



Marketing plans

The first step in marketing is to plan. When research-backed strategy governs your first production steps, you can walk with confidence. Cash will flow into your operation near the amounts and times that you project.

A cow-calf enterprise can produce income in any month, given enough diversification. Weaned calves could be sold right off the cows, preconditioned for 45 days, backgrounded longer, grazed longer still, or retained through finishing. Extra replacement quality heifers may be sold open, bred, as calved pairs or rebred. Cull cows and bulls are other income opportunities.

What if there are no plans?

A small-scale producer may simply notice a need for money—maybe the bank sends this notice. You think about what you could sell, and a few cattle go to town. Loading those that appear too fat or thin, or old or ornery, you “get rid of” rather than market them, and pick up the check on your way to the bank.

Large-scale producers sometimes settle into a “plan” of always being in the market. Sell 500 head, buy 500 replacements and on average you will make it, right? If that is your whole marketing plan, the best you can hope for in the long run is to break even. Combined with futures strategies, however, sometimes you can beat the commodity market.

Markets can change, so one goal of market planning is flexibility. Heifers offer a natural choice of breeding or placement on feed. Either way, you can reduce risk if you know how their genetics respond to the role you plan for them. Male calves present fewer options. You can’t keep

them intact with an eye toward selling breeding bulls unless they are registered or have performance pedigrees. The industry simply can't afford more unpredictability.

Are you producing the right cattle? Ask your auction market manager or local feedlot buyers what cattle are in demand in terms of genetics, management, size and volume. One popular idea is to add value to calves you produce. But it does no good to spend the time and money that you believe will add value when you have no way to market the results in a way that returns a profit and suits your other goals.

If you are aiming to please consumers on a small scale, keep in mind you will be getting into the meat business. A lot of folks who love producing on-target cattle hate selling meat in packages as small as 10 pounds at a time. Try not to get caught with cattle or beef products that you believe are worth much more than what you can get in the obvious market.

If you have "natural" cattle simply because you ignored them, don't expect a premium. Follow a protocol with recommended vaccines, then let the markets anticipate your supply.

Value-based marketing on a grid is sweeping the beef industry. Cattle dictate the marketing date in these programs, which accounted for less than 10% of fed cattle sales 10 years ago. Grids make up half the market now and are expected to continue taking over a greater share.

Retained ownership on feed is one way to add value, if you have cattle that you know will work. And if you will retain ownership or partner with a feedlot, you need to know before weaning, so you can adjust management.

Armed with knowledge, replacement heifer sales are another option. Producers are divided on whether to retain their own. If you cooperate on similar genetics and management, neighbors may want to buy yours as replacements, and you can custom-develop their heifers with all those timing options. You can also wean and precondition neighbors' calves for custom finishing feedlots.

Cull cows can be barely marketable cutters or some of the most sought-after brood cows in the county—if they are the product of a well-established program. There will always be some open cows, with most sold in the fall. However, they are usually worth more per pound in the spring, so you could add value by waiting. The same seasonality may limit profits from grazing open cows over the summer.

If no program of owning and selling cattle meets your needs, consider custom operations. Besides the heifer development and preconditioning options, you could winter cows, calve them, breed them, manage bulls or graze yearlings for a feedlot, to name a few choices.

Next time in *Black Ink*, we'll look at the learning curve. Questions? Call toll-free at 877-241-0717 or e-mail cabsteve@aol.com.

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