



Feedyard Operation

How Custom Feedyards Work

Custom feedyards, sometimes called “commercial” feedyards, have grown in size and numbers in TCFA Cattle Feeding Country. That’s because they offer unique services to cattlemen. They furnish room and board for your cattle, much like a hotel.

And because most custom feedyards in the Texas Cattle Feeders Association (TCFA) area of Texas, Oklahoma and New Mexico are large and efficient, they can provide these services at less cost than feeding your cattle at home.

There are around 200 custom feedyards—members of TCFA—in the TCFA three-state region that feed around 7 million cattle a year. They are specialists—with a crew of experienced specialists—who specialize in providing services for you and your cattle.

Here’s a brief look at some of the varied services that feedyards in Texas, Oklahoma and New Mexico can provide:

Expert Care for Incoming Cattle

Upon arrival, cattle typically are weighed, ear

tagged for positive identification, treated for internal and external parasites, given vitamins, growth stimulants, and vaccinated against various diseases as needed.

Scientific Ration

Cattle are fed two or three times daily—with a ration that has been formulated by a consulting nutritionist and processed in an on-site feedmill. A trained bunk reader checks the feed your cattle have consumed each day and adjusts the next feeding accordingly. The idea is to give the cattle all the feed they will eat but have no leftovers. That allows for fresh feed each feeding, which assures the cattle will eat and gain to the maximum of their ability.

Animal Health

Each day, trained pen riders check each animal. Sick animals are taken to a hospital pen, where trained lay doctors, under the supervision of a consulting veterinarian, give them special treatment. Meticulous records are kept on sick animals—their ear tag number, the date of treatment and the kind of treatment.

Marketing

Another feedyard service is marketing finished cattle. Here’s how it works: Packer buyers come to the feedyard, where the manager prices the cattle—your price.

When the cattle are ready to sell, managers call the market analysts at the Texas Cattle Feeders Association, whose job it is to keep sellers as well informed as buyers. The manager doesn’t sell, however, until you accept the bid. Then, the cattle are weighed at the feedyard, given a 4% pencil shrink and shipped directly to the packing plant.

Other marketing arrangements have become popular as well. These include grid marketing and formula selling. However, about 50% of the cattle sold in the TCFA area are sold on a live weight basis.

Financing

Feedyards often will arrange financing for their customers. Typically, a bank in Texas, Oklahoma or New Mexico will loan around 75% of the value of the feeder calf and up to 100% of the cost of feed.

More and more cattlemen are retaining ownership of their own cattle and, thus, are financing with their own banker. Retained ownership offers several advantages. (1) By keeping your cattle longer than usual, you have the opportunity to make the profit that two or three owners might otherwise make. (2) It allows you to diversify and spread market risk. (3) If you are producing cattle that are genetically above average, you can reap that benefit—all the way through finishing—rather than sell to someone else who makes the extra profit.

Risk Management

Another service offered by some feedyards is help with risk management. A tremendous amount of expertise exists in TCFA Country that was learned over years of successful experience with futures, options and other risk management tools. You can take full advantage of this expertise if you want to lock in a price for your cattle.

Insurance

Most custom feeders carry named peril insurance against fire, lightning, tornadoes, theft, snow storms and other hazards. In addition, full mortality insurance sometimes is available to owners, but is expensive.

In addition to these services, here's what else you can expect from a custom feedyard:

What are the charges for these services?

Usually, the charges for feeding, daily inspection, doctoring sick animals and marketing finished cattle are built into the feed bill. You pay for the feed at cost, plus a service charge or markup for the above services. In addition, there is a processing charge on incoming cattle for dehorning,

tagging, castrating, worming, vaccinating, medicine and others.

Feedyards bill owners semi-monthly or monthly for feed. Or, in some cases, they simply draw on the bank that handles your financing.

The typical monthly invoice will contain detailed information on the progress of the cattle. At the end of the feeding period, you will get a detailed closeout or performance record which summarizes the performance of your cattle. For an extra charge, feedyards can also help you obtain carcass data from the packing plant.

How many cattle must you have to use a custom feedyard?

Most pens hold about 100 head, some 50 head. Within a pen, the cattle should be of uniform type, size and sex. If you don't have that many, you might consider a joint venture with a neighbor or partner. Also, some feedyards partner with their customers—a way for you to spread the risk and maybe feed several pens a year rather than one or two on your own.

What kinds of cattle perform best in a custom feedyard?

Almost every kind is fed—from straightbred British breeds, to crossbreds of all kinds, to dairy

breeds. No. 1 Okies (a variety of crosses) probably are most common. Exotic crosses are also popular.

Feeder cattle from 600 lbs. to 750 lbs. are most common, although some come in heavier and some lighter. Generally, the heavier an animal is, the more feed it requires for body maintenance and, thus, the more feed it requires per pound of gain.

Cattle normally are fed from 120 to 160 days, depending on their initial weight and type and usually are marketed at 1,100 lbs. to 1,250 lbs. Typical gains for steers are 2.5 to 3.5 lbs. per day with a feed conversion of 7 lbs. to 9 lbs. of feed per pound of gain. For heifers, typical gains are 2.2 lbs. to 3.2 lbs. per day, with slightly more feed required per pound of gain than steers.

How do you choose a feedyard?

The main purpose of a custom feedyard is to serve customers—cattlemen like you. If these services appeal to you, your next step is to select a feedyard. If possible, visit some custom feedyards and talk to the managers. If that's not possible, talk to a friend who has fed cattle. Or contact the Texas Cattle Feeders Association for a list of its feedyard members. Write to 5501 West I-40, Amarillo, TX, 79106, call (806) 358-3681, e-mail to info@tcfa.org or visit the TCFA home page at www.tcfa.org.

