



Going once, going twice . . .

By Miranda Reiman

Sold. That word can be cause for celebration or the beginning of a personal pity party. It all depends on what dollar amount follows that auctioneer's decree.

Studies have found and quantified just about everything that can make you more money at the salebarn or on the video auction: Lot size, breed type, sex, preconditioning program and many more – including your reputation. Each variable affects the price your feeder calves bring.

You control the lion's share of those variables, although it may seem like you're at the mercy of the market. Even that basic price risk may be tamed with some price hedging and seasonal strategies, but the point is to make sure you're topping the day's trade instead of selling at the bottom.

Give feeders an irresistible product.

A SILENCER[®] chute sells at a premium to one carrying an unknown brand name. A custom saddle maker might be in high demand because of his workmanship, even if he charges hundreds more than the competition. Full-quill ostrich boots or a loaded King Ranch Edition Ford F-250 hold first-class appeal with many farmers and ranchers.

These products have become enticing for two reasons: quality and a good reputation. Their high price tag can be attributed to the fact that more than one person has come to hold them in high regard.

Your calves need those same elements, come sale time.

If your "fancy" calves look good, they might get the bids one year, but for a buyer to return they must perform, too. Looks alone don't pay the feed bills. Those calves might fetch a decent price for a few years going to different buyers, but poor results eventually catch up to you. As technology makes the world ever smaller, it doesn't take as long for word to travel.

If your calves hit all the targets, this "small-world" theory can work in your favor. Your reputation for good, quality calves could build faster and attract more bidders each year. And that's the ultimate goal, right?

You need at least two buyers with good experiences in order to get competition and drive price.

If you sell your cattle as feeders, you may think “pounds at weaning” is the only profitability indicator, but think of your customers and what’s important to them. Sure, pounds matter, but so does gain, efficiency, health, quality grade and a host of other factors. Maybe grids don’t even cross your mind, but having knowledge of fed-cattle marketing methods keeps you grounded in the sector that is buying your product.

Take that a step further. Keeping up with consumer trends will help you see what the end users are demanding. Don’t let all the gloom and doom stories convince you the consumer’s taste buds have changed. They still want flavorful beef that consistently delivers top value for their dollar. What they want is what the entire beef industry needs to produce, and you’re one of the first links in the chain.

The good news is that the market shares those rewards back through the information and bidding system, so it’s financially beneficial for you to care – even if you sell at weaning. That’s where the competition for your calves heats up.

If you pay attention to all of that, you’re sure to garner more interest when you’re ready to sell your calf crop this year and beyond.

Sold? That’s a reason to celebrate.

Next time in *Black Ink*, Steve Suther will look at ranching success stories. Meanwhile, if you have questions for us, call toll-free at 877-241-0717 or e-mail mreiman@certifiedangusbeef.com.

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