



Shrink Happens

Shrink is a misunderstood concept in cattle marketing, invisible to the average producer but nonetheless real. It refers to a drop in weight between two events, usually before and after trucking. It's as inescapable as death and taxes, but there's less reason for anxiety.

For cattle buyers and sellers, shrink means a discount to allow for accurate pricing. It does that by allowing for the changes in body weight as cattle do what comes naturally in loading, transit and unloading. Urine, manure and other losses can account for up to 10-12% of cattle weight (shrink) in a very long haul. On short hauls, 4% shrink is common and 2% is unavoidable.

Getting to know more about shrink can open marketing opportunities by removing barriers based more on perception than fact. The market "knows" the average shrink differences between direct sales to feedlots, video and conventional auctions across the country, and regional prices tend to adjust.

Some producers think they can beat shrink by transporting cattle to an auction market the day before the sale and letting them regain body weight on free-choice hay and water. While that may be your best plan for other reasons, research says it only increases shrink.

Straight off the cow, you can see why calves would lose more weight standing overnight. As much as 8% shrink has been recorded in such calves, a level of loss that begins to affect health.

North Dakota studies on preconditioned calves showed steers delivered a day ahead of sale time endured 6.5% shrink, compared to 2.9% for those delivered a couple of hours before the

sale. Local buyers may bid higher for the overnight cattle, sometimes enough to cover the shrink. But they may not be the best candidates for a transcontinental truck ride.

Up to 7% shrink is mostly “gut fill” and can be regained in a couple of days if there is no other stress. Anything above that level could be “tissue” shrink, a loss of muscle mass that can take weeks to recover. Cattle feeders see a clear connection between excessive shrink and health problems. That leads to loss of performance, quality grade and profit potential.

Some producers, in an effort to meet buyers more than halfway, let cattle stand in the home corral overnight without food and water. These “preshrunk” calves may bring a little more per pound, but that may not make up for the negatives. There are fewer pounds to sell, they will still undergo the stress and additional shrink of handling and transit, and the compound effects may risk their health. This will not impress buyers who keep the best interests of cattle in mind.

Given that shrink is normal, many contracts include a “pencil shrink” of 3% to 4%. Actual weight minus an agreed pencil shrink equals pay weight. Buyer and seller may agree to calculate a “transit shrink” when cattle are weighed on arrival; some partnership deals waive this adjustment. Just make sure the logic fits your situation.

Properly used to help buyer and seller arrive at a fair price, shrink has also been used in petty cheating. It’s to the buyer’s advantage to roundup at dawn and sort cattle several times before weighing them. It’s to the seller’s advantage to organize a big water intake opportunity near an evening weighing time. Anything that makes the other side feel cheated is counterproductive to repeat business and, therefore, future price bids.

Of course, shrink has been the subject of many arguments, especially when there are surprises. Seasoned order buyers have seen it all, but producers may forget there are outliers in any load that will shrink much more or less than average. Excited cattle off large but lush pastures shipped in hot, humid weather may shrink much more than average.

Worries about shrink should not prevent marketing that involves trucking hundreds of miles, because most shrink occurs in the first hour. After that, every 100 miles may only add another half a percentage point. Some say 600 miles is a practical limit on a single day's journey, but cattle can move thousands of miles with overnight unloading at cooperating feedlots or livestock dealer pens.

Commercial cattle feeders may extend partnership offers on cattle several states away with no adjustment beyond a standard pencil shrink, when they know the cattle and producer. They also routinely buy from order buyers who specialize in auction market purchases because the dealers have earned their trust by expert and honest shrink management.

Next time in *Black Ink*, we'll look at where new ideas come from. Questions? Call toll-free at 877-241-0717 or e-mail cabsteve@aol.com.

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