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**NEWS**

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## Grid marketing could fit calves

Cattlemen often find it hard to realize the full value of calves sold at weaning.

A preconditioned and vaccinated calf weaned 45 days (VAC 45) or source- and age-verified programs can add dollars at weaning. However, producers remain in the dark as to how their calves did in the feedlot and on the rail.

The *Best Practices Manual* (BPM), a new publication by Certified Angus Beef LLC (CAB), offers some innovative ideas in its marketing section. One of those is a “feeder calf grid.”

“In concept, producers could sell their calves and still capture some later premiums based on how they feed, how efficient they are, their health and ultimately their carcass merit,” explains Mark McCully, CAB supply development director.

Building on the already-popular carcass grids available to cattle feeders, the grid for calves could pay 95% of a base price up front, for example. Over time, there could be incremental discounts and premiums for health, average daily gain, feed conversion and CAB brand acceptance.

“Those who would benefit most from a system like this are the producers who have truly built a value-added calf from the genetics on up,” he says. “These calves would be well above average both in their ability to gain and grade well.”

Care at the ranch is also a factor.

“Producers who would use a feeder calf grid would understand how to get calves weaned with very little stress, get them on feed and get them straightened out,” McCully says.

The idea could help feedyards feed more high-quality cattle with less risk.

“We know feedyards are looking for some of these front-end cattle,” he says. “To acquire them, they may have to build every ounce of imagined potential premium into a bid to purchase them.”

By using a feeder calf grid, feeders pay almost all of an agreed fair price up front, only paying premiums if the cattle are worth it in the end.

The BPM gives examples of thresholds calves may have to meet or beat for the post-harvest payouts. With a base CAB acceptance rate of 15%, each percentage point above that could earn the rancher another \$1 per hundredweight.

“These are just some benchmark numbers that we’ve thrown out,” McCully emphasizes. “They can sure be tweaked. Each arrangement needs to be a discussion, a partnership between a feedlot

and a cow-calf producer.” Some yards offer less complicated version, like bonuses paid on final profitability.

“With any system, there’s a degree of trust that’s going to have to be established between the feedlot and the producer,” he says.

If a feedlot doesn’t offer such a program, McCully urges producers to suggest it.

He says, “As you’re building relationships with a feedlot, throw this idea out there and ask them, ‘What if we try this idea?’”

A hidden advantage lies in the ability to better adapt a herd for feedlot and carcass performance, McCully says.

“This could be a first step where producers get the information back and realize the improvements they need to be making,” he says. “That may be even more valuable than the premiums coming back on the cattle.”

For copies of the *Best Practices Manual*, contact Marilyn Conley at 800-225-2333, or email [MConley@certifiedangusbeef.com](mailto:MConley@certifiedangusbeef.com).

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