

# A to Z Retained Ownership, Inc.

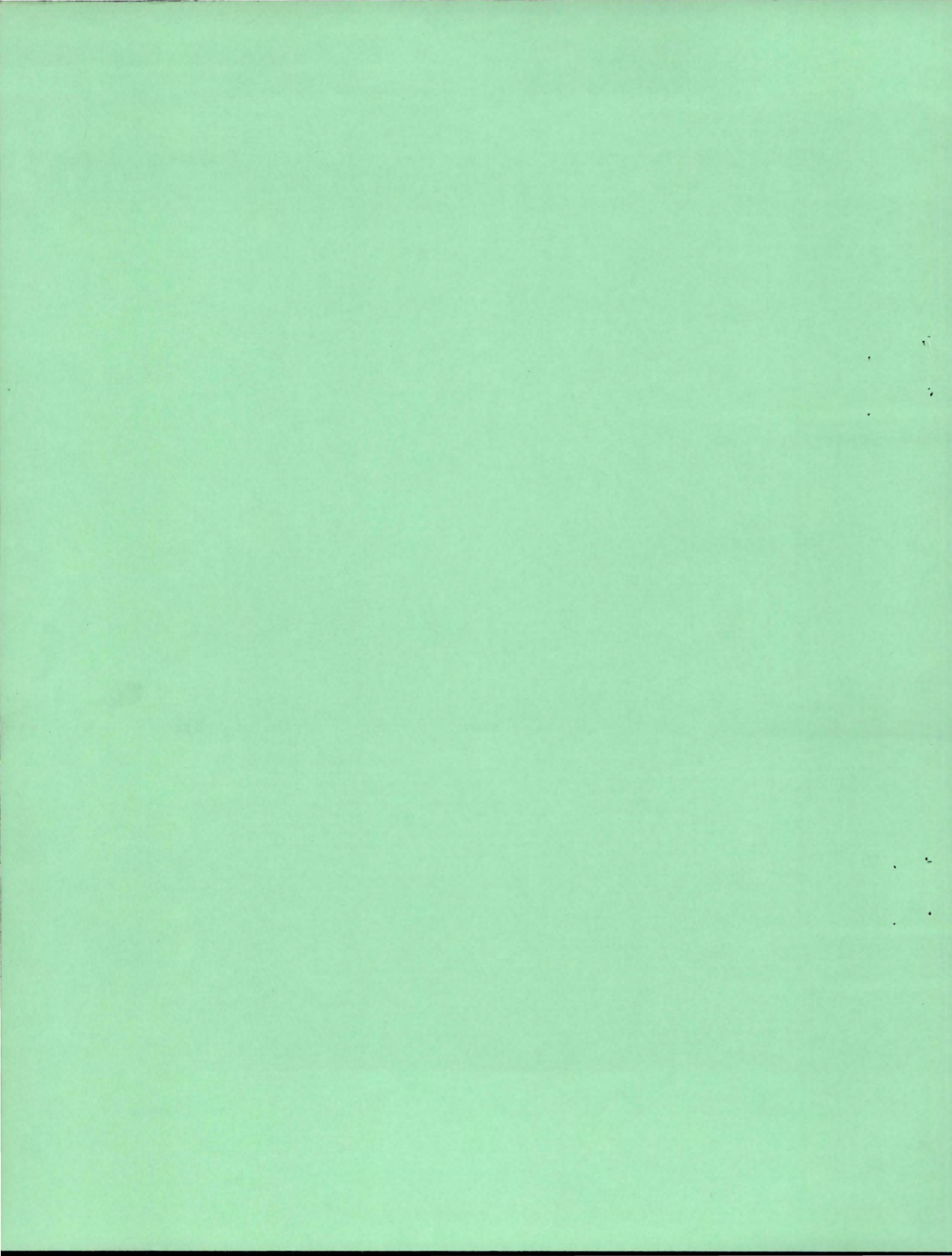
## 1999 Year-End Summary

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*College of Agriculture*

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## **A TO Z RETAINED OWNERSHIP, INC. 1999 Year-End Summary**

### **INTRODUCTION**

The A to Z Retained Ownership program was started in 1992 as a cooperative venture by cow-calf producers, the Bruneau Cattle Company feedlot, veterinarians, packers, bankers, allied industry representatives and the University of Idaho Cooperative Extension System. The primary goal of this educational program is to provide information to cow-calf producers on how their cattle perform through the feeding and carcass grading phases. This report presents the results of the seventh year of the retained ownership program.

The 1998-99 A to Z feeding program brought positive relief in terms of animal performance and feeding economics. Market developments were somewhat stagnant as carcass prices were level with spring 1998 values. Poultry and beef production continued at record levels. Beef exports have started to rebound with the stabilization of Japanese beef imports. Large world grain supplies reduced costs of gains to the lowest levels since the inception of the A to Z program.

Carcass prices remained steady throughout the marketing period (April-May) as beef demand remained high. With mild weather, feeding conditions were favorable for exceptional feedlot performance, resulting in high percentages of cattle grading choice or better. As a result the choice/select spread remained at

or below \$5.00/cwt during the 1999 marketing span. As opposed to 1998, timely marketings helped maintain carcass price and greatly reduced the percentage of discounts, especially yield grade 4 and heavy weight carcasses.

Steers were on feed for an average of 173 days and heifers were fed for an average of 169 days. Marketings took place on April 30, May 14 and May 21, 1999. Steers and heifers grading choice or better were 76 and 83 percent, respectively.

Feed costs averaged \$189/steer and \$174/heifer, which was \$60 to \$75 less than 1998. Average carcass weights were back in line with previous years (732 lbs steers and 654 lbs heifers). Carcass prices averaged \$104/cwt for steers and \$103/cwt for heifers. Steers profited an average of \$67/head and heifers showed a profit of \$63/head, when adjusted for death loss.

Salvage, death loss and medicine costs were not shared, but charged out to the owner of the calf that incurred these charges. Participating ranchers decided that the recommended preconditioning program was successful and they were willing to accept these charges individually.

The method and cost of collecting carcass data has been improved with the help of Iowa Beef Processors (IBP) and University of Idaho faculty. The A to Z program utilizes an account with the USDA Grading Service, which

effectively eliminated the orange tag system and significantly reduced grading costs.

Calves entering the A to Z program were valued at \$75/cwt for a 550 lb steer with a 7¢ slide and \$68/cwt for a 550 lb heifer with a 6.5¢ slide. Using these market prices, initial values of the cattle going into the feeding program averaged \$421/steer and \$364/heifer. Initial values of the calves decreased about 12 percent from 1997 levels. The opportunity cost of not selling the calves at weaning (an interest expense tied directly to the initial value of the calves) averaged \$12.08/head and \$10.20/head over the feeding period, for steers and heifers, respectively.

Animal performance was above prior years in the program, with steers gaining 3.27 pounds per day and heifers gaining 2.98 pounds per day. Feed efficiency (pounds of feed per pound of gain) improved significantly over levels from prior years. Steers consumed 5.54 pounds of feed to produce a pound of gain while heifers stood at 5.77 pounds. The corn/wheat grain mix and mild weather conditions have benefited cattle performance.

Cattle performance, feed costs and profitability for 1998-99 compared to the previous six years are shown in Appendix B. Incoming value of calves, feed costs and carcass prices are variable over years and contribute greatly to profitability. Cattle performance is much less variable from year to year.

## OBJECTIVES

In an effort to provide southwestern Idaho ranchers with information concerning retained ownership, marketing alternatives and individual animal performance, an educational program was started by University of Idaho Cooperative Extension System faculty during the fall of 1992.

Specific project objectives were to provide cattle producers with:

- ◆ A process for selecting a custom feedlot,
- ◆ A process for selecting a financial institution to finance feeding,
- ◆ Feedlot performance information for their cattle,
- ◆ Individual animal carcass information at slaughter,
- ◆ Marketing alternatives available during the feed program, and
- ◆ Economic evaluation of retained ownership for individual operators and the pen of cattle.

## PROGRAM FORMATION

### Initiation

The idea of a retained ownership program was broached with the District II Beef Advisory Committee and county agents in the spring of 1992. University of Idaho faculty conducted a review of other retained ownership programs (Sims et al., 1991; Wagner et al., 1992). A small group of producers was asked to form a steering committee to set up the basic ground rules for the program and to make initial decisions in devising the program.

### Feedlot selection

Preliminary work involved surveys of five feedlots on their management, feeding, and billing programs. University of Idaho faculty conducted this survey, based upon information requested by the steering committee. Survey information was summarized and presented to the committee. After review of the information, Bruneau Cattle Company in Bruneau, Idaho was selected by the steering committee as the custom feedlot for the retained ownership program.

### Financing

A similar approach was followed to secure financing for the feeding program. University of Idaho faculty surveyed four lending institutions regarding terms and conditions of a feeding program loan. Several banks required additional steps in order for the A to Z cooperative to secure financing, including the necessity of having a producer/lender-signed form specifying that the cattle were lien-free, the necessity of an additional lien to the prospective lender, creating a non-profit corporation, and others. After much discussion by the steering committee, members selected US Bank in McCall, Idaho to finance the program annually.

### Program Design

Once the feedlot was selected and financing secured, the feeding program was ready to begin. In October 1992, the steering committee met once to lay out the specific guidelines for the program and once with the feedlot operator to coordinate transfer of the cattle into the feedlot. At the second meeting,

the feedlot's consulting veterinarian designed a preconditioning program. Allied industry representatives provided technical and financial support for the pre-weaning/receiving program.

A mid-year meeting held in January at Bruneau and Mountain Home provides producers with animal performance data and a review of the marketing plan. Cattle are finished and sold by Bruneau Cattle Company to IBP of Boise. Carcass data is gathered for individual animals by University of Idaho faculty with assistance from the USDA grading service. IBP carcass sales personnel have conducted tours during the marketing period. Feedlot performance information, carcass data, and costs and returns are gathered throughout the program and summarized for each owner's individual steer or heifer and each pen of cattle, as a whole. These data form the basis for the final educational programs held in Fruitland and Mackay, conducted after all cattle are marketed. Producers and numerous other guests attending the meetings receive animal performance (feedlot and carcass) data, as well as the proceeds from the sale of their cattle. All of the information is explained and evaluated during the educational session. In addition, a questionnaire is distributed to the participants in order to evaluate the program and make suggestions for future programs.

The seventh year feeding phase included 366 steers and 386 heifers in the program. Data gathered during the project are tabulated in computerized format.

## PROCEDURES

Thirty-four ranches consigned 366 steers and 386 heifers to the A to Z Retained Ownership, Inc. program in October and November 1998. Steers selected were to weigh between 550 and 750 pounds upon arrival at the feedlot. The heifers were to be 50 pounds lighter (500 to 700 pounds). Calves were to be dehorned, castrated, weaned by October 26, 1998 (at least 21 days prior to feedlot delivery), and accustomed to feed bunks, waterers and trace mineral salt. Calves received their first set of vaccinations at the ranch 13 or 14 days (November 2 or 3, 1998) prior to receiving their booster shots at the feedlot. Initial vaccinations included Lepto-5 (bacterin), IBR, BVD (killed vaccine), PI<sub>3</sub> (heat sensitive) and BRSV (modified live vaccine) (Cattle Master 4+L5, Pfizer\*) and 7-way blackleg and *H. somnus* (Ultrabac 7/Somubac, bacterin-toxoid, Pfizer\*). Backup identification eartags were placed in calves at the ranch. Owners provided breed-of-sire, breed-of-dam, color and weaning and calving date information. Live animal shrunk weights were determined on an individual owner basis upon arrival at the feedlot.

Calves arrived and were weighed on a truckload basis at the feedlot on November 16 and 17, 1998. On November 20 and 21 1998, calves were individually weighed (assessed a percentage shrink back to truck weight), administered boosters to vaccines, treated for internal and external parasites, including liver flukes

\* Reference to brand or trade names does not indicate or imply an endorsement of the product or representation that comparable products may not be available.

(Ivomec-F, Merial Ltd.\*), tagged with a duplicate eartag for individual identification, measured for hip height, and implanted with a growth promotant (Ralgro, Schering-Plough\*). A coccidiostat (Deccox, ALPHARMA\*) was used in the receiving, start-up, and finishing rations.

Initial calf values were determined using a price of \$75/cwt for a 550 lb steer with a 7¢ slide and \$68/cwt for a 550 lb heifer with a 6.5¢ slide. These values were taken from an electronic marketing service report for feeder cattle prices for November 21, 1998. All owners were responsible for salvage, medicine and death loss charges incurred by their calves. Feedlot costs encumbered by a calf that died or was salvaged were deducted from sale proceeds of the owner's remaining calves. Only for analytical purposes were death loss and medicine charges averaged across all calves in order to relate the current year to previous years' data.

Cattle were placed on the finishing ration and individually weighed (assessed a 5% shrink) on January 13, 1999. Dry matter intakes were determined on an individual calf basis for the receiving and start-up rations combined and for the finishing ration. Feed intakes were adjusted for average live weight and average daily gain during each period using the net energy for maintenance (NE<sub>m</sub>) and net energy for gain (NE<sub>g</sub>) equations of Owens et al. (1984).

The outdate for finished cattle was determined by Bruneau Cattle Company personnel using days on feed and visual observation as indicators of cattle reaching the

Choice quality grade. Cattle were slaughtered at IBP of Boise on April 30, 1999 (188 steers and 221 heifers), May 14, 1999 (157 heifers) and May 21, 1999 (169 steers).

Base carcass value was determined according to the formula for average cash price for cattle in the Texas/Oklahoma Panhandle during the current week and adjusted for quality grade, yield grade and carcass non-conformity discounts. Prices received are reported in Table 1. Market prices received in perspective to seasonal live prices for fed cattle in 1993 through 1999 are reported in Figure 1.

Carcass data collection and grading were accomplished the first work day, following a weekend carcass chill,

after each kill date. Calculations for final yield grade and percent cutability were taken from Beef Improvement Federation proceedings (BIF, 1990). The equation for calculating steer frame scores was an average of the frame score equations for bulls and heifers (BIF, 1990). Profitability of cattle feeding on an individual owner basis was determined by subtracting feedlot costs (feed, yardage, processing, medicine, death loss and interest on feedlot costs), initial value of the steer, and opportunity costs on the initial value (6 percent interest on initial value for the duration of the feeding period) from the total carcass value of the steer (less transportation, brand inspection, and checkoff).

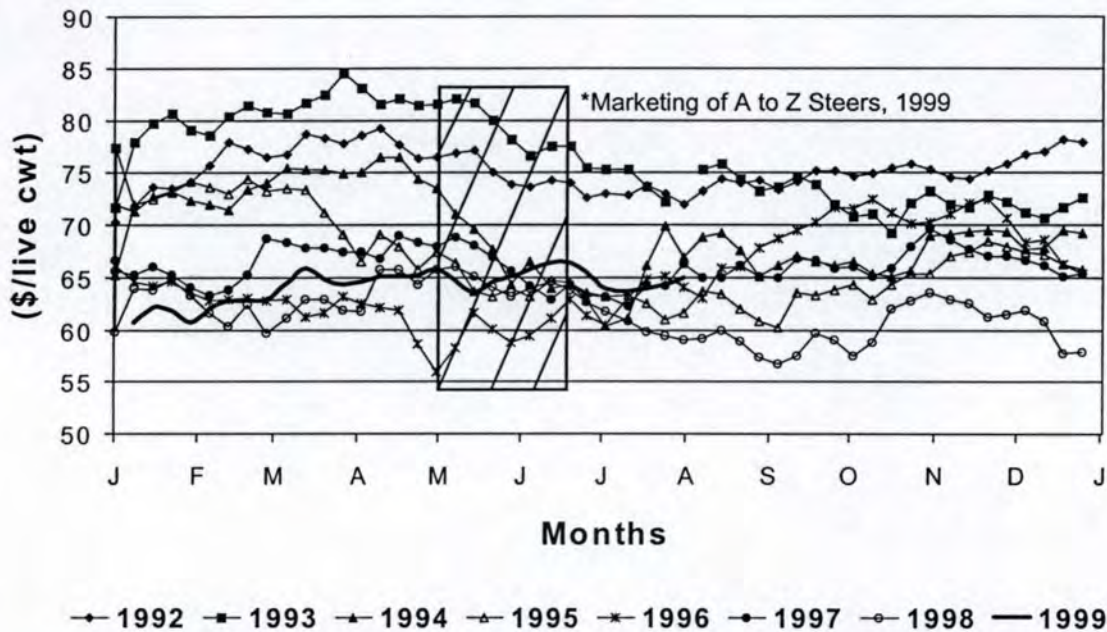
Table 1. Carcass prices (\$ per cwt) received by quality grade and marketing date.\*

	Yield Grade	Prime	Choice	Select	Standard
<u>Steers</u>					
April 30, 1999	1 & 2	112.60	105.60	102.20	79.60
	3	--	104.60	101.20	--
	4	--	88.60	--	--
May 21, 1999	1 & 2	112.06	105.06	100.06	--
	3	111.06	104.06	99.06	--
	4	--	88.06	--	79.06
<u>Heifers</u>					
April 30, 1999	1 & 2	--	105.42	102.02	--
	3	111.42	104.42	101.02	--
	4	--	88.42	--	--
May 14, 1999	1 & 2	111.64	104.64	99.64	--
	3	110.64	103.64	98.64	78.64
	4	--	87.64	--	--

\* Discounted steer carcasses: heavy weight \$89.06/cwt Ch 2 5-21-99  
 Discounted heifer carcasses: light weight \$83.64/cwt Ch 2 5-14-99  
 light weight darkcutter \$78.64/cwt Std 1 5-14-99  
 light weight \$79.64/cwt Sel 1 5-14-99

Figure 1.

## Fed Steer Prices January 1992 - Current



### RESULTS AND DISCUSSION

#### Animal Performance

Initial information on the two pens of cattle is reported in Table 2. Average age of the steer calves entering the feedlot was 268 days (equaling a February 24, 1998 average calving date), with an initial weight of 592 pounds. Heifers had an average age of 260 days (March 4, 1998 average calving date) and weighed 531 pounds.

Animal performance for the start-up period, which lasted 58 days, is reported in Table 3. Steers averaged 746 pounds at the first weigh period (January 13, 1999). Performance averaged 2.67 pounds of gain per day, with feed efficiency of 6.90 pounds of feed (dry matter basis) per pound of gain. Average dry matter

intake was 17.78 pounds per day.

From delivery through the end of the start-up rations, one steer died. Medical treatments during this period included 19 steers for respiratory complications.

Heifers averaged 668 pounds at the first weigh period and gained 2.37 pounds per day. Feed efficiency for the heifers was 6.12 pounds of feed per pound of gain, with average dry matter intake of 16.43 pounds per day. One heifer died during the receiving, startup and grower phases. Fourteen heifers were treated for respiratory problems.

Performance for the finishing period is reported in Table 4. Average finish weight of the 357 steers was 1,162 pounds, with steers consuming 18.32 pounds dry matter per day and



gaining 3.57 pounds per day. Feed efficiency was 5.12 pounds of dry matter per pound of gain over the 128-day finishing period. Final death loss was 1.9 percent, as 3 steers died of pneumonia, 3 steers died of bloat and 1 steer died of congestive heart failure. In addition, 2 steers were condemned for congestive heart failure.

Heifers finished at an average weight of 1,039 pounds, consumed 17.60 pounds of dry matter per day and gained 3.30 pounds per day, during the finishing phase. Feed efficiency was 5.27 pounds of feed per pound of gain over the 121-day finishing period. Three heifers died from bloat, 3 from pneumonia, one prolapse and one coccidiosis, leaving final death loss at 2.1%.

Table 2. Initial animal performance, receiving 11-20-98.

	No. of Animals	Mean	Minimum	Maximum	Standard Deviation
<u>Steers</u>					
Weight, lb	357	592.26	408.96	844.97	86.18
Hip height, in	357	46.54	41.25	51.25	1.75
Frame score	272	5.62	3.03	7.92	.85
Age, days	272	267.61	203.00	354.00	22.06
Initial value, \$/head <sup>a</sup>	357	421.49	347.10	460.05	25.00
<u>Heifers</u>					
Weight, lb	378	531.15	362.96	788.32	71.95
Hip height, in	378	44.93	41.25	51.25	1.80
Frame score	303	5.17	3.04	8.23	.90
Age, days	303	260.04	174.00	335.00	22.16
Initial value, \$/head <sup>a</sup>	378	364.34	290.94	413.94	23.40

<sup>a</sup> Initial value of the steers was \$75/cwt for 550 lb base weight with a \$7.00 slide. Heifer initial value was \$68/cwt for a 550 lb base weight with a \$6.50 slide.

Table 3. Animal performance, receiving through start-up period (11-16-98 to 1-13-99).

	No. of Animals	Mean	Minimum	Maximum	Standard Deviation
<u>Steers</u>					
Weight, lb 1-13-99	357	746.23	551.00	1045.00	91.84
Average daily gain, lb/day	357	2.67	.57	5.60	.74
Dry matter intake, lb <sup>a</sup>	357	17.78	8.89	33.75	4.01
Feed efficiency, lb feed DM/lb gain	357	6.90	5.16	18.72	1.39
<u>Heifers</u>					
Weight, lb 1-13-99	378	667.82	499.20	883.20	73.95
Average daily gain, lb/day	378	2.37	-.02	4.07	.61
Dry matter intake, lb <sup>a</sup>	378	16.43	7.15	30.41	3.43
Feed efficiency, lb feed DM/lb gain	378	6.12	-362.82	14.48	19.06

<sup>a</sup> Individual animal dry matter intake was calculated by adjusting for live weight and average daily gain (Owens et al., 1984).

Table 4. Animal performance, finishing period (1-13-99 to out-date).

	No. of Animals	Mean	Minimum	Maximum	Standard Deviation
<u>Steers</u>					
Finished weight, lb <sup>a</sup>	357	1161.82	880.95	1531.75	115.17
Days on feed	357	174.60	164.00	186.00	10.54
Average daily gain, lb/day	357	3.57	1.63	5.00	.55
Dry matter intake, lb <sup>b</sup>	357	18.32	9.32	28.60	3.33
Feed efficiency, lb feed DM/lb gain	357	5.12	4.28	6.29	.35
<u>Heifers</u>					
Finished weight, lb <sup>a</sup>	378	1038.62	658.73	1369.84	109.54
Days on feed	378	170.44	164.00	179.00	6.92
Average daily gain, lb/day	378	3.30	-.21	4.86	.60
Dry matter intake, lb <sup>b</sup>	378	17.60	3.62	31.06	3.72
Feed efficiency, lb feed DM/lb gain	378	5.27	-16.95	9.46	1.22

<sup>a</sup> Calculated from hot carcass weight using a standard 63% dressing percentage.

<sup>b</sup> Individual animal dry matter intake was calculated by adjusting for live weight and average daily gain (Owens et al., 1984).

Performance for the combined start-up and finishing periods is reported in Table 5. Over the entire feeding period, steers gained 3.27 pounds per day, consuming 18.14 pounds of dry matter per day. Average feed efficiency was 5.54 pounds of dry matter per pound of gain and the average days on feed was 175 days. Heifers gained 2.98 pounds per day, consumed 17.21 pounds of dry matter and converted 5.77 pounds of feed to a pound of gain over an average of 170 days on feed.

Carcass data for the cattle is reported in Table 6. Overall, steer carcass quality grading produced 1.4 percent Prime, 74.8 percent Choice, 25.2 percent Select and 0.6 percent Standard. Heifer carcasses graded 2.1 percent Prime,

80.7 percent Choice, 16.7 percent Select and 0.5 percent Standard. During this marketing year, cattle were sold on the traditional formula basis and adjusted for quality differences. Price discounts were applied for heavy (> 950 pounds) and light weight (< 525 pounds). There were 0.8 and 2.4 percent yield grade 4 steer and heifer carcasses, respectively. Price spread between Choice and Select grades were \$3.40, \$5.00 and \$5.00 for the three marketing dates. Prime carcasses brought an additional \$7/cwt. Yield grades 1 and 2 were priced \$1/cwt over yield grade 3 with yield grade 4 discounted \$16/cwt behind yield grade 3. Heavy and light carcasses were discounted \$16/cwt.

Table 5. Animal performance, total feeding period (11-16-98 to out-date).

	No. of Animals	Mean	Minimum	Maximum	Standard Deviation
<u>Steers</u>					
Average daily gain, lb/day	357	3.27	1.65	4.32	.43
Days on feed	357	174.60	164.00	186.00	10.54
Dry matter intake, lb <sup>a</sup>	357	18.14	10.33	27.54	2.96
Feed efficiency, lb feed DM/lb gain	357	5.54	4.64	6.82	.41
<u>Heifers</u>					
Average daily gain, lb/day	378	2.98	.79	4.01	.45
Days on feed	378	170.44	164.00	179.00	6.92
Dry matter intake, lb <sup>a</sup>	378	17.21	8.46	26.40	3.03
Feed efficiency, lb feed DM/lb gain	378	5.77	4.81	10.87	.50

<sup>a</sup> Individual animal dry matter intake was calculated by adjusting for live weight and average daily gain (Owens et al., 1984).

Table 6. Animal performance, carcass data.

	No. of Animals	Mean	Minimum	Maximum	Standard Deviation
<u>Steers</u>					
Hot carcass weight, lb	357	731.94	555.00	965.00	72.56
Final yield grade	356	3.06	.48	4.92	.67
Ribeye area, sq in	356	12.14	9.00	15.60	1.26
Kidney, pelvic & heart fat, %	356	2.11	1.00	3.50	.47
Backfat, in	356	.50	.15	.90	.14
Marbling score <sup>b</sup>	357	6.83	2.00	18.00	2.25
Quality grade <sup>c</sup>	357	11.87	8.00	16.00	1.15
Carcass price, \$/cwt	357	103.71	79.06	112.60	3.06
<u>Heifers</u>					
Hot carcass weight, lb	378	654.33	415.00	863.00	69.01
Final yield grade	378	3.03	1.01	5.16	.77
Ribeye area, sq in	378	11.70	7.40	15.90	1.38
Kidney, pelvic & heart fat, %	378	2.32	.50	3.50	.51
Backfat, in	378	.53	.10	1.20	.17
Marbling score <sup>a</sup>	378	7.61	1.00	21.00	2.49
Quality grade <sup>b</sup>	378	12.20	7.00	17.00	1.07
Carcass price, \$/cwt	378	102.97	78.64	111.64	4.86

<sup>a</sup> Marbling score, 2=Standard<sup>+</sup>, 3=Select<sup>+</sup>, 4=Select<sup>0</sup>, 5=Select<sup>+</sup>, 6=Choice<sup>+</sup>, 7=Choice<sup>0</sup>, 8=Choice<sup>+</sup>, 9=Modest<sup>+</sup>, 10=Modest<sup>0</sup>, 11=Modest<sup>+</sup>, 12=Moderate<sup>+</sup>, 13=Moderate<sup>0</sup>, 14=Moderate<sup>+</sup>.

<sup>b</sup> Quality grade, 9=Select<sup>+</sup>, 10=Select<sup>0</sup>, 11=Select<sup>+</sup>, 12=Choice<sup>+</sup>, 13=Choice<sup>0</sup>, 14=Choice<sup>+</sup>.

### Costs and Returns

Costs associated with the custom feeding operation on a per animal and per pound of gain basis are reported in Tables 7 and 8. For analysis only, processing, medicine, death loss and interest were assessed on a fixed basis and were the same for each animal. On a cost per pound of gain basis, these costs are lower for animals with higher average daily gains. Total feedlot costs per steer averaged \$270.13 and heifers averaged \$247.44 per head. Feed and yardage costs per pound of gain averaged 40 cents for steers and 42 cents per pound of gain for heifers. Total feeding costs/pound of gain were \$.48 and \$.49 for steers and heifers, respectively.

The overall break-even prices and profitability of the feeding program

are shown in Table 9. Profitability, as represented here, is for the feeding period only, it is not a net income value for that calf since the total annual cow costs are approximated with the initial value. Overall break-even live price was \$58.64 per cwt for steers and \$58.28 per cwt for heifers, not including death loss. Break-even feeder price (possible price paid for calves going into the feedlot which would produce \$0.00 profit/loss for the retained ownership program) was \$83.22 for steer calves and \$80.88 for the heifer calves, including death loss. The average profit was \$67.40 per steer and \$63.18 per heifer, with death loss.

Critical factors that affected profitability were feedlot average daily gain, initial calf value and quality grade.

Table 7. Costs associated with custom feeding on a \$ per animal basis.

	No. of Animals	Mean	Minimum	Maximum	Standard Deviation
<u>Steers</u>					
Total feed <sup>a</sup>	357	245.58	176.66	360.99	29.06
Yardage <sup>b</sup>	357	34.92	32.80	37.20	2.11
Processing <sup>c</sup>	357	5.83	5.83	5.83	--
Medicine	357	1.16	1.16	1.16	--
Death loss	357	13.55	13.55	13.55	--
Interest <sup>cd</sup>	357	4.14	4.14	4.14	--
Opportunity <sup>e</sup>	357	12.08	9.58	14.05	.78
Total Cost	357	270.13	198.37	388.37	29.52
<u>Heifers</u>					
Total feed <sup>a</sup>	378	228.66	133.41	322.98	30.43
Yardage <sup>b</sup>	378	34.09	32.80	35.80	1.38
Processing <sup>c</sup>	378	5.59	5.59	5.59	--
Medicine	378	1.01	1.01	1.01	--
Death loss	378	9.58	9.58	9.58	--
Interest <sup>cd</sup>	378	4.14	4.14	4.14	--
Opportunity <sup>e</sup>	378	10.20	8.37	11.96	.69
Total Cost	378	247.44	152.70	333.85	30.62

<sup>a</sup> Individual animal dry matter intake was calculated by adjusting for live weight and average daily gain (Owens et al., 1984).

<sup>b</sup> Yardage costs were \$.20 per animal each day.

<sup>c</sup> Fixed cost shared by owners on a per animal basis.

<sup>d</sup> Feeding period financing costs, including interest at 9.00 percent and a loan origination fee.

<sup>e</sup> Opportunity cost was calculated at 6 percent interest on the initial value of each animal for the duration of the feeding period.

Table 8. Costs associated with custom feeding on a \$ per lb of gain basis.

	No. of Animals	Mean	Minimum	Maximum	Standard Deviation
<u>Steers</u>					
Total feed <sup>a</sup>	357	.34	.28	.41	.02
Feed and yardage <sup>b</sup>	357	.40	.34	.50	.02
Total cost of gain	357	.48	.41	.65	.03
<u>Heifers</u>					
Total feed <sup>a</sup>	378	.35	.29	.64	.03
Feed and yardage <sup>b</sup>	378	.42	.36	.90	.04
Total cost of gain	378	.49	.41	1.17	.05

<sup>a</sup> Individual animal dry matter intake was calculated by adjusting for live weight and average daily gain (Owens et al., 1984).

<sup>b</sup> Yardage costs were \$.20 per animal each day.

Table 9. Break-even price and profitability associated with custom feeding.

	No. of Animals	Mean	Minimum	Maximum	Standard Deviation
<u>Steers</u>					
Break-even price, \$/cwt	357	83.22	48.88	100.83	7.25
Profit/Loss, \$/steer	357	67.40	-136.23	197.00	38.28
<u>Heifers</u>					
Break-even price, \$/cwt	378	80.88	36.52	107.54	8.79
Profit/Loss, \$/heifer	378	63.18	-173.76	182.89	45.25

## SUMMARY

For the 1998-99 feeding program, steers had an average daily gain of 3.27 pounds per day and heifers gained an average of 2.98 pounds per day during the feeding period. Dry matter intake was 18.14 pounds per head daily and 17.21 pounds per head daily for steers and heifers, respectively. Feed efficiency was 5.54 pounds for the steers and 5.77 pounds for the heifers (pounds of feed per pound of gain). Hot carcass weights were 732 pounds (steers) and 654 pounds (heifers). Steers graded 76 percent and heifers graded 83 percent Choice or higher. Profits averaged \$67.40 per steer and \$63.18 per heifer with death loss. The range in profits and losses were very large for both steers (+\$210.46 to -\$122.77 per head) and heifers (+\$192.23 to -\$164.42 per head), not including those cattle that died. Prime carcasses were responsible for

the high-end and carcasses discounted for being light weight or yield grade 4 were on the low-end. Live weight prices of over \$83.22 per cwt were required to break even on the steers and \$80.88 per cwt on the heifers. Feedlot average daily gain, initial calf value and quality grade accounted for most of the variation in profitability.

Overall, the 1998-99 A to Z Retained Ownership, Inc. program was a success. Evaluations were conducted at the year-end meetings in Fruitland and Mackay. A review of the questionnaires filled out by 27 of the participating ranchers at the year-end meetings indicated satisfaction in the way the program was run during the year. All of the ranchers would participate in this retained ownership program again and expressed an interest in feeding 756 head of cattle for 1999-2000. Ranches involved in the

program also reported retaining ownership on another 509 head of cattle at other feedlots during this past year. Producers selected feedlot performance information of cattle and individual carcass data as the top two priorities for the program. Selection of a custom feedlot and economic evaluation of retained ownership for ranches and the pen of cattle were selected as secondary priorities. All suggestions, interests and comments will be considered in designing future retained ownership educational programs.

Cattle performance, feed costs and profitability for 1998-99 compared to the previous six years are shown in Appendix B. Incoming value of calves, feed costs and carcass prices are variable over years and contribute greatly to profitability. Cattle performance is much less variable from year to year.

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- Sims, D.D., A.G. Maddux, and J. Mintert. 1991. Kansas steer futurities: An analysis of the retained ownership program. Cooperative Extension Service Publication C-725, Manhattan, Kansas.
- Wagner, J.J., T.B. Goehring, D.L. Boggs, L.W. Insley, D.M. Feuz, G.E. Murra, D.E. Moore, and B. Knutson. 1992. South Dakota Retained Ownership Demonstration. Report 92-15. South Dakota State University Agricultural Experiment Station, Brookings, South Dakota.

# Appendix A





## Ranchers

Jerry Allcott  
8757 Deer Flat Road  
Nampa, ID 83686  
208-467-1491

Darius Bailey  
P.O. Box 876  
Nampa, ID 83653  
208-466-2054

John Balderson  
Box 345  
Council, ID 83612  
208-253-4230

Stephen Bauchman, Owner  
Challis Creek Cattle  
4075 W. Desert Rd., Ste B  
Las Vegas, NV 89102

*Eric Matson, Manager  
Challis Creek Cattle  
Box 1101  
Challis, ID 83226  
208-879-4242*

Doug Boggan  
P.O. Box 1178  
Riggins, ID 83549  
208-628-3567

W.F. Stevensen, Owner  
Grouse Creek Ranch  
Box 164  
Buellton, CA 93427

*Dan Carlson, Manager  
Grouse Creek Ranch  
759 Island Road  
Weiser, ID 83672  
208-549-2312*

Gary Chamberlain  
HC 1770  
Challis, ID 83226  
208-879-4417

Robert Chouinard  
HCR 01, Box 921  
Dayville, OR 97825-9811  
541-987-2129

Alison Davis  
Deets Polled Herefords  
3068 Lampman Road  
Ferndale, WA 98248  
360-384-1628

James Eckhardt, Owner  
Eckhardt Ranch  
247 Thornwood Dr.  
Meridian, ID 83642  
208-888-4734

*Lavelle Braun, Manager  
Eckhardt Ranch  
1129 Old Ferry Road  
Weiser, ID 83672  
208-549-3942*

Virgil Fairchild  
880 NW 11th Avenue  
Payette, ID 83661  
208-642-4280

Mark Frisbie  
Frisbie Cattle Company  
HC 79, Box 21  
Melba, ID 83641  
208-495-2601

Jack Harrop  
Harrop Ranch, Inc.  
HC 60, Box 240  
Moore, ID 83255  
208-554-4641

Ron & David Holman  
Route 2, Box 800  
Grangeville, ID 83530  
208-983-1393

Linda Jensen  
Lindale Muray Grey  
P.O. Box 4  
Glenns Ferry, ID 83623  
208-366-2670

Dan C. Keetch  
Keetch 61 Ranch  
166 Keetch Road  
Montpelier, ID 83254  
208-847-2242

Dan Mahoney, Owner  
Flying H Ranch  
Box 1  
Stanley, ID 83278  
208-774-3375

*Shawn Ellis, Manager  
M-M Ranch  
Box 571  
Challis, ID 83226  
208-879-5359*

Jim Malcom  
Box 124  
Leadore, ID 83464  
208-768-2208

Bob Morrow  
275 Pine Forest Road  
Goldendale, WA 98620-3307  
509-773-6141

Mike Paradis  
Box 348  
Council, ID 83612  
208-253-4458

Raymond Reichman  
2475 Nixon Gulch Road  
Manhattan, MT 59741  
406-284-6692



**Ranchers (cont.)**

Jack Rubelt  
Harrington/Rubelt  
2280 Old Hornet Road  
Council, ID 83612  
208-253-6963

Gary Saylor  
8311 S. McDermott  
Kuna, ID 83634  
208-922-4768

Art Schuster  
963 Bickleton Road  
Goldendale, WA 98620  
509-773-4195

Greg Shaw  
Shaw Cattle Company  
23020 Howe Road  
Caldwell, ID 83605  
208-459-3029

Tim Shaw  
1607 Salesyard Road  
Emmett, ID 83617  
208-365-0997

Joy Sisler  
4455 Sunset Dr.  
Emmett, ID 83617  
208-365-2776

Travis Skow  
2479 Cove Road  
Weiser, ID 83672  
208-549-0543

Howard Sutton  
S Diamond Cattle  
2652 Farm to Market Rd.  
Midvale, ID 83645  
208-355-2450

John Sutton  
2719 Knob Hill Road  
Midvale, ID 83645  
208-355-2443

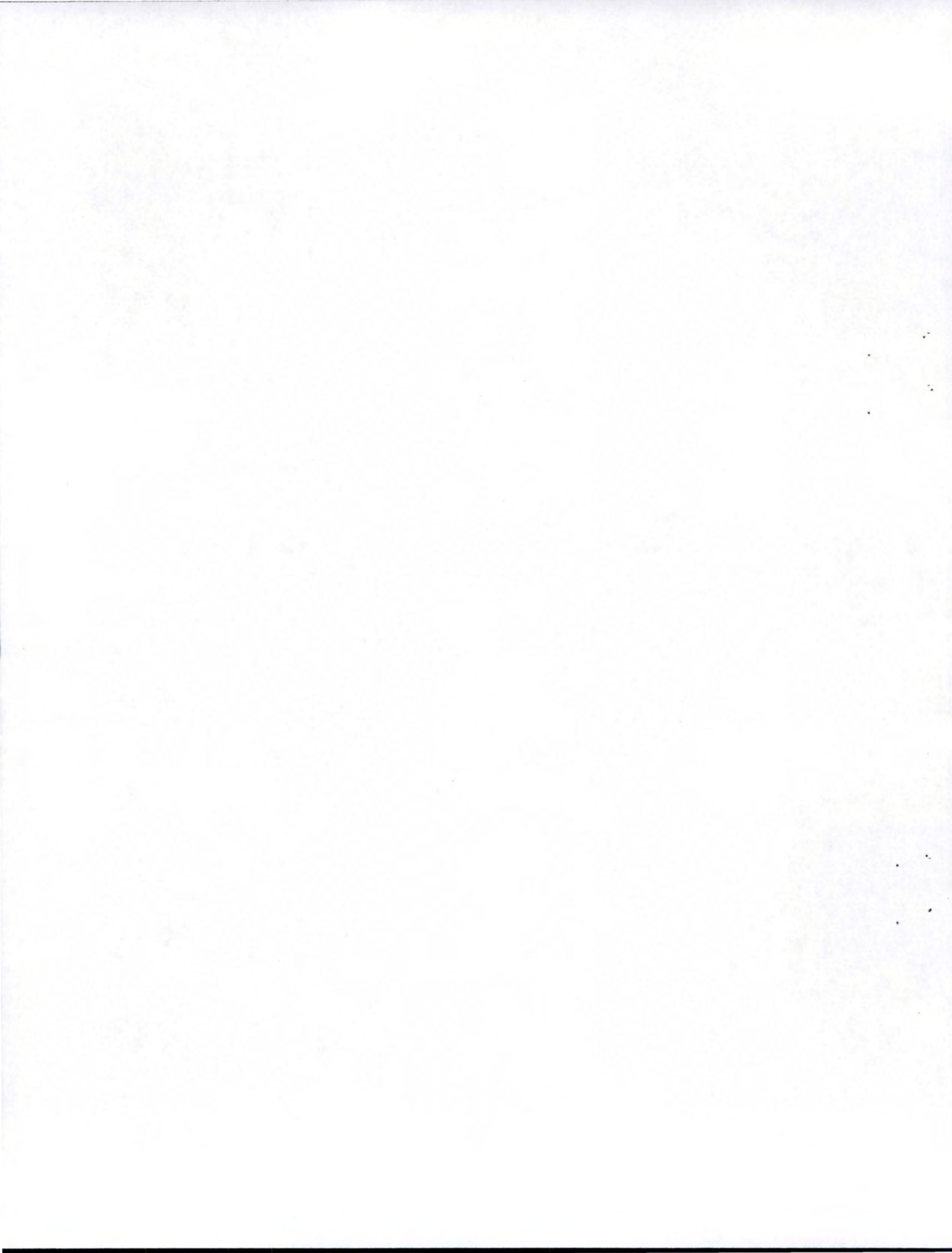
Tom Sutton  
2302 Old Hiway Road  
Midvale, ID 83645  
208-355-2610

Joe Tonsmeire  
Box 72  
Lemhi, ID 83465  
208-756-3959

Ron & David Van Buren  
1369 Tammany Creek Rd.  
Lewiston, ID 83501  
208-743-3204 (Ron)  
208-743-4283 (David)

Bill Yacomella  
P.O. Box 253  
Challis, ID 83226  
208-879-2240

Mark Yates  
2502 Cemetery Lane  
Council, ID 83612  
208-253-6053



**Board of Directors**

LaVelle Braun, Chairman  
Mark Yates, Vice Chairman  
Mike Paradis, Director  
Jack Rubelt, Director  
Howard Sutton, Director  
Gordon Keetch, Secretary

**Participating Feedlot**

Bruneau Cattle Company  
HC 85 Box 138  
Bruneau, ID 83604  
208-845-2762  
Eric Davis, Manager

**Allied Industry Technical & Financial Support**

Monte Jensen  
Merial  
8077 Stack Rock Road  
Boise, ID 83703

Mike Mogensen  
Merial  
1114 E. Cayman Way  
Meridian, ID 83642

Pat Moran  
Schering-Plough  
474 Ranch Drive  
Eagle, ID 83616  
208-939-6031

Paul Trout  
Pfizer Animal Health  
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Nampa, ID 83651  
208-465-9418

Mike Schnabel  
ALPHARMA  
700 E. 2226 S.  
Bountiful, UT 84010  
801-292-3644

**Participating Lending Institution**

US Bank  
McCall, ID 83638

**Feedlot Veterinarian**

Lloyd Knight, DVM  
Knight Veterinary Clinic  
P.O. Box 603  
Mountain Home, ID 83647  
208-587-7941

**Packing Industry Representative**

Larry Roberts, Head of Sales  
Iowa Beef Processors (IBP)  
P.O. Box 9346  
Boise, ID 83707  
208-345-6660

**University of Idaho Faculty**

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Jim Hawkins  
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Challis, ID 83226  
208-879-2344

Robert Loucks  
Lemhi County Extension Educator  
201 Broadway  
Salmon, ID 83467  
208-756-2824



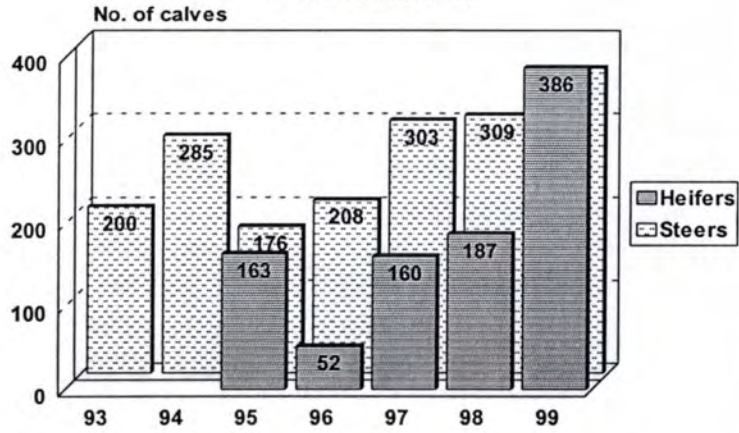
## **Appendix B**



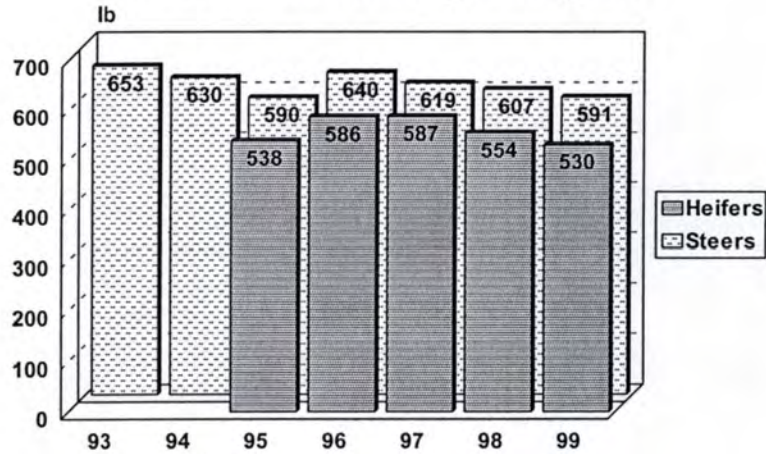


## A to Z Consignments

2795 head total

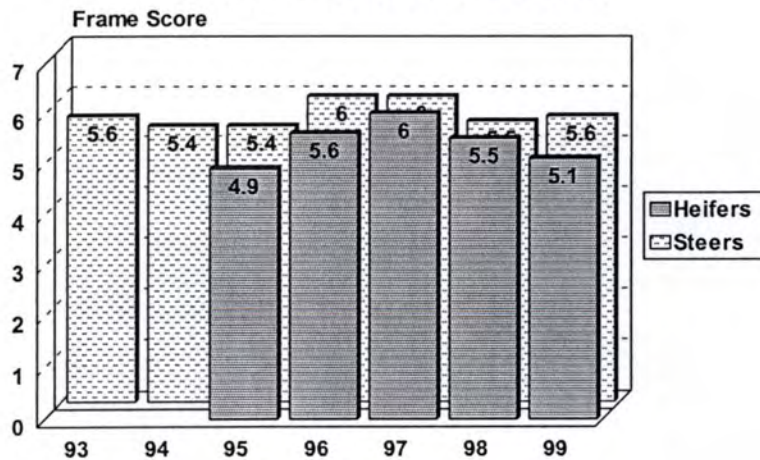


## A to Z Receiving Weights



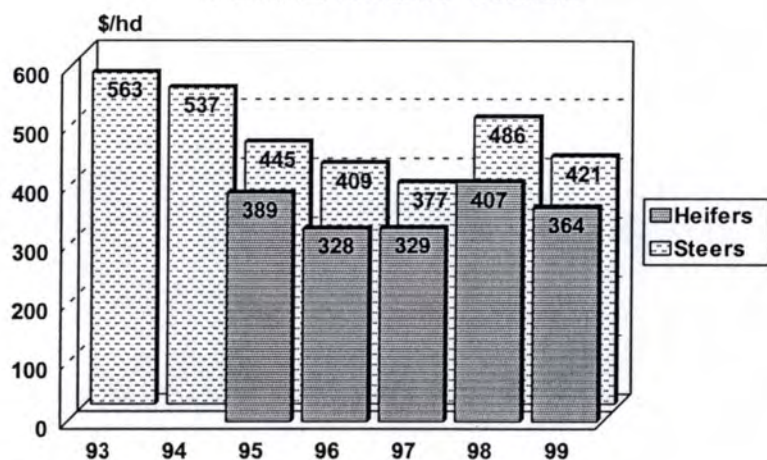
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## A to Z Frame Scores



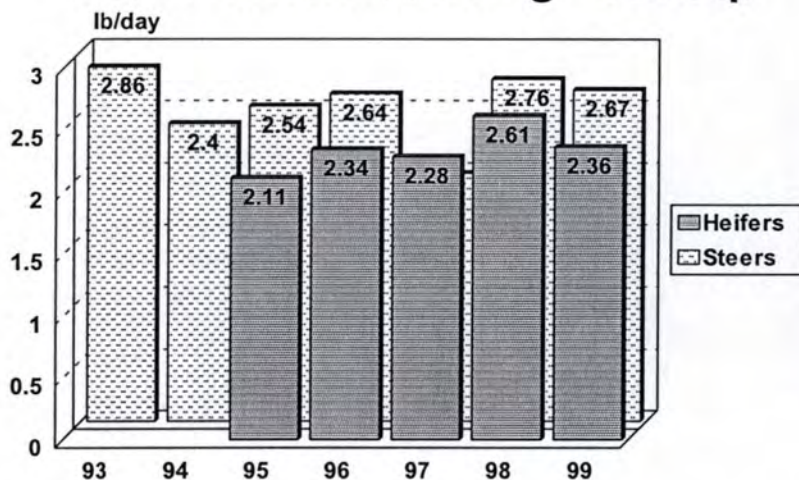


## A to Z Initial Value

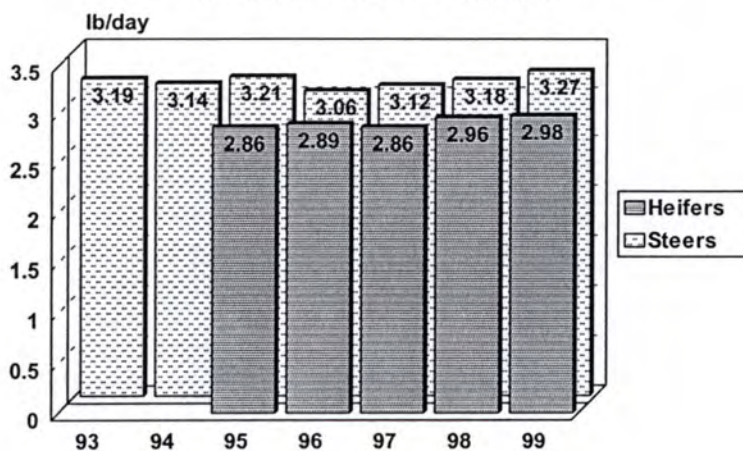


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## A to Z - ADG Receiving - Startup

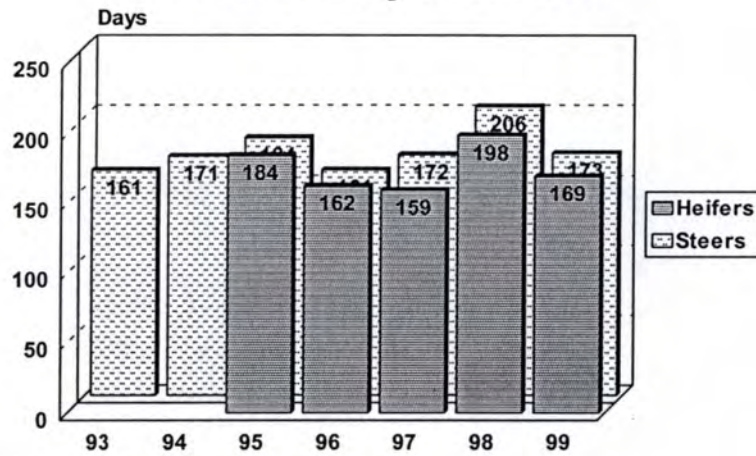


## A to Z - ADG Total



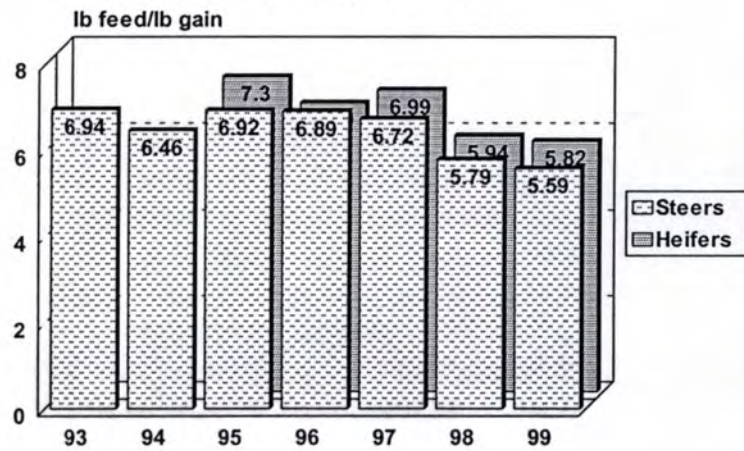


## A to Z - Days on Feed

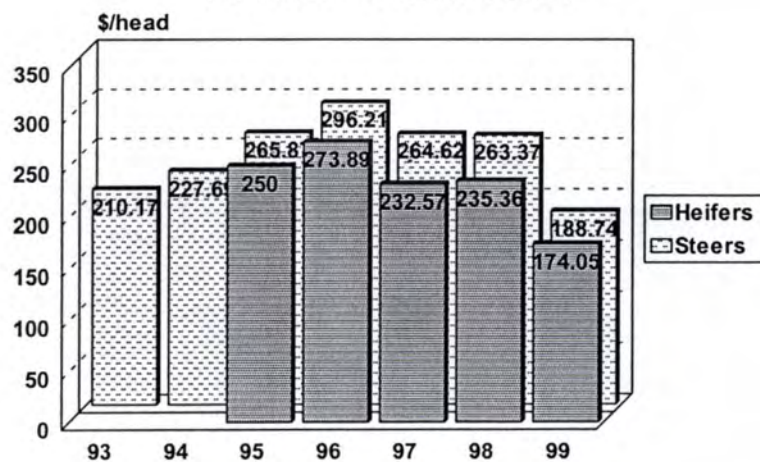


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## A to Z - F/G

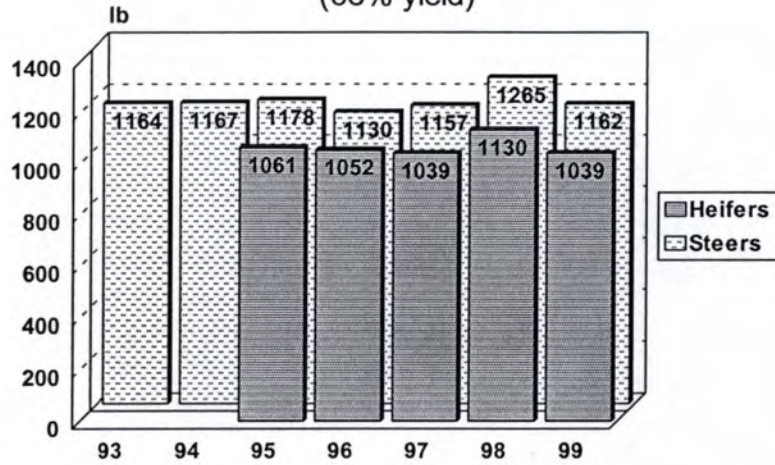


## A to Z - Feed Cost

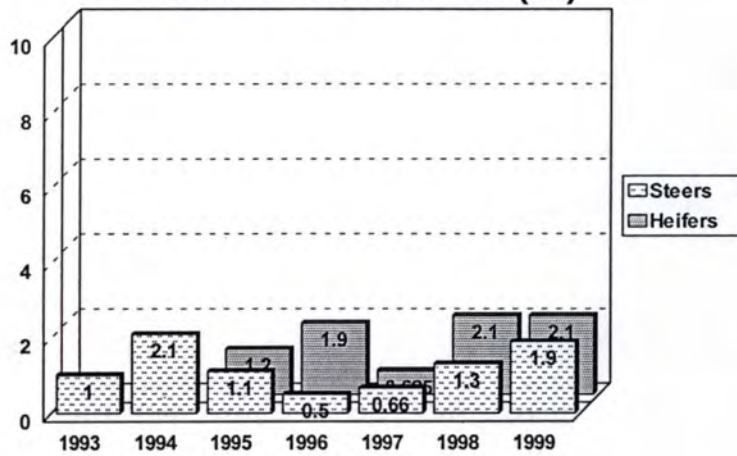




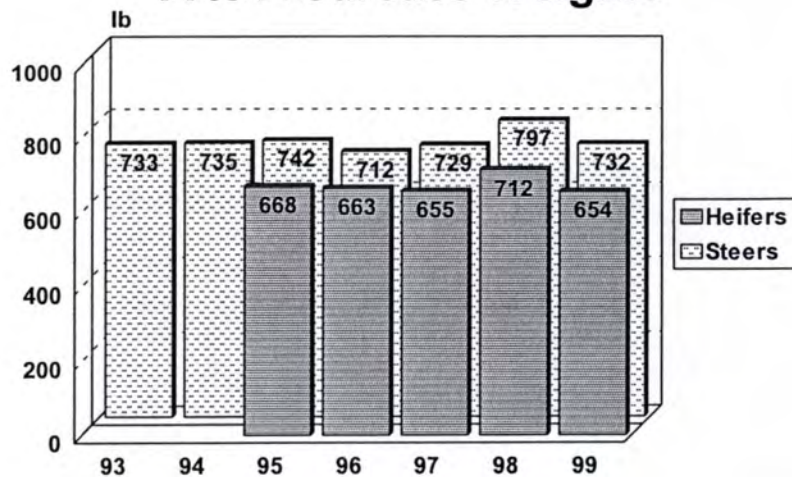
## A to Z Finished Weights (63% yield)



## A to Z Deathloss (%)



## A to Z Carcass Weights

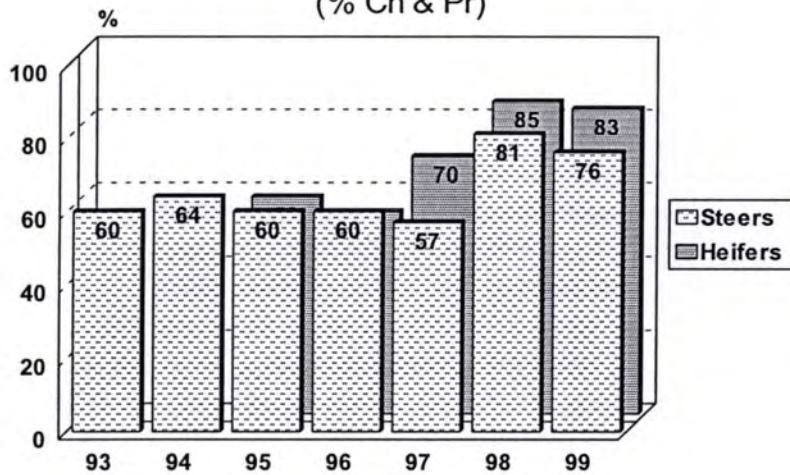






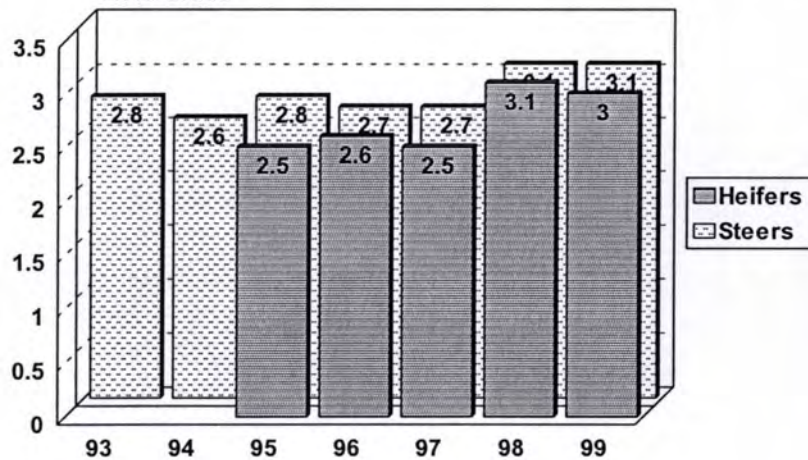
### A to Z Quality Grade

(% Ch & Pr)



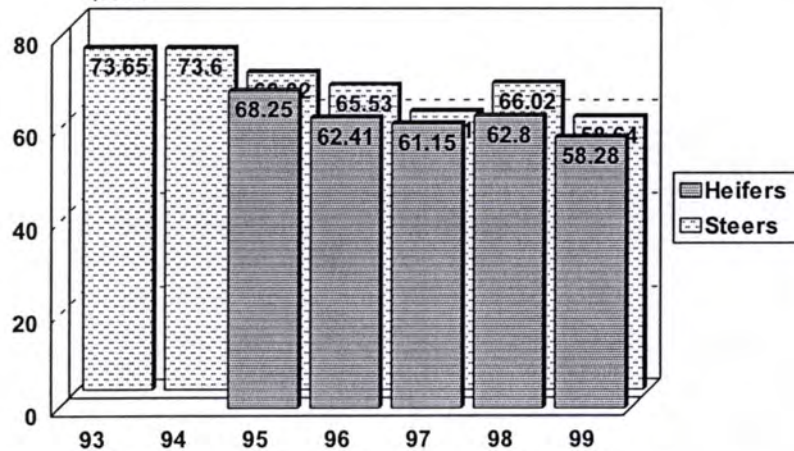
### A to Z Yield Grades

Yield Grade



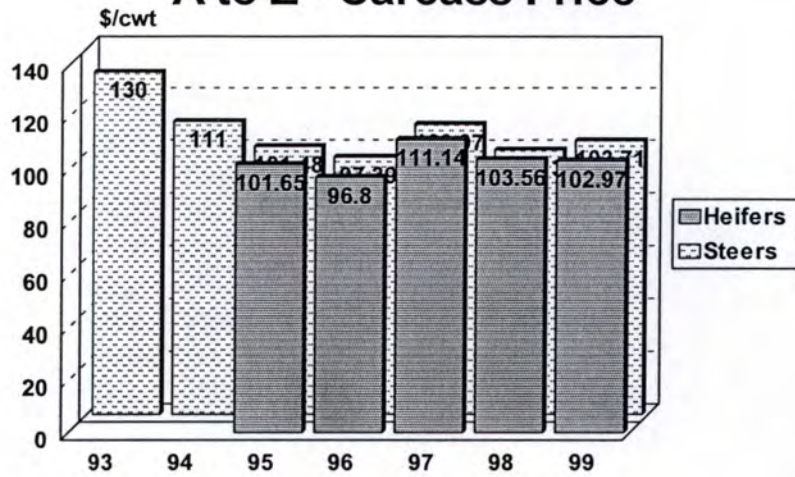
### A to Z - Break-Even

\$/cwt

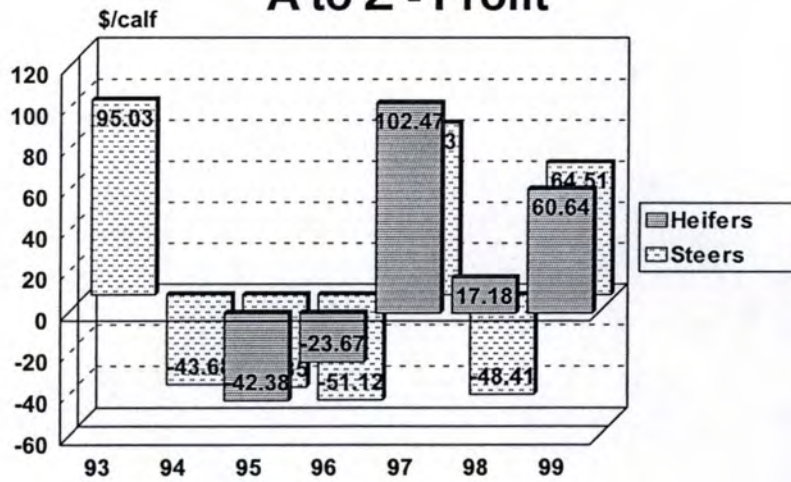




### A to Z - Carcass Price

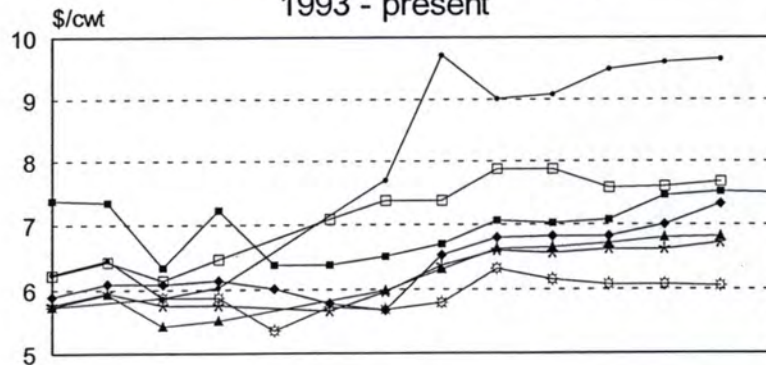


### A to Z - Profit



### Ration Costs (DMB)

1993 - present



▲ 1993 \* 1994 ◆ 1995 → 1996 ◻ 1997 ◼ 1998 ◊ 1999

