



# TAKING THEM ALL THE WAY

## Rancher says retaining ownership eases his marketing stress and almost always turns a profit.

Story & photos by Paige Nelson, field editor

Only about 10% of cow-calf producers retain ownership of their weaned calves in the feedlot, according to University of Tennessee researchers.

### Why?

Disadvantages to retained ownership include:

- ▶ delayed income;
- ▶ possible financing demands; and
- ▶ increased risk from poor performance.

However, study after study indicates profitability increases

as producers own calves after weaning. Benefits associated with retained ownership help explain why:

- ▶ more informed breeding decisions;
- ▶ valuable genetic information;
- ▶ risk mitigation strategies; and
- ▶ marketing flexibility.

Ted Blackstock, owner of Blackstock Ranch in Owyhee County, Idaho, would add “reduction in marketing stress and stewing about sale price all year” to the list of advantages, as well.

### Genetic gain

As a commercial Angus rancher, Blackstock has been retaining ownership on calves in the feedlot

since 2005. He decided to go that route, he says, because he was tired of the stress associated with choosing the best marketing channel for his weaned calves. He had sold on video and through the sale barn, but he says he just didn’t feel he was getting consistently paid for his excellent Angus genetics and meticulous calf management.

“You can tell a cattle buyer what you’ve got in them, and if that’s what they’re looking for, they might give you a premium, and they might not,” he says.

Blackstock manages spring- and fall-calving herds. He prefers to background his calves until they weigh 850-950 pounds (lb.). Once

Above: Feeding cattle for a branded program allows Ted Blackstock to know where the meat from his calves is going and for what purpose it serves.

they’ve reached weight, they go to H3 Feeders in Hermiston, Ore., or Simplot Land and Livestock in Pasco, Wash., for finishing.

By retaining ownership of his calves to the packing plant, Blackstock gains access to several data sets of valuable information on his calves’ performance. He uses metrics like feed conversion, sickness rates and grading percentages to gauge the performance of each pen.

He says his cattle have always graded 97% Choice or better, *better* being 17%-20% Prime. He watches feed conversion closely. As long as his cattle stay below the 7 lb. of feed to 1 lb. of gain (7:1) mark, he feels comfortable with their performance.

Monitoring performance from the end point has allowed

Blackstock to tighten his bull selection criteria.

“We’ve stepped up and paid a little more for bulls because we buy our bulls to raise good females. Mainly what we’re looking at is what is going to make our cow herd better,” he says.

Thanks to expected progeny differences (EPDs), he knows exactly how much milk he wants his cows to have, and he can monitor frame score to keep everything in the moderate range.

“Steers are almost a byproduct,” he jokes.

For Blackstock, getting data back on calves has made breeding decisions and genetic selection less abstract. He now knows he must keep cattle performance in the median between cow type and quality grade and feed conversion. As long as those are met, he can relax and enjoy being a rancher.

JW Wood, manager of Boise Valley Feeders, a custom cattle feedlot owned by Agri Beef, says most of his customers opt to retain ownership because, like Blackstock, they’ll use the feedout information in management decisions.

“They apply that information back into their decision-making at the ranch, whether it’s genetic decisions, or how they wean, or what vaccines they might give at certain times of the year,” says Wood. “Of course, they like analyzing carcass data.”

## Managing risk

Retaining calves is a way for Blackstock to manage risk, especially for things beyond his control. For instance, due to a cold, dry spring, his yearlings came off grass weighing about 50 lb. lighter than expected.

While that came as a shock, Blackstock says it’s still not a loss to his bottom line.

“It doesn’t really matter how big they are because



I’m going to the feedlot with them. I don’t have to worry about what they come off the grass at. Of course, I’ll make long-term decisions of whether it’s working or not,” he clarifies. However, “they’ve still got the frame, so when they go to the feedlot and start feeding them corn, they’re going to pile on the weight faster than they would have if they were fat.”

Weighing conditions seem to be more favorable down the line, too.

“We used to sell them on the video and sell them in the auction barn, and I just never was really happy about weighing conditions — trying to get them weighed just right and it seemed like anything could go wrong and it would cost us,” he remembers.

Now, he says, he doesn’t worry so much about the price of cattle. His job is to get them as big as he

can and send them to feedlot.

While retaining ownership has become a way to manage risk for Blackstock, Wood says that’s not the case for all ranchers.

“It’s hard to pass up profitability if you’re getting rid of them right away vs. owning them for another day,” he says.

However, Wood tries his best to ensure customers that their cattle are treated like his own.

The feedyard has large and small pens to fit any size of operation. There is a consulting veterinarian and nutritionist who work to get new calves on track and keep resident calves healthy. The yard will take “an unweaned calf, a steer off of grass, a big heavy thing out of a grow yard. We’re happy to do what the customer needs,” says Wood.

Additionally, he dedicates time to keeping an open channel of communication with his customers. He wants them to feel comfortable enough to call with questions, and he keeps them informed of shipping dates or health challenges the cattle might have.

Wood hopes this great attention to detail helps customers feel better about the risk of feeding calves.

While up front

JW Wood, manager of Boise Valley Feeders, says Angus cattle offer marketing flexibility because of their ability to achieve marbling at an earlier stage than some other breeds.



According to *Identifying Factors that Impact Returns to Retained Ownership of Cattle*, cattle placed on feed in winter were more profitable than cattle placed in summer.

it may seem risky to retain ownership, the data compiled by Minfeng Tang et. al., 2016, in *Identifying Factors that Impact Returns to Retained Ownership of Cattle* say, “Returns to retained ownership were positive in nine of the 11 years analyzed, with an average return of \$47.80 per head.”

Tang and his colleagues followed 2,265 steers and 688 heifers from 39 operations in Tennessee from 2005-2015 in 11 different feedlots.

All cattle were harvested and sold on a grid. During the study, steers were profitable eight years of 11, averaging \$43.62 per head. Heifers were profitable nine years out of 10, averaging \$61.56 per head.

According to Tang’s research, “Overall, retained ownership profits to heifers were higher than steers on average. Cattle placed on feed in winter were most profitable, while cattle placed on feed in summer were least profitable. Days on feed had a positive effect on retained-ownership profits. Desirable cattle feedlot performance (i.e., lower feed-to-gain ratio and higher average daily gain) increased retained-ownership profits. Dressing percentage and placement weight positively affected retained ownership profits, while the number of individual health treatments and corn price negatively impacted retained ownership profits.”

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Numbers such as these beg the comparison: In a 10-year span, how many of those years is it profitable to sell at weaning?

### Marketing at a new end point

At Boise Valley Feeders, custom-fed cattle have the option to qualify for Agri Beef's branded-beef programs like Double R Ranch, as seen in restaurants and grocery-store chains. Depending on the quality grade, cattle can qualify for different levels of the branded program. Currently, the feedyard isn't certified for natural-fed beef or non-hormone-treated, says Wood. Because custom-fed cattle are the priority at the feedlot, that option could certainly be looked into if a rancher were interested, he says.

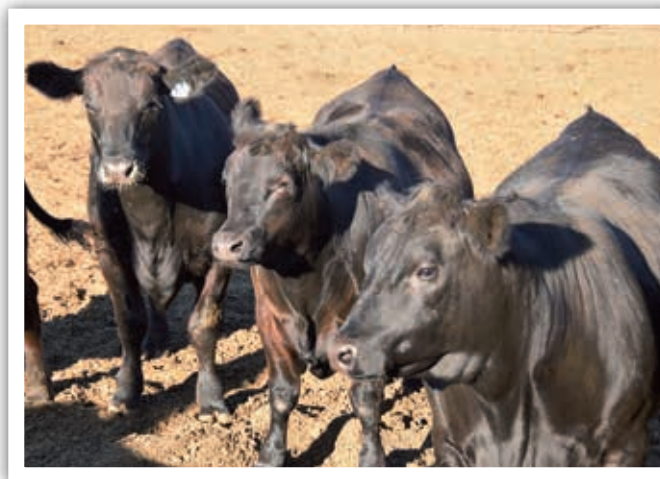
An important marketing factor at Boise Valley is cattle breed. There is no hide-color specification to qualify for the Double R Ranch program, Wood says. Yet of the best cattle he has on feed,

Angus-sired cattle are exceptionally equipped to take advantage of grid premiums.

"The great thing about the Angus genetics is they typically marble really well, so you don't get in trouble from the plant if you pull cattle forward, because they're still going to have an excellent quality grade. This allows for more marketing flexibility."

That's a tune to which Blackstock can sing along. When he first began retaining ownership on his cattle, he was selling meat on the commodity market. Eventually, he transitioned to Painted Hills Natural Beef, which sells mostly on the West Coast.

"We wanted to see where our meat was going and raise it for a purpose that way," says Blackstock of the switch. "They



JW Wood says most of his customers choose to retain ownership on calves because the data help them make management decisions back on the ranch, and they enjoy analyzing the carcass data.

are a non-antibiotic, no hormones or anything, but everything is vaccinated. I pretty well raised them that way anyway, so it wasn't a hard transition."

Being able to choose the program that best fits his cattle has actually allowed Blackstock the flexibility to dial in his cattle performance in the lot and at the plant.

"Branded Choice cattle bring just the same premium as commercial Prime," he notes. "A 24¢ bonus is what Tyson gives you for a Prime, and that's what we get for our Choice natural cattle."

Virtually all of his cattle grade Choice or better, so the change has been a good one for the rancher.

His Angus genetics play a role, too, he adds. "I think my

cattle being mostly Angus, they do better than a lot of guys with mixed cows do, and I think I get a premium for that. I guess I've never regretted finishing them. They've always paid me back." ■

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

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