Stocker Cattle Summit
Tyrone, NY
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Canton, New York
Overview of the Business.
Yearly 450 head Stocker/Backgrounding operation
Graze 350 head in summer
Bought home farm in 2006
180 Acres with 100 tillable, 20 pasture
Bought farm 2 in 2014
197 acres, 60 pasture, 60 tillable
Rent another 60 acres hay ground,
70 acres pasture (not intense)
Hire out corn silage
I had a few Hereford brood cows between 1997 and 2001
Introduced to “stockers” in Livestock Production class at Cobleskill in 1999

Started feeding/grazing stockers in 2000

Something I could do to make money summers in college and after

I sold freezer beef and heavy feeders while working a “real job”
I grew tired and frustrated of working as herdsman on large dairies.

I wanted to have a career in Production Agriculture.

I wanted independence and to be my own BOSS!

I started out with limited capital.
Great Opportunities for All

- Young people starting out
  - Lower capital requirements, high ATR
  - Can use rented land, minimal machinery

- Older retired dairy farmers with land assets
  - A way to stay in ag without milking cows

- Land owners with vacant land
  - Rent and lower property tax
Challenges for All

- Sourcing cattle
- Transitioning cattle
- Winter feeding facility?
- Finding fenced land/building fence
- Lease agreements/dealing with land owners
- Getting capital
  - Banks are clueless about this business
Opportunities and Challenges for NLF

- Isolation from rest of NYS
  - Lots of cow/calves throughout countryside
- Generally lower prices due to distance from markets
- Competition for land
  - In the middle of large dairy area
  - Land prices and rents have increased
  - Large Grain broker in Canton now
Local Cow/Calf Producers
  - Building relationships for 10 years
- Local Auction Barns/Feeder Sales
- Finger Lakes Livestock Exchange
Where does the Stocker Operator fit in?

- The Stocker Operator is a very important, often overlooked position.
- Bridges the gap between Cow/Calf and Feedlot:
  - Take the weaned, smaller calves and turn them into larger, transitioned cattle to go to work in the feedlot.
- Make use of Vacant Land for Cheap Gains.
Who’s Going to Eat the Grass?

- **Dairy Heifers**
  - Marginal grazers
  - Higher price fluctuations as milk rises and falls
  - Need to breed and pregnancy check
    - AI difficulties of bull dangers
  - Generally less profitable
The Appeal of Stockers

Cow/Calf Pros

- Internal herd/equity growth
- You make your own calves
  - Control genetics
  - Disease
  - Initial start to life
The Appeal of Stockers

Cow Calf Challenges

- Once mature, all feed goes for maintenance
  - High winter feeding cost in Northeast
  - High risk at calving (both cow and calf)
- Other costs associated with repro
  - Lower pasture stocking rates
  - More/larger facilities due to size
- Money tied up long term in the cow
- Interest and opportunity cost of money invested
  - Bulls and breeding
Advantage Stockers!

Stocker Pros

- High pasture stocking rates
- Eat less, all feed over maintenance goes to growth
- More lbs of meat grown with much less lbs of feed
- Every pound of meat is worth 2X or greater (fat/market cattle price) than cull price (mature cow price)
- High stocking rates for wintering facilities or no facilities if just seasonal ownership
- High Asset Turnover Ratio
Advantage Stockers!

- Stocker Challenges
- Health problems at pooling
- Reliable sources for calves
how about a little cowboy math

- #1 torpedo that sinks cow/calf profitability in the Northeast is winter feeding cost.
  - 1300lb cow eats 2.5% of body weight = 32.5lb DM/day
  - 500lb stocker eats 3% of body weight = 15lb DM/Day
  - 180 days of feed
    - Cow=5850lbs DM stocker=2700lbs DM
- Cow eats hay valued at $85/Ton for maintenance, and produces a 75lb calf
  - 5850lbs/.9 (As Fed adjustment) = 6500lbs
  - 6500lbs x $85/T = $276

- Stocker averaging 500lbs eats 2nd cut hay at $150/Ton
  - 2700lbs/.9 = 3000lbs x $150/T = $225
- Cow consuming $276 of feed produces 75 lb calf worth $225 ($3/lb)
- Stocker consumes $225 of feed produces 250 lb of beef (1.4lbs/day) @$1.50/lb value

Winter feed purposes
Cow ($51)
Stocker $150
The Golden Season

- Pasture in NY May 15-October 15 (150 day grazing)
- My Stocking Rate for grass (1400lbs/acre for rotational grazing)
- Cow @ 1300lb, calf avg 250lb = 1550 or 0.9 productive unit/acre
- stocker avg 700 lb roughly = 2 productive units/acre
500 lb calf worth $1.50/lb = $750
825 lb heavy stocker @ $1.30 = $1072
But wait, on a per acre stocking rate basis, you are selling 2 “heavies”

$1072 x 2 “heavies” = $2144 vs
one 500 lb calf @$750 x .9 = $675
Per acre increase in gross profit = $1469
How can we capture those returns?

Let’s start by reverse engineering
Most calves available in fall for purchase
  - Off farms, sale barns, dealers
Vaccinated is nice, but not a reality if building large groups (in northeast especially)
Nothing wrong with sale barns, high shrink, you can pick what you want
½ or better English breeds, crossed cattle the best for vigor- grow better, less illness
Beware of bred heifers, stags and bulls (increase risk of mortality and morbidity)
Finding stockers that Fit

- If steers and heifers are selling for the same price/lb, always buy the steers
  - Purchase calves that are “up on legs” (frame)
  - Feedlots generally pay highest for blacks, straight reds next, straight herefords last
  - Calm cattle grow and grade, crazy cattle run thru your fence and don’t grade
1) Capital- (like every other business)
   - Cattle are expensive and they can and do die
   - Farmer needs equity/collateral to put up to the bank for a line of credit
   - All banks want a business plan, and for start ups, will want to see a “real job” for cash flow
   - Advantage of stockers is high ATR
Requirements for Stockers

2) Facilities

- Good fence!
- Watering systems
- Can be low cost (buildings)
- Seasonal operators don’t need any buildings
- Over winterers need more than a wind break
- A good handling system a must
- Catch pens in pasture for any treatments
- Dart gun?
Simple Handling System
Pneu Dart model 196
.22 caliber blanks
5cc type “c” darts
Iron sights
$600 or so
Requirements for stockers

3) Equipment

- Hot fence charger if electric!
- Seasonal operators next to none
- Tractor, skid steer, mixer?, manure spreader
- Post Pounder?
- Mineral feeders
- Mower to clip pastures after early summer growth
  - Increase yield
  - Less eye irritation problems
Zareba 15 Joule
Electric Fencer
Equipment

Shaver HD-12 Post Pounder mounted on Skid Steer
Equipment

Home-made mineral feeder

5$ Investment
1974 John Deere
4430 Tractor
10 Foot Bush Hog
for pasture clipping
4) Seriously consider a purchased feed operation
   - Less time in the field, more time with the cattle
   - Low capital investment, less repairs
   - Devote all capital towards the cattle
   - Increase nutrients on your farm w/o purchased fertilizer
     - Folks don’t think about the nutrients they bring on their farm that get spread in manure
Building strong relationships - TRUST!
- Source farms, feedlots, banks, truckers, feed suppliers, veterinarian, BEEF nutritionist

Establish year to year sources and markets
Stockers and the Land

- Cattle excrete nutrients back on pasture
  - 20-70% of N (depending on N content in soil)
  - 90% or more of P
  - 90% of K is returned

Source: Forage Systems Research Center, Linneus, MO- Forage Systems Update, Vol. 8, No. 1
Keys to Success

- Don’t HAVE to take the last cent off the table
  - Recipe for short term business dealings

- Weigh everything on certified scales and/or with both parties present!!
  - Especially new vendors or customers
  - If buying or selling on shrink, make sure both parties have agreed on it before getting to the scale
Keys to Success

Always remember the profit equation...

Profit = (Revenue - Cost) x Volume

Capital investment

A Higher Numerator is Good, A Higher Denominator is Bad
Always test for BVD when assembling groups
Buy steers over heifers if same price
Remember castration and stag surgery adds risk
Always check and recheck for testicles on steers every time through chute
Metaphylaxis all high risk cattle at entry
Pull calves at 1st sign of illness
Avoid buying calves Sept 1-Jan 1 if possible
Lessons Learned

- Build a plan and stick to it
- Network with others who are doing this or have done this
  - Don’t reinvent the wheel
- Maximize grass!!
- Remember, the “middle man gets it from both ends”
- Avoid difficult people/business dealings
- Be an intelligent buyer….

- Have fun, farming is the best job on earth!!
Pictures
Pictures
Pictures
Pictures
Pictures
Pictures
What feedlots want

- Larger groups (full trailer loads or pots generally)
- Uniform cattle
- Sometimes natural (if premium is there)
- Competitive!!
- No horns
- BVD neg (some will pay premium)
- Reasonable to cheap prices of course!
- Reliable sources of cattle from year to year
What feedlots want

- Healthy well vaccinated (preconditioned) or exposed cattle
- ½ mix or greater English breed (angus, red angus, hereford, etc) for marbeling, carcass traits
- Black hided for a premium
- Calm disposition
- Medium to large frame ( >600lb carcass wgt)
- Steers over heifers
- Buy cattle on a shrink
- Properly castrated steers, guaranteed open hfrs
Putting those cattle to work

- Vax against BRD viruses and Pasturella bacteria
- Consider intranasal vaccines additionally
- High risk cattle SHOULD receive a metaphylaxis tx of respiratory antibiotic
- Research your dewormers- they are not all the same!
- Take care of ectoparasites
- BVD testing and tagging
- Carefully check for testicles, bred heifers
- Consider a prostaglandin injection for all heifers
Putting those cattle to work

- If possible, try not to abruptly change feed when they arrive
- No empty feeders/bunks ever, plenty of water and good air.
- Loose salt and mineral!!
- No overcrowding
- Don’t delay on processing too long (day 3)
- You can never have enough pens
- Always use a **modified live vaccine** and revaccinate even when the bottle says you don’t have too