

THE COST OF VARIABILITY

Profit Tip

Price discovery in the cattle business is largely a matter of weight and quality. That's because variations within a feedlot pen make management and marketing a great challenge, especially when selling on a carcass merit basis. The more uniformity in a pen of calves, the more marketing opportunity, less risk of grid discounts, and less need for sorting finished cattle to several outcome groups. That adds efficiency.

Variable	Average	Average Variation	Range in Variation	
			Top 25% (Least Variable)	Bottom 25% (Most Variable)
In Weight (lb.)	761	338	209	490
Hot Carcass Weight (lb.)	808	293	211	384
Average Daily Gain (lb./day)	3.53	2.82	1.77	4.14
Total Carcass Value (\$)	\$1092.58	\$459.14	\$345.77	\$584.86
Carcass Price (\$/cwt.)	\$135.25	\$29.80	\$19.92	\$39.36

The Facts

An eight-year study on 25,000 calves shows average pen range in carcass value was \$459.14. Why?

Carcass weight variation was an average 293 pounds (lb.)/pen

Feedlot average daily gain (ADG) varied 2.82 lb./day for the feeding period

Receiving weight varied by 338 lb. in pen, widening to a finished weight range of 456 lb.

ADG and final weight differences aside, carcass premiums and discounts account for most (\$240.78) of the total pen variation in carcass values, at the average 808-lb. carcass weight

Top 25% (Most uniform pens for each trait):

- Differed by 209 lb. for in-weight
- Differed by 1.77 lb. in ADG, a \$221/head effect
- Ranged 329 lb. in finished weight
- Sold within a window of 7 days
- Carcass value varied by \$19.92/cwt., of \$160/head

Bottom 25% (Least uniform pens for each trait):

- Differed by 490 lb. for in-weight
- Differed by 4.14 lb. in ADG, a \$516/head effect
- Ranged 596 lb. in finished weight
- Sold over a period of 60 days
- Carcass value varied by \$39.36/cwt., of \$318/head

\$459.14

The average range in value, top to bottom, from weight, ADG and carcass merit.



Action Steps to Create Uniformity

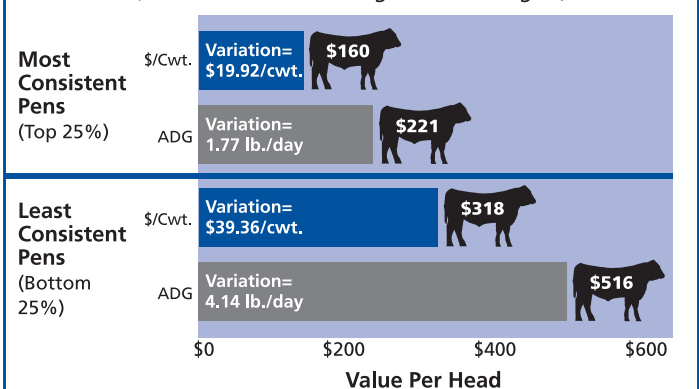
- Limit the calves' sires to one breed
- Create genetic and weight uniformity in the cowherd
- Shorten the calving season
- Sort by weight and type prior to placing on feed
- Sort cattle prior to harvest for fat cover and weight

Materials and Methods

- Data represents 25,266 head (309 lots) of cattle fed at Triangle H Grain & Cattle Co., Garden City, Kan., from 1997 to 2004.
- Dollar values were based on the 2003-04 Grid-Max average weekly grid values for Kansas and Texas.

Total Value Differences Within Pens Due to Variation

(Based on 808-lb. average carcass weight.)



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Questions?

Call Steve Suther at 877/241-0717.

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