



# FEEDYARD TRENDS

Know the trends feeders are seeing to maximize your premium opportunities.

*Story & photos by Kasey Brown, associate editor*

A cool breeze, bright sunshine, green grass and a clear blue sky combine to create a beautiful sight in cattle country. Oddly enough, despite the thousands of cattle, very little scent travels on the breeze. The quiet hum of the feedtruck and the mill whir in the background. There are no calves bawling. Calves are at the feedbunk or lounging in their pens.

Three separate Oklahoma feedyard managers shared that they enjoyed this idyllic weather in late April before the deluge later in the spring. Yet, everyone in agriculture knows those ideal days are far from the norm.

Like the weather, the markets provide great days, and plenty of rough ones. Reviewing past trends can help producers make informed decisions. Our three feedyard managers discussed trends they've been seeing.

## More differentiation

Tom Fanning, manager of Buffalo Feeders, near Buffalo, Okla., says most, in fact nearly 70%, of the cattle in his 32,000-head yard are customer-owned. He receives cattle from all segments — commercial cow-calf operators; backgrounders; and even seedstock operations finishing their own

calves that didn't make the cut or finishing customer calves for a buy-back program.

Dale Moore of Cattleman's Choice, near Gage, Okla., laughingly says, "I can't get anyone to sell their cattle to me. All of my customers retain ownership." He says when he started his 12,000-head yard, he used to buy a lot of cattle for investors, but the trend is changing, and cattlemen are maintaining ownership of their cattle.

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**"Our goal is to feed cattle that make money, and the old ways don't always work on making money. Being willing to learn new marketing methods is the way to success." — Bill Roser**

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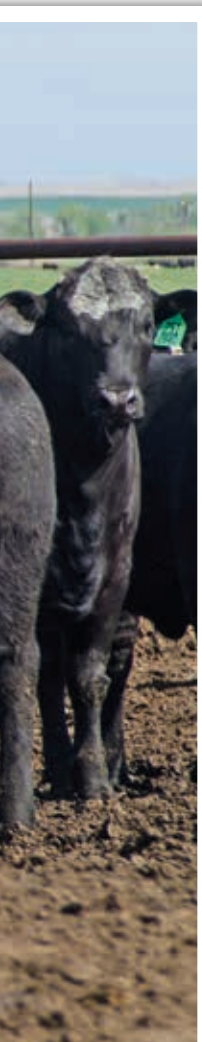
Bill Roser of Xcel Feeders, near Watonga, Okla., says his 27,000-head yard has seen an increase in retained ownership, but his is still a mix of yard-owned and customer-owned cattle.

Roser admits to seeing more differentiation in feeding programs now than when he started managing the yard 17 years ago. This differentiation lends to more opportunities. There are fewer cattle fed for commodity beef sold on the cash market.

Roser adds that there are fewer corporate operations feeding cattle, so they are nimbler for marketing purposes. There were many more company-owned cattle a few years ago.

Of the three yards, Moore feeds exclusively program cattle — cattle that are aimed at programs like Non-Hormone Treated Cattle (NHTC), age and source verification, natural, etc., while





Fanning and Roser say program cattle are a subset of their marketing options.

Moore says programs are willing to pay premiums if there are records and the proper procedures are done for these programs. Consumers are demanding more, and program cattle help provide those options, though he admits there will always be a need for commodity cattle.

Programs require a lot of extra effort from feedyards. Roser says a lot of details go into maintaining program eligibility. If a calf is sick, there's a fine line in determining how best to care for it. For example, if a natural calf is given antibiotics, it comes out of the program and loses much profit potential.

However, if it's not treated, there is potential for death (and that really hits the profit potential). Often those decisions must be made quickly so the animal doesn't suffer.

Making sure the feeding requirements are right, so natural cattle don't get any feed-grade antibiotics, for example, means there are a lot of details to check and double-check. Mistakes are costly, so feedyards work to manage the details.

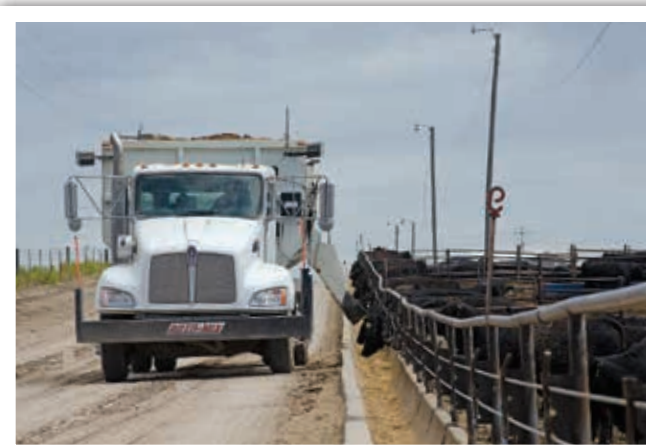
However, with rising input costs, premium programs offer a chance at higher income, Moore says. He says he's seeing the next generation doing a better job of managing their financial position. They have more input costs, so they need more income. Equipment and feed costs are higher, so they need premiums to pay more. Genetic improvement can garner more premiums. Programs are willing to pay more if appropriate records are kept and procedures are met.

While programs are still a subset for Buffalo Feeders and Xcel, almost all of the cattle at these yards sell on a grid. What many cattlemen may not know is that managing a feedyard is like playing a giant game of chess. Feedyards maintain relationships with their customers, and also relationships with processing plants.

They try to meet the demands of both, while maximizing the profit potential of those cattle.

Fanning says sorting isn't necessarily a secret, but sorting well comes with experience. He looks for uniformity and each animal's weight, among other things.

However, he adds, "Feeding a quality animal means doing unique things with feeding systems to



A feedyard manages many details constantly, and consistency is the goal. While cattle are fed three times a day, they get the same bite of feed as their neighbor within 10 minutes of the normal feeding schedule.

maximize their genetic potential. We feed for the genetic potential of that animal. We let the animal fit where it should."

### Genetic potential

More cattle in programs means more attention to genetic potential is being made at the ranch. Fanning and Moore both agree that more attention is being paid to expected progeny differences

(EPDs). That's part of the appeal of retaining ownership, being able to get data back to make improvements in genetic selections on the ranch.

"A lot of what we do is provide data — performance data, weights, carcass data — and help evaluate the performance of cattle back on the ranch," Fanning says.

Moore says since his is a smaller yard, he enjoys getting to go through the data with his customers, even to the point of seeing how each bull and cow family's progeny performed. He admits that takes a lot of time, but says he believes in helping the rancher.

"I don't endorse any seedstock breeder, but I will tell them what's lacking so they can look for that in new bulls. We can get really

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### Feedyard wish lists

"Most problems in the feedyard can be prevented prior to arrival," says Tom Fanning, manager of Buffalo Feeders, Buffalo, Okla.

When asked for a wish list for calves at arrival, three feedyard managers — Fanning; Dale Moore of Cattleman's Choice, Gage, Okla.; and Bill Roser, Xcel Feeders, Watonga, Okla. — agreed. They want calves and customers that are ready for future segments of the industry. Here are their tips for successful feeder calves.

**Weaned** — Calves that have been weaned from mama for 30 days or more are prepared to do well at the feedyard. Taking them straight from mama just adds another layer of stress to an already stressful situation.

**Healthy** — They would like calves that are set up for success with the ability to stay healthy. They want calves that have received their vaccinations at the appropriate times with dams that also had their own vaccinations. They want calves that have immune systems ready to handle inevitable stressors like weather events and transport. This includes dams having appropriate nutrition and mineral programs.

Moore says genetics can't change once the cattle get to the feedyard, but setting up calves' health can

set them up for success. He says he's worked with several consulting veterinarians to develop a protocol that works for receiving cattle. About 90% of his customers "follow it to a T," and those calves do well.

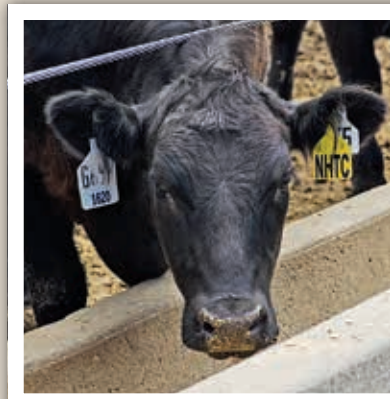
Roser likens it to a country boy going to the city for the first time — he's either bound to get sick or in trouble since he hasn't been exposed to anything before. Vaccinations give calves that prior exposure.

**Identification** — The only way to make progress is to know which calf is which. Fanning says that he gets nearly 300,000 data points, but that information isn't helpful if it can't be traced

back to genetic lines on the ranch. Something as simple as a tag that ties a calf to the cow is helpful.

**Information** — Knowing what health protocols were already administered, and what management methods have been used are all pieces of the puzzle to let an animal fulfill its genetic potential, says Roser. Knowledge is power, and not doubling up on things increases efficiencies.

Ranchers should do what they do best, Moore adds, but it helps to know what has been done already.



detailed in records. We have about 50-60 active customers, and I'll do that with everyone who gives data in — they get [it] back. Data helps validate the EPDs they're buying. We want to improve every calf."

### Managing risk

"The biggest thing in the industry that we've failed in is education for the ranchers in learning how to manage risk," Moore says.

Tools like hedging, forward contracts, commodity brokers and following the Chicago Mercantile Exchange are tools. But most customers rely on help from their feedyard partners on marketing to manage risk. The feeders say the level of control differs with each customer, too.

Says Roser, "Some customers tell me to manage them like they are mine. Others want to be kept in the know and make the decisions themselves."

In the end, feedyards are similar in that they sell feed. What differs is the service they provide. All three gentlemen say risk management is one of those services that set feeders apart. Much of their day consists of talking with customers.

"I don't want to disappoint a ranch in 180 days because a political event changed the market, and that market dropped \$5 the week his cattle were ready," Moore says.

Fanning says knowing the costs and cattle values can help manage margins.

"The goal is not to hit a home run every time. The goal is constant, steady return," he says.

Roser adds, "Our goal is to feed cattle that make money, and the old ways don't always work on making money. Being willing to learn new marketing methods is the way to success." ■

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