Although often debated among breeders and economists, there is no clear-cut answer to whether producers should buy or raise replacement females. [PHOTO BY KINDRA GORDON]

Buy 'em or Raise 'em

What's the best way to get replacements?

Story by
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With grids and formula marketing an everyday part of the cattle industry, missing the target can be pretty costly for cattle producers. With an eye toward superior genetics, many breeders will ultimately come to the question of whether to buy replacement heifers or to raise their own? Although often debated among breeders and economists, there is no clear-cut answer. There are many good arguments to both sides of the dilemma.

According to Harlan Ritchie, beef Extension specialist with Michigan State University (MSU), the answer depends on several factors.

"Dictating one side of the issue are the economics of a cattle market that at times may almost demand the raising of replacements," he says. "On the other side of the issue, however, buying heifers with better genetics may show a financial gain far exceeding the cost savings of raising your own."

Ritchie says he is seeing a trend toward more producers buying replacements. Buying offers opportunity to the smaller-scale producer who frequently works off the farm and doesn't have the time or management to develop heifers and others who want to improve their breeding programs with superior genetics, he adds. "I also suspect that specialization in heifer breeding and development programs has helped."

Specialization

Heartland Cattle Co. is one of the better-known heifer-development programs that have been in business more than a decade.

Established by Patsy Houghton and Cal Siegfried, Heartland Cattle Co. is located in McCook, Neb. Often used as a role model for other heifer-development programs, the center maintains a 4,000-head-capacity facility, with 60% devoted to custom heifer development and the remaining 40% used for heifers that are purchased based on buyer specification for development, breeding and sale.

According to information from Houghton, the primary goal of Heartland has always been the long-term genetic improvement of the clients' herds. The program offers producers the opportunity to improve the genetic performance and uniformity of a herd through strategic artificial insemination (AI). These genetic goals are determined by targeting a particular marketing grid or carcass type, along with meeting the productivity requirements of a herd's environment.

Published results of a Cattle-Fax survey on professional heifer-development programs, like Heartland, show the average development period ranging from 180 to 235 days. Costs during that time include nutrition, semen from highly proven sires, estrous synchronization, individual records, tags, tattoos, freeze-branding and vaccinations. Throughout the seven-year period of the survey, the cost ranged from $1.35 to $1.75 per head per day.

"Putting a heifer through a program like Heartland is definitely going to cost more, but most producers quickly realize they are

Replacement shopping tips from Harlan Ritchie

- Know the reputation and integrity of the heifer's producer and the health and development programs used. Talk to others who have bought heifers from this same source. Don't just look at genetics and assume that the program provided proper nutrition or used culling practices to restrict traits such as pelvic area, mature size and temperament. In other words, check things out, because all of these factors can be critical to your bottom line.
- Figure the maximum price you can afford to pay. Factor in any potential added value you may receive from a purchased female.
- Determine the age range of any females you want to buy. Generally, a beef cow reaches her prime when she's between 4 and 8 years old. She declines slightly from 9 to 10 years old, and more rapidly after that. Longevity varies among regions and among breeds.
- Herd dispersals are a good place to buy females because nothing is held back. You have the pick of the herd.
- When buying through private treaty, beware of unusual bargains unless you've thoroughly checked them out. You could end up buying someone else's problem females.
- Evaluating potential sale cows while their current calves are still at side is a decided advantage.
- Unless you are absolutely certain females are pregnant, ask that they be pregnancy-tested.
- Don't buy females unless intrastate or interstate health requirements are met. Illegal movement of cattle can result in severe penalties.
- If you do buy females, decide which immunizations they need. If in doubt, consider vaccinating for infectious bovine rhinotracheitis (IBR), bovine viral diarrhea (BVD), parainfluenza-3 virus (PI_3), five strains of leptospirosis, vibriosis and haemophilus. Administer three-week booster shots.

Source: *Harlan Ritchie, Michigan State University Extension specialist.*

going to make the money back by freeing up pasture and feed for their producing herd during that time frame," Ritchie says. "Also, they are achieving improved genetics in these programs by breeding AI to superior bulls and culling any heifers with functional defects or problems. Culling is something that producers often don't factor in when they raise them on their own."

In an Extension bulletin for cattle breeders, Bill McKinnon, livestock specialist at Virginia Tech, likewise cautions that there are many things to factor in when making the decision to buy replacement females or to raise them.

He advises breeders to seriously evaluate their resources before making the decision. For good heifer development, breeders should have sufficient levels of management ability, proper facilities and adequate feed resources. A marginal job of raising a heifer can result in the most expensive source of productive cows.

Size of the operation can also have an influence on the decision, he says. For some smaller producers, purchased females may offer a superior genetic package while the larger, well-managed herd can develop a genetic package adapted to the environment and well-suited to the farm's particular set of resources.

McKinnon points out that the time period within the particular cattle price cycle will influence the relative advantage of each method of female replacement. If the short-term forecast is for higher calf prices, bred females or cow-calf pairs allow for immediate production during a higher price phase of the cycle. Prices at what appear to be near the bottom of a price trough signal the use of cheaper heifer feeder calves for replacement and possible expansion.

Tapping into an alliance

For the small producer who is looking for an economical way to improve genetics in a herd, Ritchie suggests investigating cooperatives and alliances.

"I am seeing groups of producers getting together and buying and using similar genetics in their programs in an effort to hit the value on marketing grids," he says. "They are producing calves that can hit the target by buying superior genetics for their programs, both on the bull side and on the female side, and selling the progeny, both as feeders and as replacements. I really think there is a lot of advantage in being in one of these groups."

A Morgantown, W.Va., calf pool, headed by Extension specialist Phillip Osborne, is an example of this type of program. Breeders use embryo bulls from the same sire to breed their cattle to achieve uniform genetics. Calves are sold in load lots as feeders with many of the heifers being put through a development program, bred and sold back to members of the pool as replacements or sold to other breeders.

Ritchie says he is also seeing more operations specializing in producing heifers for the replacement market.

"As a cattle breeder myself, I am always looking for the next good one, and sometimes you find them in the strangest places. Interestingly enough, I have found some at smaller operations that are offering superior genetics. I know one breeder who has 50 Angus cows that are probably the best of any in the state. Needless to say, he sells to some of the biggest and best commercial operations and has a great number of repeat customers. He has done a bang-up job because he has a good program."

So, what is the bottom line on buying vs. raising?

"It comes down to several things," Ritchie says. "Raising a heifer may be cheaper, but the cost of replacement females also depends on how you value better genetics. The financial gains of better genetics can outweigh the cost savings of raising your own. On the other hand, if you can't buy better genetics, and you can buy feed at a reasonable cost, then the bottom-line answer would be to raise your own."