

# The Challenges and Rewards of Working with Stocker/Backgrounders

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## Abstract

Veterinary practitioners and consultants serving stocker/backgrounder clients are faced with many challenges. In an effort to better serve this dynamic segment of the beef industry, veterinarians must understand the unique disease dynamics and business plans associated with these operations. This paper describes some changes made in my central Missouri practice to better serve stocker/backgrounder clients and grow my veterinary business.

## Résumé

Les vétérinaires praticiens et les consultants faisant affaire avec des éleveurs de bovins pré-conditionnés font face à plusieurs défis. Afin de mieux servir ce segment dynamique de l'industrie du bœuf, les vétérinaires doivent comprendre les caractéristiques uniques de ce type d'élevage tant au niveau de la dynamique des maladies que des plans d'affaires. Cet article décrit quelques changements apportés à ma pratique du Missouri central afin de mieux servir ces clients et faire croître ma clinique vétérinaire.

## Introduction

Delivering veterinary services to the stocker/backgrounder segment of the beef industry has been challenging for many practices. As stocker/backgrounder operations have grown over the years, they no longer require some of the services offered by traditional veterinary practices. In fact, many stocker/backgrounder producers operate successfully without a relationship with a veterinary practitioner, much to the concern of the public and veterinary profession. For the purpose of this paper, a stocker/backgrounder is defined as an operation that owns and manages cattle between weaning and placement in a feed yard. Developing relationships with these producers requires innovative thinking, trust, and commitment from both parties to achieve successful outcomes. This paper describes some things I have done in my central Missouri practice to meet the needs of the growing stocker/backgrounder industry in Missouri. In the past, many practitioners and consultants have tried to apply lessons learned in the feedlot segment to the stocker/backgrounder segment with limited

success. Due to the extremely dynamic and highly variable populations involved in these operations, producers and veterinarians must work together to solve the problems inherent to this segment of the beef industry. Important to developing the skills to work with stocker/backgrounder operations are:

- Understanding business plans
- Understanding health and financial measures
- Managing health risk
- Managing information risk
- Managing price and equity risk
- Managing your practice to provide value

## Understanding Business Plans

Knowing and understanding business plans as they relate to the stocker/backgrounder business is critical. Unlike the other segments of the cattle industry, the business plan for a stocker/backgrounder can be very complex. Business plans can vary from simple grazing operations to complex businesses which include cattle markets, order-buying facilities, starting yards, grass traps, and custom grazing operations. It is difficult to help these operations until you understand their business objectives and where profits are derived. As market conditions change, complex operations often adapt their business plan to exploit an opportunity or avoid a loss. Keeping up with the pace of change in these operations can be difficult. Operations which have a hard time defining their business plan are destined to struggle. I have found facilitating business plan development has helped not only the producer, but also my ability to bring value.

## Understanding Health and Financial Measures

How an operation measures health and financial performance depends heavily on its business plan. For some traditional backgrounders, these measures usually reflect similar parameters to those used in the feedlot industry in which defined starting and ending points are used. However, operations with complicated business plans and high throughput need other parameters to measure both production and financial success and failure. Many of these measures may be counterintuitive to those who are stuck in the feedlot paradigm. Working with stocker/backgrounder producers to best define these measures will benefit all parties involved. Lending



institutions, especially, appreciate participation in how to best measure the performance of these operations.

### **Managing Health Risk**

Managing health performance in stocker/backgrounder operations is better defined as managing health risk. Predictability, flexibility, and consistency are especially important when designing health and treatment protocols. Production management strategies which mitigate the impact of important pathogens are critical to the long term viability of an operation. Pathogen management strategies include metaphylaxis, testing for calves persistently infected with the bovine viral virus, and cattle flow management. Risk factors associated with the existing cattle population should be an important consideration when designing receiving protocols. Pathogens associated with the existing cattle population may be more important to health and production performance of the operation than the risk factors associated with the new cattle coming in at purchase.

### **Managing Information Risk**

Information risk can be defined as insufficient high quality data to use for decision making and planning. Many growing stocker/backgrounder operations have outgrown their ability to collect the information they need to run their business effectively. Lending institutions evaluate operations for their information risk as part of the loan approval process and have high expectations. Opportunities exist for veterinarians to be part of managing information risk.

### **Managing Price and Equity Risk**

As stocker/backgrounder operations grow, price and equity risk protection becomes imperative. Lend-

ers will require a strategy to protect equity at some level, and business opportunities exist for practitioners to become a resource for producers as they become comfortable with the process. Producers often look to their veterinarian as a resource when learning new skills. Helping clients with financial risk management complements the entire package of services offered by the veterinary practice.

### **Managing Your Practice to Bring Value**

Managing a veterinary practice that serves stocker/backgrounder clients can be a challenge due to the sheer volume of products used by this segment of the beef industry. There is a very large financial commitment for the practice to inventory all the supplies used by these types of operations. Working closely and honestly with producers is critical to finding novel solutions to some of the cash flow problems that arise. The ability to provide non-traditional services and the opportunity to learn new skills are central to the veterinarians and practices serving these clients.

### **Conclusion**

There are many challenges and rewards in serving stocker/backgrounder clients. Great potential exists for innovative veterinarians who find effective solutions to problems that plague this increasingly significant segment of the beef industry.