

Preconditioning: Organizing, Promoting and Marketing the Program

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Introduction

Certified preconditioning programs are presently operative in a dozen or so states. An estimated 500,000 were certified in 1979 and at least 600,000 in 1983. (D. Miksch in MVP, May 84: 341-344). These numbers are relatively small when we consider that at least 37.6 million beef cows and heifers calved during 1983 (USDA Stats, Jan/84). Less than 2% of the beef calf crop was certified in 1983.

Here lies our challenge, "How can we increase the number of preconditioned calves?" Perhaps we should ask first, "do we need to precondition feeder beef calves?"

Preconditioning is not a panacea. It simply is a *health program*. It doesn't replace poor genetic base, or inadequate nutrition, or the ups 'n downs of the beef cattle cycle. If we accept that preconditioning is a management system to reduce morbidity and mortality in feeder calves, then we can easily justify a PC program.

Team Effort

The Iowa PC program, initiated in 1965 by Dr. J. Herrick, exemplifies a successful effort. Why did it succeed? Likely because it was a team effort. It had a leader (Dr. John) and coordination among players:

- Beef cattle producers
- Veterinary practitioners
- Commission firms ("sale barns")
- Buyers and feeders
- Allied groups: producers associations, Extension Service, feed manufacturers, etc.

Any present or future PC will succeed as long as wise leaders orchestrate efforts by producers, buyers, veterinarians, commission firms and allied groups.

Organization

It is paramount that a state's PC program be unequivocally directed by a single group or organization. It does not matter if it is the state's VMA, or a producers association, or the Extension Service or the Dept. of Agriculture. What's important is uniformity of requirements and interpretation of rules throughout the state.

Promotion

"There is nothing wrong with profit; there is nothing good

about losses." Not a bad motto to promote a PC program. A PC program must be profitable to the seller and buyer of calves.

A profitable PC program evolves from benefits (1) to the CALF itself: reduction of stress, disease immunization, reduction in diseases, gaining plane of nutrition, parasite control, readiness to go into feedlot

(2) to the SELLER: improved herd management, quality of product sold, increased pay-weight, profit potential, marketing options to sell or to background or to retain ownership

(3) to the BUYER: minimum processing, bunk-broke, reduced sickness and death, better response to treatment, profit potential.

Promoting of PC programs must be based on facts, on truth. It also requires some expenditures. Advertisement could be financed by producers who pay 5-10¢ per calf certified. Conversely, no promotion will erase the stigma of lack of credibility. (Horns or testicles in PC calves!)

Marketing

There is room for improvement in marketing PC calves. Sellers, buyers and commission firms must do their part.

- (1) The Seller must
 - strictly meet requirements of program
 - plan with his/her veterinarian the actual "processing" of calves
 - allow sufficient time for contingencies
 - promote his/her product
 - make PC part of total herd management practices
 - pay attention to what the buyers want
- (2) The buyer must
 - perceive the added value in PC calves
 - be fair to the seller, the feedlot management, the custom feeder
 - represent the PC calves for what they are worth. (why not use the PC certificates?)
- (3) The commission firm must
 - avoid BS ("they have all their shots"!)
 - respect seller's and buyer's rights
 - cooperate with seller and buyer through "special sales"
 - remember "who pays the commission"

Summary and Conclusions

Certified preconditioning (PC) is a positive contribution to the management of feeder beef calves. In spite of some fair criticisms, PC remains a proven tool to reduce post weaning morbidity and mortality.

Incorporated into a total herd management effort, PC has often meant the difference between profit and loss. This has

Questions & Answers:

Question: In the Missouri program we found that a lot of producers like to have the calves on creep before they wean and yet some of these are the same people that get into a little trouble with a calf with too much flesh on them. Have you done any experimentation based upon the difference in feed conversions of creep fed calves once they go on to a starter, compared to just weaning and putting them on your starter, as far as feed efficiency?

Answer: If you go back and look at that information, our efficiency on our preconditioning program is a little bit less where those calves have been creep fed versus being non-creep fed going into preconditioning.

Question: After you pull the calf off a cow, how long does it take to get the weaning weight back?

Answer: We feel we are looking somewhere in the neighborhood of about 8-10 days before we are back to the weaning weight. I don't know if this is really so much of a question as a comment or observation. I happen to come from a part of the country where we are in the production end of it, Montana. Mostly we produced dust this summer! But seriously we went through the preconditioning situation in the late 60's. They felt they were not paid for it. It faded. We had problems, as you said, with too much weight on some of our calves. The people seemed to be very much interested in wanting calves that they could get compensatory gain on and they felt this hurt them. I see it coming back now, slowly on the basis of a few individual feeders getting together with a few individual ranchers. We work out programs on this basis for them with some of our better people. One of the big problems the rancher has had is that he has been penalized for improving his genetics. The heavier calves do not bring as much money in the market. I guess what I am saying is, while we have people here involved in extension and what not, perhaps something could be done to establish liaison between the feeders and the producers directly without getting order buyers that say I have to take the top 20% off when they weigh them because I have to . . . they are on a different situation. Sometimes there are some oddballs that need to come off but we are seeing a lot of genetically superior calves being penalized because they are genetically superior calves and I think there needs to be a liaison perhaps somewhere that a rancher and a feeder can get together and work out their own situation. We have probably about 18-20% of our producers doing this and I think these people are in a much better position to survive and make a little money, than the average. This is a comment if anybody has anything to offer.

Comment: I might respond in one respect. Putting together coordinated effort, you're doing it in many states and so on and I'm not going to duck that issue, that's a good point. I know of Iowa cattle feeders that set up these contacts

been true especially during the last 3-5 years. It is not easy to make a buck in the cow 'n calf business unless all tenets of management are observed.

The name of the game is profit, and a PC program must be profitable to be successful. We must organize, promote and merchandise a PC program which is profitable. Profitable for producers and feeders. We must do it as a team. We must do it as leaders of the team!

and have a veterinarian out there, wanting you to do that kind of work. I think one of the things that we have done in preconditioning a little too much is preach to the cow-calf producer when we have not taken data and education to the feedlots. I am talking about the Midwest. I think maybe people like Kurt and me perhaps can do a lot with feedlot operators and explain that this could be done. Above all, selling them or showing them the data and the benefits of preconditioned calves, regardless of how they are going to define that term, frame size, and rations, and all that business. I think we have done a better job, or maybe put too much effort with the cow-calf type promoting and not enough with the feedlot operation educating. I think this can get at some of the things you are talking about.

Question: I'd like to second what Dr. Hartwig said because I am sure that in our program in Iowa we have not spent enough time on the promotion of the feeder. Any more questions or comments. We would welcome your comments.

Answer: Again we have limited figures, but two years ago there were some 10,000 head and there were over 42% that were implanted. Many of our feeders are aware of the value of implanting. To me, implanting is part of a management program strictly and we have found feeders will pay more for calves that are implanted.

Question: I have basically a comment for Dr. Wohlgenuth and if you would like to add any more comments on it. I think the key aspect, you touched on it briefly, but didn't include in your team, and that's the financial advisor, the lender, or the banker. I think we need to work up the economic information that Dr. Hartwig referred to, as far as costs of treating animals, the cost of the losses incurred by animals not progressing, as far as in the feedlot, because of sickness, and also that in this same manner, when we're dealing with the economic situation that we have some cold hard figures to prove to this individual, but I think the banker has to be a member of the team if any of the agricultural industry is going to survive in the 80's.

Answer: You said it very adequately and I say, amen.

Question: Our bovine practitioners committee met some time ago in Iowa and one of our members had brought that very thing to us. There's a project under way to work an agreement out or a cooperation between our bovine practitioners group and the bankers in Iowa, and we commenced that. A colleague of mine in the back here came to me today as chairman of this committee and asked if we had given any consideration to this. He went one step farther and included the swine practitioner in it. I think it is something we can all do well to go back in our own groups and try and include that banker in our programs, but furthermore try to get him to include us in his program.

Dr. Wohlgenuth: I would like to second this, but I

would like to add something else. In our state, at least, there are many lenders who do not understand live-stock components. They have no idea except they put it for 10% interest and they figure out the rates of amortization, and so forth. We have to educate the lenders! CPA's, bankers, and otherwise. They have lent money to people they should never have given a dime to years ago! Now they are going under and they keep expanding a losing proposition. Now they are way deep. They could have been far more efficient and lose less money and improve the management, the total management. Many of them have no consideration for lending money for operation costs, and to wit, I'm talking about equipment, nutrition, even veterinary assistance to these people. That is true for dairy producers, they always get cash, because they think people get a check every month. But they make no provision for good equipment, they make no provision for veterinary input, mastitis control or nutritional input. We have a challenge. I am not just chastizing the lending institutions. However, we owe it to them and to ourselves to educate them in the biologic necessities associated with the money they are lending. We forget that.

Comment: I would like to re-iterate that a little stronger. I think that we have to, you know. Our lending institutions in Iowa are requiring some of these people to take federal crop insurance before they are going to loan them money to put in a crop this year and next year. I think we can go with this same type program and say, we can assist you in guaranteeing a health program that will turn you more dollars and protect your investment. I think it is imperative that we meet with these people, because if we don't work with them we're going to be against them, and that is the wrong place to be. We need to be on the same side. They are helping the producer and including ourselves in the program so that they don't look at us as an unnecessary expense but rather as a help in their program. I think that's pretty important.

Comment: I have a comment here, not to pat myself on the back, but there is a magazine called *Agri-Finance* that goes to all bankers and all lenders. Last month there was a 2-page article in there, front, center, on preconditioning with the eco-

nomics connected with it. This is in front of every banker in the United States. Guess who?

Comment: Thank you, I appreciate that. This is one of the reasons that I said when I began here that Dr. John Herrick has been a promoter of the veterinarian for years and I still feel that way.

One other aspect that we need to look at applies more to the West than to the Midwest and may refute the arguments that promoted compensatory gain and who's going to make the money on the preconditioning. That's what's becoming more and more common in the west and that is retained ownership all the way through the feedlot. I think we need to address that a little more. Essentially we do not need to put a green tag in but still promote the program. We are starting to see a fairly large percentage of ranchers, probably more than 500 head-1,000 head cow-calf people, that are retaining ownership all the way through the feedlot. I think that is going to be bigger and bigger as we go along. Maybe we need to promote this idea a little more in the Midwest too, but it will again take a lot of banker cooperation.

Comment: One of the reasons that we promote utilization of the green tag regardless of whether they're going to retain ownership or not is the same problem that probably Kurt has, and that is because we have added a fee over our cost at the Iowa Veterinary Medical Association which handles the tags, and that fee, is used for promotion and I guess that would be the only reason to go ahead and tag calves, even though they were going to be retained or something of this sort.

Comment: That was an excellent comment and something that is being worked on quite a bit by some of our animal science extension colleagues in Iowa, several of us working on that together. Of course you get into some cash flow situations, and there again maybe we're going to have to work with ag lenders. The figure that our ag economists are using at Iowa State is retained ownership in terms of avoiding transportation costs, sale costs, some of those kind of things. I'm not sure what all they figured, it was a decreased cost of production of \$50 per head per steer marketed.