

COW/CALF CORNER

The Newsletter

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by Glenn Selk, OSU Extension Cattle Reproduction Specialist

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The Principle of “Value of Added Gain”

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The decision to include a management practice that adds weaning weight to calves should be based on two parts of the business equation. 1) What is the value of the added weaning weight gain achieved from the new management practice? 2) How much did I spend on the practice to produce the added weaning weight available for sale?

The “value of added gain”

A commonly misunderstood principle in the cattle business is that of the "value of added gain." There is a natural tendency to believe that when the calf prices are good that any extra weight put on those calves will also have a very high price. Likewise, many producers cut back on management techniques that would add weight to calves when cattle prices are low. However, there are some financial principles during cattle cycles that make us constantly re-evaluate the current value of added gain.

When calves are selling for good prices (\$1.20 per pound or more), there is usually a sizeable "price slide" or reduced selling price for heavier calves. On the other hand, when cattle prices are depressed, the "price slide" often lessens or (in a few rare instances) disappears entirely.

Let's look at a couple of examples

Assume that on your ranch, average weaning weight without creep feed is about 525 pounds. Research data through the years gives us the information that typical improved gains from self-fed high energy creep feeds are about 50 to 60 pounds. Therefore the creep fed calves would sell at about 575 pounds.

With good cattle prices (according to USDA market news for Oklahoma this week, May 4 - 10: http://www.ams.usda.gov/mnreports/KO_LS794.txt) the 525 pound calf could bring about \$124.83 per hundredweight or \$655.36 total. The 575 pound, fleshier calf

would bring about \$4.46 less per hundred weight at \$120.37 per hundredweight or \$692.13 total. Therefore the extra 50 pounds returned an extra \$36.77. *Consequently the value of each added pound was actually worth 73.5 cents.* The added gain is not going to be worth the selling price of over \$1.20 per pound!!

In 1995 with poorer calf prices the 525 pound calf would bring about \$68.00 per hundred pounds or \$357.00 dollars. With the less severe price slide, the heavier 575 pound calf sold for \$66.50 per hundred or \$382.75. *The extra 50 pounds brought \$25.75 and a value of each pound of added gain at 51.5 cents.*

It is amazing how often the value of added gain is between 50 cents/pound and 75 cents/pound! We want to keep this “principle of value of added gain” in mind as we make management decisions that are aimed at increasing calf sale weights.

Feed Conversions of Creep Feeds for Nursing Calves

by Glenn Selk

Feed conversions of calves fed creep feeds have been quite variable to say the least. Conversions of 5:1 or 5 pounds of grain consumed to 1 extra pound of calf weight are very rare and the optimum that can be expected when producers are using a "typical" high energy creep feed. Conversions may get as poor as 15:1 in some situations. Therefore it is obvious that several factors come in to play to determine the amount of creep feed that is consumed for each additional pound of gain.

Cows that give large amounts of milk to their calves will provide enough protein and energy to meet the growth potential of their calves. In that scenario, it is reasonable to assume that the feed conversion from creep feeding could be quite poor (10:1 or worse). If however the milk production of the cows is limited for any reason, then the added energy and protein from the creep feed provides needed nutrients to allow calves to reach closer to their genetic maximum capability for growth. Calves from poor milking cows may convert the creep feed at a rate of about 7 pounds of feed for each pound of additional calf weight. Poor milking can be a result of genetically low milk production or restricted nutritional status. Nutritional restriction due to drought situations often adversely affects milk production and therefore calf weaning weights. Shortened hay supplies and reduced standing forage due to drought or severe winter weather often set the stage for the best results from creep feeding. These feed conversion ratios become important when making the decision to buy and put out creep feed for spring born calves. As you are calculating the cost of creep feeds, remember to include the depreciation cost of the feeders and the delivery of the feed. Then of course, it is important to compare that cost of creep feeding to the realistic “value of added gain”.

Different ranching operations will come to different conclusions about the value of creep feeding. In fact, different conclusions may apply to different groups of cows within the same herd. Creep feeding may be more beneficial to calves from thin, young cows and

less efficient to calves reared by mature cows that are in better body condition and producing more milk.

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