

Pennsylvania Breeders Join Marketing Forces

One of the most difficult parts of establishing a successful Angus operation — big, small, or in between — is to find the right approach to marketing animals they breed. With a lot of ingenuity, hard work and perseverance, Angus breeders Bill and Cheryl Fairbairn, together with a group of Chester County, Pa., breeders, established a successful group marketing plan.

When Fairbairns bought their first registered Angus 10 years ago, they quickly realized expecting to get a true market price for their cattle was next to impossible.

Breeding strictly for performance, the operation had a small number of cows and no facilities to fatten cattle; therefore, the couple was faced with the problem of finding a market for their feeder calves. The farm, located in the eastern end of the state, near Coatesville is too far away from Lancaster County to take advantage of the premium cattle market there.

Cheryl, who is an Extension agent for Chester County, says she and her husband became disillusioned when it came time each year to sell their calves. "The big disadvantage for us has always been the small number of calves we sell. Right now, we have 30 brood cows; so, it is obvious we would never have enough calves to put a big load together to send to another market area. From the first year, when we had only two steer calves to sell, and throughout the ensuing years, we always got well below the current market prices because we sold locally. If the market was 50 cents a pound for feeder calves, we would get 40 cents. Even when our numbers increased, we didn't do any better. It was discouraging, and we knew we were going to have to come up with an alternative method of marketing."

Setting out to achieve that goal, Bill and Cheryl combined forces with two other local Angus breeders and put together a load of 40 calves, which they sold at the market price. The three breeders were pleased with the results, but figured things could be even better with more breeders participating.

Since Cheryl knew most of the small breeders in the county through her work in Extension Service, she decided to do a survey through the Extension beef newsletter to see if any of them would be interested in participating in this type of program. The response was good, although most breed-

ers were initially skeptical about this type of program actually working.

The decision was made to put together a county-wide calf marketing program inviting any producer to participate regardless of cattle breed. The objectives were to provide a more profitable marketing opportunity for local cow-calf producers.

"This was so local feeders couldn't run around the county picking up calves for 10 to 20 cents under the market price," Cheryl says with a grin.

The group of breeders felt since a large number of Pennsylvania feedlot managers go out of state to buy feeder calves, this program would also provide a more profitable means for the managers to procure top quality calves from within the state. Cheryl says many managers believed Pennsylvania calves were not the same quality as those from out-of-state markets, such as Virginia, and she intended for the Chester County program to prove the issue. In addition, the program would provide breeders with the opportunity to obtain valuable information on their calves, such as rate of gain and carcass data.

The interested breeders had a meeting with a local feedlot manager during which certain guidelines were drawn up. "During that first meeting, we decided we wouldn't take anything below 60 head or above 140 head to the feedlot. We also set health and weaning guidelines. Two to four weeks before delivery, calves had to be given an inter-nasal product for IBR and shipping fever. Grading was to be done prior to delivery by a state grader on a specified day.

"The program went into effect in 1991, with 14 producers marketing 134 calves at 95 cents per pound. We took freshly weaned calves, which astounded a lot of people. The calves were taken off their mothers in the morning, loaded on the trailer and delivered that same day. That first-year delivery was on the second weekend in October, between 9 a.m. and noon. In 1992 we took freshly weaned or pre-conditioned calves."

The feedlot manager who the group worked with set certain parameters that the group had to follow. The price set in 1991 at 95 cents had a 5 cent slide. Heifers would have an automatic deduction of 10 cents; 10 cents for shorts. If the grader classified an animal a short, it meant this was a small-framed animal that would probably finish at about 1,000 pounds. The ideal animal the feedlot manager is

looking for finishes at about 1,200 pounds. Ten cents was deducted for #2 grade, and 5 to 10 cents for pure exotic breeds.

After the 1991 sale, a post-evaluation survey was sent to the breeders who had participated. "Oddly enough, we had a 100 percent return, which is almost unheard of in Extension," Cheryl says. "They indicated in this survey that a better price had been received as a result of selling in a group versus selling as an individual. Most important of all, they wanted to have the program continue. Profitability improved on both ends."

The feedlot manager saved trucking fees, saved broker fees and got healthier calves. There was also a zero percent death loss, compared to a national average death loss of 3 to 5 percent.

The cow-calf producers saved commission and received a true market price. Many of the breeders indicated to Cheryl that they had received anywhere from 2 to 20 cents a pound more than they ordinarily would have selling as an individual.

The feedlot data that came back to the breeders was of great importance to Cheryl. The set of 134 calves sold in 1991, in fact, did quite well, she notes. They had an average daily gain of 2.46 pounds. This gain was taken from the day the calves were delivered, backgrounded and on through the finishing period. In the future, Cheryl intends to look just at the period in which they are in the feedlot under finishing conditions.

A total of 81 calves sold on a grade yield basis — 1 percent graded Prime, 54 percent Choice and 42 percent Select, which made Cheryl happy.

Consignments included 67 Angus, 56 crossbred which were all black-baldies, nine Belted Galloways, one Saler and one Simmental. In live grading, 125 graded #1, two were graded #1 shorts, five were graded stags. Consignment numbers per breeder ran from one calf to 34 calves.

In 1992 the process did not work quite as smoothly. Although data is not put together until the feeding period ends, the marketing group is aware of more sickness with this group of calves. Cheryl suspects a breeder did not follow health guidelines. There was also a problem of a breeder putting culls into the program.

"I am a firm believer that the first year of a project is usually great, the second year is the worst year with downfalls, and from that point the project will take off," she says. "We are planning on talking to some additional feedlot owners about expanding our market. We are looking forward to good things in 1993."

-Janet Mayer