

Feeding Supplement

Friona Industries, L. P.

Friona Industries—Bridging the Gaps By James E. Herring, President/CEO

January 2000

Volume 1, Issue 1

It is my great pleasure to be able to draft the initial article in what will be an on-going series of newsletters presented to you by the Feedyard Division of Friona Industries, L.P.

As I was sitting in the Executive Committee meeting for the NCBA summer meeting in Denver, it became clear to me that the cattle industry is changing more rapidly than our sincere efforts to inform those effected by these changes. I resolved at that meeting that all of us at Friona Industries should be involved in creating better information about our industry and the things going on

within our industry to those people who have been our friends, neighbors, partners, and customers over the past 30 years. Our feedyard division, then, will be in contact with you on a regular basis ... all 25,000 of you who do business on a daily basis with one of our full service divisions ... Hi-Pro Animal Health, Hi-Pro Feeds, our Feedyard Division, and Friona Ag Credit Corporation. We mean every word of our company's mission statement:

"Training and empowering knowledgeable, capable, motivated employees to create and provide a vertically inte-

grated service franchise in the beef industry in order to become our customer's primary informational link to enhance value and production efficiency through innovative products and responsive service."

We intend to use every vehicle possible, including this newsletter, to put each and every one of you in position for what we believe will be the cattle industry of the future. We know and believe that if we work hard to



James E. Herring
President/CEO

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Factors Affecting Feedyard Performance

By Keith Hansen, M.S., P.A.S., Consulting Nutritionist

Several factors are involved in producing performance in the feedyard. Many of these factors are controlled or realized before the cattle ever arrive at the feedyard. The profit centers that we consider in the overall profitability of cattle feeding include:

1. **Initial Purchase Cost**
2. **Cattle Health Cost**
3. **Feeding Performance Cost**
4. **Sales**

Sales - [Feeding Cost + Health Cost + Initial Purchase Cost] = Profit.

Each of these profit centers

is affected by buying decisions and management factors prior to the cattle actually entering the feedlot. The areas of primary consideration for pre-feedlot management, to be considered here, are Sex, Age/Weight, Compensatory

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Friona Industries

- **Five state-of-the-art feedyards**—dedicated to providing you with superior, flexible service, helping you earn a return on your cattle investment.
- **Friona Ag Credit**—provides both cattle and feed financing at FI feedyards with competitive equity requirements and interest rates.
- **Hi-Pro Feeds**—providing customers with high quality feeds and supplements using the latest in production technology and nutritional science.
- **Hi-Pro Animal Health**—providing a complete line of quality animal health products through a knowledgeable sales force.

Bridging the Gaps...

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make our customers successful that we will create the biggest and best asset any company could have ... a long list of customers for life.

These newsletters will contain information that should help all of us bridge the gap between the varied interest of the multi segments that are involved in our industry. We are learning, each day, that an informed, cooperative production system can create great efficiencies and lower costs while at the same time create a beef product for the market place that

more clearly fits consumer expectations.

Our strategic alliance project, **Beef Advantage Project, L. P.** continues to provide an interesting view of what can be done when the raw materials come through the production system after being properly handled at each step. Our learnings from this and other "alliance" projects have made us better producers and will eventually change our industry for-



ever. Our goal is the advancement of our industry through the advancement of all of its basic participants...cow/calf, stocker, feedlot, packer, and end user. We know that if we can be a "facilitator" of some of these fundamental changes and new ideas, our company's success will move along with our customer's success. We look forward to the opportunity and to our responsibility to make it happen. ■

Factors Affecting Feedyard Performance...

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Performance, Nutritional Status, and Weighing Conditions.

The decision to purchase steers (bull calves) or heifers is purely economic. This decision is driven by **the differential feeding performance of steers and heifers**. Heifers generally have an average feeding weight 80 lbs. lighter than steers. Heifers incur a slightly higher (0.37/100 head) death loss than steers and post conversions about 5.9% higher than steers. All of these factors add up to about \$4.30/cwt. difference in feeding cost. That means it will cost about \$20.00 more per head to feed a heifer than a steer.

Therefore, given equal final market value, the heifer, at 610 lbs., must cost at least \$3.30/hundred weight less than a steer at 650 lbs.

Weight and age are major determinates of feedlot performance. Lightweight cattle are more efficient than heavier weight cattle and younger cattle are more efficient than older cattle.

In the past we often associated weight with age, however with the improvements made in beef cattle genetics over the past 20

"Weight and age are major determinates of feedlot performance."

years, we need to separate these effects because many times there can be little weight difference between calves and yearlings.

The lighter in-weight cattle are more efficient because there will be less body weight and therefore less maintenance demand to satisfy before we can produce gain. Younger calves are more efficient than older cattle because of their position on the growth curve and the difference in efficiency of energy use between the production of bone, lean and fat gain.

Table 1 provides an example of gain and efficiency differences for steers and heifers of various in-weights. The efficiency differences, produced by weight variance drive the cost of gain difference to be expected in the purchase decision and the potential profit evaluation.

TABLE 1	STEERS			HEIFERS		
	550-650	650-750	750-850	550-650	650-750	750-850
Weight Range, lbs.	550-650	650-750	750-850	550-650	650-750	750-850
Ave Daily gain, lbs.	2.8	2.9	3.1	2.6	2.7	2.9
DM Feed intake, lbs.	17.0	18.8	20.4	17.0	18.5	20.2
Lbs. Feed per lb. gain	6.0	6.3	6.6	6.4	6.7	7.0
Feed cost per lb. gain, \$ ¹	43.5¢	45.7¢	47.9¢	46.4¢	48.6¢	50.8¢

Data from Nutrition Service Associates eight (8) year average performance for Texas Panhandle feedyards.
¹Based on \$145.00/ton Dry Matter Ration Cost.

Compensatory performance is a response, positive or negative, to previous nutritional regimes and results in an adjustment to the efficiency of use of Net Energy for Maintenance. The nine (9) point condition score used to define this body condition is shown below. Using **Table 2**, which represents an in-weight of 650 lbs. for steers and 600 lbs. for heifers, allows the adjustment of purchase price consideration when the difference between a condition score 3 and condition score 6 is almost \$20/head over 500 lbs. of gain.

Nutritional status of feeder cattle before entering the feedlot can be very important to health and time required to get cattle on feed. We know that cattle maintained on quality mineral and supplementation programs will have a more responsive immune system requiring much less (up to \$33.00/head) non-productive medicine cost. By maintaining an active rumen fermentation, these cattle will also go on feed much faster, reducing days to finish, increasing daily gain and producing fewer unmerchantable and chronic cattle.

Weighing conditions and **shrink** are very important factors in the calculation of live animal performance. There are established “pencil” shrinks for cattle going out of the feedyard. However, there are no established, consistent shrink values for the purchase and transportation of cattle into the feedyard.

The primary consideration in purchasing cattle is, the calf cost may be 70-90¢/lb., the cost of feed is 5¢-7¢/lb. and

“Each of the factors, Sex, Age/Weight, Compensatory Performance, Nutritional Status and Weighing Conditions will impact the potential profitability of the cattle feeding enterprise significantly...”

the cost of water is insignificant, we do not want to pay calf price for feed or water fill. If a 700 lb. feeder steer shrinks 5% from pay weight when we expected a 3% shrink, then we have purchased 2% or 14 lbs. of feed and water that will cost us feed cost of gain to replace.

Fourteen pounds is equal to 0.10 lb. of gain per day over a 140 day feeding period. If a normal shrink (3%) would produce a daily gain of 3.2 lbs./day gain, then we will get only 3.1 lbs./day. If dry matter feed intake is 19 lbs./day, this gain difference produces a feed conversion difference of 5.94 vs. 6.13 that relates to feed cost of gain differences of 43.06¢/lb. vs. 44.44¢/lb. or \$6.22/head for 450 lbs. gain. That 2% shrink differential, plus the 14 pounds of shrink we bought for 80¢, totals \$17.42/head which is worth \$2.49/cwt on the purchase cost.

Each of the factors...Sex, Age/Weight, Compensatory Performance, Nutritional Status and Weighing Conditions will impact the potential profitability of the cattle feeding enterprise significantly and therefore needs to be considered **before** the fact, in making the purchase decision and arriving at the value of the feeder animal. ■



Keith Hansen, M.S., P.A.S.
Consulting Nutritionist

Condition Scores	
1.	Animal extremely emaciated and listless.
2.	Animal appears somewhat emaciated.
3.	Can see individual ribs.
4.	Individual ribs not obvious.
5.	Can feel fat cover over ribs and tailhead.
6.	Pressure required to feel spine.
7.	Some fat in brisket feels spongy over ribs.
8.	Very fleshy, brisket full, can't feel spine.
9.	Extremely fleshy and blocky body.

TABLE 2 STEERS				HEIFERS			
C.S.	ADG	F/G	FCOG ¹	C.S.	ADG	F/G	FCOG ¹
1	3.38	5.55	40.23	1	3.04	6.02	43.65
2	3.29	5.69	41.25	2	2.97	6.16	44.66
3	3.21	5.85	42.41	3	2.90	6.31	45.75
4	3.12	6.01	43.57	4	2.83	6.47	46.91
5	3.03	6.18	44.81	5	2.76	6.63	48.07
6	2.94	6.37	46.18	6	2.69	6.81	49.37
7	2.85	6.57	47.63	7	2.61	7.00	50.75
8	2.76	6.79	49.23	8	2.54	7.21	52.27
9	2.67	7.02	50.90	9	2.46	7.43	53.87

¹Feed Cost of Gain based on \$145.00/ton Dry Matter ration cost.

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We're on the Web!
www.frionaind.com

TSCRA Convention 2000



We invite you to attend the 25th Annual Trade Show and 123rd Annual Convention of the Texas Southwestern Cattle Raisers Association in Houston, Texas March 12-15, 2000.

Stop by our booth (**Booths #522, #524, #526, #528, and #530**) and see what's new. We will have a special interactive presentation involving carcass data evaluation. Come see how your cattle would perform under a variety of marketing situations.

Also come by and register for our drawing. We will be **giving away** a beautiful 16 x 20 framed canvas print by Kenneth Wyatt, entitled "Pitchfork Remuda".

We look forward to seeing you there and having the opportunity to share with you the real Friona Industries difference.

Our Feedyard Locations

Friona Feedyard
David George, Mgr.
Friona, Texas
(800) 658-6086

Spring Lake Feedyard
Harold Greenhouse, Mgr.
Earth, Texas
(800) 658-6085

Littlefield Feedyard
Jonny Miller, Mgr.
Littlefield, Texas
(800) 687-5141

Swisher County Cattle Co.
Gene Pool, Mgr.
Tulia, Texas
(800) 658-6064

Randall Co. Feedyard
Richard Winter, Mgr.
Canyon, Texas
(800) 658-6063

Corporate Feedyard Division:
Dave Delaney, General Mgr
Brad Stout, Customer Services
Mark Hooker, Customer Services

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