

Stocker Profitability

Stocker operators share factors to consider to remain profitable.

by
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Health is one of the most important factors for a stocker operation. This was the consensus of a panel discussing stocker profitability at the 21st Cattlemen's



College® hosted during the 2014 Cattle Industry Convention in Nashville, Tenn., in February. The panel

comprised Brian Celsor, CPC Livestock, Fountain Run, Ky.; Brad Ethridge, Ethridge Cattle Co., Williston, Fla.; and Dale Blasi, Kansas State University (K-State), Manhattan, Kan.

Celsor offered his top 10 considerations for a successful stocker operation:

1. Be familiar with markets, both buying and selling.
2. Know the seasonality of the markets.

3. Secure and maintain adequate facilities.
4. Know and understand the water requirements for each season to avoid stress on you or the animals.
5. Understand the availability of feedstuffs for your area.
6. Know your time commitments, and whether you will be able to devote the time to a high-risk calf.
7. Know your time commitments away from the farm or ranch.
8. Develop relationships with industry peers, veterinarians and nutritionists.
9. Secure adequate logistics partners, like dependable trucks, part-time help and feed partner.
10. Pay attention to the details, because losses can turn into profits if the details are addressed.

Ethridge reiterated that health is the No. 1 key to stocker operators. Those calves need to produce in the first 40-50 days or they have failed. They can't do that if they are sick.

Nutrition and environment are important. He said he likes keeping the calves on grass because they are accustomed to being on grass early in life. Nutrition is key to the weaning process, he said. It must stay consistent.

You have to have good people working with you, and communication is key, Ethridge noted. "It seems when something doesn't work, it's generally due to lack of communication. You have to communicate quickly and early. If there's a problem, it has to be addressed now."

A disaster plan and crisis management play a part in success. In Florida, he has a plan for hurricanes. He recommended having a plan for weather events common to your area of the country. Proper facilities pay for themselves, even if they seem like a big investment up front.

Procurement is the most important for his operation. Knowing the health and history of the calves ensures quality.

Blasi noted that the stocker segment of the industry is very

fluid, and things change quickly. Operations are more coordinated and technology-driven, but the goal is still the same, to get calves to an area of the country with the least cost of gain. Challenges exist, he added. Pasture leases and feed input costs have increased, the available labor supply is inconsistent, and there are very volatile market conditions.

He mentioned Kuhl's axiom, coined from Gerry Kuhl, a professor emeritus at K-State: "Buy 'em cheap, keep 'em alive, make 'em gain, and sell 'em high. These aren't always easy, but there are plenty of opportunities for young people in this business."



Editor's Note: This article is part of the Angus Journal's online event coverage of the 2014 Cattle Industry Convention and NCBA Trade Show. You can view the Journal's coverage in its entirety in the newsroom at www.4cattlemen.com.