even in the cattle business. Feedlot operators spend hours and hours shopping for the right calves to fill their pens. It's an important decision, as those calves will spend months at the bunk. That time at the bunk will determine whether calves turn a profit or cost a small fortune. As any feedlot manager will confirm, buying the right cattle is key to staying in business.

Sourcing calves

Private treaty, video auctions and auction markets all have their pros and cons when it comes to buying calves. Finding the best source typically depends on the feedlot's end goal and feed situation.

Robert Johnson, partner in Johnson Livestock in Idaho Falls, Idaho, helps manage a 20,000-head-capacity finish feedlot.

His team doesn't do any custom feeding. They own everything that steps foot in the yard, which gives

Above: Briggs believes feeder cattle with good genetics will play an even more important role as drought in the West continues. Ranchers will have to sell their weaker stock, making supplies tight but increasing quality.

them extra incentive to get it right on purchase day. In the past, Johnson says, 80%-90% of the cattle they bought were from repeat customers.

When procuring calves through private treaty, Johnson says the most important aspect of the deal is the relationship built throughout the years. Secondly, he says, "The people that we were dealing with were using good genetics and had a good vaccination program. They were typically healthy cattle that would feed well and finish well."

Jerald Raymond, owner of Spring Creek Ranch, a 1,200-head capacity backgrounding yard in Menan, Idaho, echoes Johnson in that having a relationship with the

cow-calf producer during a private-treaty agreement is extremely valuable. That relationship becomes especially important when trying to establish market price, which is probably the hardest part of the deal, according to Raymond.

While private-treaty purchases have been Johnson's go-to, Riverbend Ranch, a registered Angus operation in the area, is building a new beef processing plant that will specialize in all-natural beef, so Johnson Livestock is tailoring its whole feeding program to all-natural cattle with preference toward Riverbend Ranch-sired cattle.

"Moving forward, we are going to be purchasing 65%-70% on the video. The rest will be private treaty," says Johnson.

Video sales are a popular place to source cattle. Raymond buys 85% of his feeder calves from video auctions.

"You can get volume cattle on a video auction. You can get cattle that are sourced from one herd. That's a big deal for us. If you can keep cattle calm and with their siblings, then you have fewer health problems than if you start commingling cattle," he explains.

Catering to small-scale producers

With a 1,000-head capacity backgrounding feedlot in Annis, Idaho, Ben Briggs feeds his own cattle and custom-feeds for outside customers. Briggs has found a niche in the market. His focus is smaller-scale producers who don't sell enough calves to make full loads.



When marketing cattle to larger finishing lots, Briggs says, the only way to make a good sale is to have cattle that look uniform and are colored the same.

"I'm a feedlot that does a little bit of everything," he explains.

Briggs' paradigm is that small producers, those who raise 50 head or fewer, produce quality cattle just like the big guys do. He sources all of his calves private treaty and through the sale barn. He uses private-treaty purchases to acquire both high-quality cattle from known ranchers and lighter,

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smaller-end cattle from others. Sale-barn-purchased cattle fill in gaps and make load lots. Finding balance is the name of his game.

"Mixing really good cattle with lower-quality ones sure helps to brighten everything up," he says.

Buying priorities

No matter how many studies are conducted and experiments completed, there will always be a certain art involved in raising, feeding and finishing cattle. There's also an art to choosing one set of calves over another based on a

feedlot's capabilities. While some managers may prioritize certain cattle traits over others, it seems the solid top three contenders are always reputation, genetics and health status/history.

"Reputation cattle" is probably the strongest marketing term today's cattle-buying industry employs. Yet in a world of branded-beef programs, reproductive technology and hedging options, does a ranch's reputation really pay?

Briggs says that's a resounding yes, especially when supplies are tight due to the current drought.

Last September, he bought some Angus cattle that had been sold year-after-year to another buyer. That traditional buyer visited Briggs' feedlot several times during the past winter trying to buy the heifers. According to Briggs, the cow-calf ranch has a good name and buys excellent bulls, putting the heifers in high demand throughout the area.

Genetics is a blanket term that really means nothing without context. Today's cattle buyers don't want genetics. They want superior genetics that will perform from both an efficiency and a quality standpoint.

As a beef coordinator for Select Sires Inc., as well as the owner of a

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backgrounding lot, Raymond hunts for calves with recognizable sires. Under an agreement with Superior Livestock Auction, Select Sires adds its logo to calves being sold through the auction — allowing potential buyers to know the genetic background of that particular lot.

“Those cattle typically demand a premium. If we get those calves in our feedlot, that’s great. If somebody else gets them, that’s great, as well, as long as they understand the potential of those calves and the way they will perform,” says Raymond.

In the past, and especially looking into the future, most of the cattle Johnson feeds on a year-round basis are Angus-sired by design.

“Angus cattle give us a little bigger marketing window,” explains Johnson. “They are a little earlier maturing, so we can harvest some of the Angus cattle at a lighter weight and still get a high percentage Choice or Prime.”

Today, Johnson Livestock is procuring as many Riverbend Ranch genetics as they can.

“We’ve tracked our average cattle, and we’ve tracked some of these guys that the lion’s share of their bull power is coming from Riverbend. At the end of the day, those superior genetics do make a difference,” he states.

Healthy calves can come from anywhere and be bawling or not, say the managers. Most important is that they’ve had their vaccinations prior to coming to the feedlot.

For Johnson, calves must have the minimum equivalent of a Vac-35 program. He’s more interested in those managed under a Vac-45 program, and says he’s willing to pay the most for them.

Calf health

Because Raymond capitalizes on the genetic potential, he considers calf health to be his second-highest priority when selecting calves. A setback in calf health is a setback in marbling formation. The preconditioning program doesn’t have to be fancy, he says, but it does have to exist.

“Above everything else now is if they are all-natural. Those are the ones that will bring a big premium.” — Robert Johnson

“They may come bawling, but they come healthy, as long as they’ve had the right vaccines prior to the weaning process. They’ll stay healthy for the most part,” he says.

A modified-live virus vaccine at branding and a booster shot at least 10 days ahead of weaning is sufficient for Raymond, because he can give a second booster as they come off the truck.

Making a profit

As much as feedlot operators enjoy watching cattle grow and seeing that finished product come to fruition, without the success of consistently turning a profit, there’s no guarantee that they’ll be in business the following year.

Market volatility plays a huge role in feedlot profit margins. Yes, feed prices have been on an upward trend, but no one could have predicted that a megadrought and a war would simultaneously skyrocket inputs across all categories.

Johnson says he planned for \$1.10 cost of gain on steer calves purchased last summer. Since the

drought worsened and the conflict in Ukraine began, those gain costs have increased to \$1.25 and \$1.30.

After doing all they can to study futures markets, lock in feed prices as far as a year in advance and lock in calves five to six months in advance, the Johnsons are relying on third-party-verified all-natural calves to bring their balance sheet into the black.

Since Johnson Livestock sells directly to the packing plant, they can garner bonuses from branded programs.

“Above everything else now is if they are all-natural. Those are the ones that will bring a big premium,” he says.

Efficiency and grade

Raymond markets his 850-pound (lb.) steers and heifers to finish in feedlots in western Idaho. For his operation, cattle that feed efficiently will make money before cattle that do anything else.

“Efficient cattle are Number 1,” he states.

No. 2 — cattle that will grade.

Locking in a \$20 profit at least guarantees some wiggle room on the back end. Hopefully the genetics pull through and give you a quality premium on top of it, summarizes Raymond.

Making a profit and surviving from year to year is the end goal for anyone in the cattle industry. Obviously, Briggs is no different. He works hard to limit death loss and market uniform cattle in semi loads. Above all else and like most, he says, he does it “for the love of cattle and a family operation.”

Editor’s note: Paige Nelson is a freelance writer and a cattlegirl from Rigby, Idaho.