

ANGUS

BEEF BULLETIN®

"The Commercial Cattleman's Angus Connection"

Volume 34, Number 4 • September 2016



Brought to you by
ANGUS MEDIA
3201 Frederick Ave.; Saint Joseph, Mo. 64506



PHOTO BY AUSTIN BLACK

Replacement heifers:

Raise 'em or Buy 'em

by **AUSTIN BLACK**

Deciding whether to raise or buy replacement heifers is never an easy decision, and the answer isn't the same for every operation.

Scott Brown, University of Missouri (MU) assistant extension professor, says the decision fluctuates according to the cattle cycle. High cattle markets make heifer development more expensive. However, lower cattle markets

sometimes make producers more interested in buying heifers instead.

Brown says producers have to start with evaluating their herd. It's important to determine the genetic potential and identify what's missing.

"If you want to successfully grow replacements, you have to understand your current herd," he says. Some producers may have high-quality genetics, while others are lacking in certain areas. Brown warns producers

about having a biased opinion of their herd, though.

"I've never met anyone that tells me they have an average herd," he says. "You have to evaluate where you sit relative to your neighbors." These days, higher-quality cattle add value to an operation.

After evaluating genetics, it's a numbers game. Producers need to know how current bred-heifer supply and demand affect the market. Keep

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Replacement Heifers: Raise 'em or Buy 'em *(from cover)*

in mind current market prices won't stay the same. If producers decide to raise their own, they run the risk of prices dropping.

"There is a time lag from when a decision to raise a heifer is made until that outcome is realized," Brown says. "That's risk."

Calculating risk, reward

Producers should calculate their risk and profit potential. Brown says heifer-development cost can be divided into three stages.

Stage 1 is calving to weaning. There isn't much cost associated with this stage, and the risk is often minimal. Producers can sell the heifer at weaning, but remember, profits are taxable.

Stage 2 is weaning to breeding. Costs in this stage include feed, interest and breeding expenses.

Stage 3 is breeding to calving. Grazing and supplement costs fall in this stage. Costs in stages 2 and 3 may help reduce taxes.

When raising replacement heifers, it's important to increase profits in stages 2 and 3. Sometimes the best way to do this is to cut costs.

"I don't care what you're doing, you have to be the cheapest at it," Brown says. This may mean spending the least amount of money, or it may mean getting the best return for your money spent. Kansas State University (K-State) Extension offers a spreadsheet to help calculate cost. Producers can input their costs and compare the total against current bred-heifer prices. The form is available to download at www.agmanager.info under livestock budgets.

Once producers calculate their cost and risk, they can decide if raising or purchasing heifers is a better investment. Brown says price comparison is relative.

"Compare apples to apples of what you can grow versus what you can buy," he says. It's impossible to predict what the future market will be. Producers must compare similar type and kind of cattle to identify which is more economical.

"You must be a least-cost producer to develop

heifers in the long term," Brown says. "Sometimes letting someone else grow those heifers is more profitable."

Another factor to consider is what nutritional resources are available during heifer development. David Hoffman, MU Extension livestock specialist, says nutrition has a huge impact on heifers at weaning.

"It's a learning curve for new producers," he says. Proper nutrition and herd health during heifer development is crucial to make a productive cow in the future.

If purchasing heifers is a better investment, it's important to buy from the right source. Hoffman says knowing the seller's reputation is a key factor.

"Ensure heifers are bred to calving-ease bulls that have performance and history. That's extremely important," Hoffman says. Documentation supporting that performance and history is good, but don't rely solely on a bull's birth weight as proof of calving ease.

"Just because the bull these heifers were bred to was born lightweight, if you don't have some kind of genetic EPD (expected progeny difference), it doesn't matter that he was a little baby," says Jaymelynn Farney, K-State Extension specialist.

Weather and the environment often impact birth weight. These variations make birth weight an unreliable indicator by itself. Farney says calving ease (CE) EPDs work well to predict

true calving ease and birth weight.



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The 'Select' few

Finding a reputable breeder to buy heifers from can take time. Missouri and Kansas offer programs that create guidelines for producers who raise heifers.

David Patterson and Richard Randall, along with state extension specialists, founded Missouri's Show-Me Select (SMS) heifer program in 1997.

"The program is a coordinated effort between livestock specialists, producers and veterinarians to implement management practices that improve the longevity and performance of beef heifers entering the cow herd," Hoffman says. He helps coordinate these efforts and organizes sales in west central Missouri.

The SMS program has herd health and reproduction standards. It also encourages producers to focus on nutrition and genetics. Producers who enroll in the program must meet all requirements to receive certification. Upon program completion, heifers receive an official SMS ear tag.

Hoffman said the program's goal is to make sure everything about the heifer works right. A majority of SMS heifers remain on the farm, impacting the producer's future cow herd. Hoffman says producers sell two to 300 heifers each year, but in the west central region alone, the program certifies around 800.

The work invested by consignors benefits producers who purchase through the SMS sales.

"It's an investment, not just a purchase for the new owner," Hoffman says. "They are getting a known source with history."

All heifers have records for herd health and origin. Breeding information, bull EPDs and calving dates are also disclosed to customers. While some heifers marketed are natural-bred, the majority is now bred using artificial insemination (AI). In recent years the program has offered a Tier 2 classification for heifers that are both AI-bred and AI-sired.

Program highlights

- Show-Me Select and Sunflower Supreme heifers must be enrolled in the program by Feb. 1 or Sept. 1.
- Vaccination guidelines begin with a Bang's vaccination and continue through preg-checking.
- Heifers must be bred to registered bulls that meet minimum calving ease (CE) and birth weight (BW) expected progeny difference (EPD) requirements.
- Only heifers that meet all requirements will be certified and receive an official Show-Me Select or Sunflower Supreme ear tag.
- Certified Show-Me Select heifers can be sold through any of the five or six sales hosted annually throughout the state.
- Certified Sunflower Supreme heifers can be sold through the organized sale hosted each spring and fall or other market avenues as chosen by the producer.

Founded March 1985

ANGUS

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"The Commercial Cattleman's Angus Connection"

Produced and published five times per year by Angus Productions Inc. in cooperation with the American Angus Association and Certified Angus Beef LLC.

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Replacement Heifers: Raise 'em or Buy 'em *(from page 2)*

Hoffman says purchasing replacements allows producers to sell a calf sooner.

“Instead of raising their own heifers, [producers] are able to buy an animal for a replacement, and within 10-12 months, can market a calf to capture that reward. If they're raising heifers, it's a two- to three-year process to reap that benefit,” he says.

Success in Kansas

Inspired by the success of the SMS program, the Kansas Department of Agriculture teamed up with K-State Extension to start the Sunflower Supreme program.

“We're in the third year in the program and have certified 2,000 heifers,” Farney

says. The goal of the program is to provide a marketing option for producers in southeast Kansas. “But more importantly, producers that go through the guidelines make more money on their cow herd.”

The Sunflower Supreme program focuses on the same aspect as its Missouri counterpart. Herd health, nutrition and the use of calving-ease bulls are top priorities.

Farney says the program works with

producers to collect data on all heifers. Heifers in the program have 10% or less calving problems, compared to the national average of 14%. This results from a minimum CE EPD in the program's breeding requirements.

“Calving ease is superior to birth weight for heifers. It takes into account calving difficulty plus birth weight and other factors,” Farney says. “If you can use a high-accuracy proven sire ranked in the top of their breed for calving ease, it should help you be able to sleep easier at night. Your probability of having a calving issue is decreased.”

Markets with demand

Producers buying heifers through these sales learn their history and know their source.

“The Sunflower Supreme program provides a source of heifers that have third-party documentation of management,” Farney says. The sales allow buyers to choose from different breeds, sires and calving intervals.

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producer to develop heifers
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— *Scott Brown*

Lower cattle markets have caused bred-heifer prices to drop in these sales recently, but consignors still see a demand for quality heifers, and buyers continue to pay a premium. Last spring, heifers in the SMS sales averaged \$2,000-\$2,400. Hoffman expects lower prices this fall compared to previous years, but he is still confident there will be a market.

“For heifers marketed through our Kingsville sale, 60% to 75% sell to repeat buyers. Buyers are willing to pay a premium and know what they're getting,” he says.

Sunflower Supreme heifers sell through biannual sales, private treaty or via video auction.

“Some guys with really big lots are interested in having really big offerings through Superior Livestock,” Farney says. The program will certify 800 heifers this year. About 200-400 of those will sell through the official sales. Farney says the spring sale averaged close to \$1,950, but noted that cattle markets were at a low point then.

“In general, spring bred heifers sell for a higher price than fall bred heifers,” she says.

For more information about the Show-Me Select and Sunflower Supreme programs, visit www.agebb.missouri.edu/select or www.sunflowersupreme.org.