



10 ways to add value

Cattle market prices over the last year have been a nasty surprise for many. Coming at a time in the cycle when we expect relatively higher prices, the downtrend had a lot of people asking questions about their long-term plans. A few companies that were widely commended for excellent timing as they expanded into the “up” cycle are sorting out the questions in bankruptcy court.

A few years ago when prices were at the cyclical low, ranchers tried to achieve profitability primarily by lowering production costs. With higher prices, they found breathing room to look at ways to add value to their cattle. Improving the management of health, genetics and marketing were the primary avenues of discovery.

Often overlooked was the concept of adding value to calves by simply providing buyers with more information about them. As value-based marketing moves from packer to feedlot to rancher, information can be the easiest value to add, and the feature that will pay for itself most during a shaky market. When financial risk lurks around every corner post, buyers increasingly look to minimize risk through knowledge.

Here are 10 ways to add information and value to your calves:

1. Individual identification. At a minimum, put your brand on them to allow buyers to track them by source. If your resources allow it, use individual tags to indicate a level of information management and ability to use feedback.

2. Know your market. Observe, ask, visit, study and decide what kind of calves are in greatest demand and who the buyers may be. Then custom design exactly what they want.
3. Document genetics. You improve herd quality by careful attention to bull and replacement heifer selection. Don't stop with the self-satisfaction that you are maintaining a standard of excellence. Keep records with sire names and expected progeny differences (EPD) for yearling weight and such carcass traits as marbling and ribeye area that are important to buyers down the line.
4. Be exact in describing your cattle. State the range of birth dates, type of forage or feed consumed prior to weaning and specific vaccines. The last thing you should expect to add value today is to simply state hide color or other basic visual description. You may need to push your local livestock dealers to go beyond these traditional basics.
5. Castrate bull calves. In some areas, most males are sold intact, but at prices typically \$5/hundredweight less than same-quality steers.
6. Monitor health of pairs on pasture. Many potentially profit-robbing conditions such as pinkeye and foot rot can be minimized when caught early and treated.
7. Preweaning management. Consult with several serious buyers in advance to be sure your management reflects market demand. Keep a processing map that indicates exactly what wormer products and implants were used, what shots were given, when and where. This avoids costly duplication down the line.

8. Post weaning management. Again, consult with the next link in the market chain before investing in specific practices, then communicate the details to bidders or confirm them to a predetermined buyer.
9. Maintain a database on your calves, including feedlot performance and carcass values. The most popular breed of cattle in the world has an average \$200 spread in carcass value between progeny of its top- and bottom-value 10% of sires. Value differences between Select and average Choice can be \$80 to \$100 per head at harvest, and feed conversion can account for a similar spread.
10. Transmit intentions. Let it be known if you are willing to retain a certain percentage ownership, and that you are interested in following them to track performance and carcass.

Marketing calves of a specific breed through an association or seedstock producer-organized sale is another marketing tool offering a way to communicate with buyers. These auctions serve to assemble in one offering large groups of cattle of like and identifiable genetics.

The best way to add value to your calves may be to incorporate many related practices as part of an integrated plan. Don't put any of those practices in place without a clear plan to capitalize on your investment. When you decide to sell, have the information in hand that proves to buyers the degree of predictability for which you've bred and managed your cattle.

Next time in *Black Ink*, we'll look at stress prevention and management. Questions? Call toll-free at 877-241-0717.

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