

Table 1. Preconditioning calves is another form of retained ownership which is considerably different from longer-term backgrounding programs. The objective of preconditioning calves is to get them "straightened out" and ready to go on feed or onto pasture. Often, putting weight on calves is of less concern than improving the health and overall physical condition of the calves; however, significant daily gains can be achieved in a preconditioning program. In the program budgeted here, calves are fed a commercial preconditioning feed for a 4-day initial receiving period. After that time, calves put on a "homemade" corn/sbm and hay ration. Average daily consumption for the entire preconditioning period is 7.8 lbs/day corn, 1.1 lbs/day soybean meal, and 5.0 lbs/day hay and 1.0 lb of the commercial feed. Given the prices used here, (\$88/cwt for 500 lb steers and \$86/cwt for 590 lb steers) this program will do a little better than break-even. Of course, cattle performance will also affect net returns. If, for example, death loss is higher than the 2% assumed here or if cattle take longer to straighten out, reducing ADG, net losses will result. On the other hand, in some cases, the condition of calves put through a backgrounding program may be improved to the point that the buy/sell margin for the calves is reduced. This situation could serve to increase net revenue over these budget estimates. This discussion raises an important point: if budget estimates are to be reliable, it is important to define the program as accurately as possible in terms of both cattle performance and calf prices. This is true not only of preconditioning programs but of retained ownership programs in general.

Table 1.

Steers: Preconditioning Program\*

Key Performance Factors

purchase weight	500
sale weight	590
days in program	45
average daily gain	2.0
break-even price	\$86
feed cost/lb gain	\$0.34
total cost/lb gain	\$0.68
total feed cost per head	\$30
expected sale price	\$86
net returns/head @ specified sale price	≈\$5

\* Calves are fed commercial preconditioning ration for 4 day initial receiving period and then put on a corn/soybean meal ration with hay.