

f challenge makes champions, today's cow-calf producers take the gold cup. Marketing your cattle profitably certainly has been a serious challenge in recent years. But these times of change and difficulty are not without opportunity. If you seize the day and strive for excellence and innovation in herd health, genetics and marketing, you could build profitability into your business.

Key to the process of transforming challenges into opportunities is recognizing that the ways to profit from producing beef are rapidly changing. In recent years producers have typically tried to achieve profitability by finding ways to lower costs of production, says Larry Corah, assistant executive director of the Certified Angus Beef (CAB) Program.

That's still important, but producers also need to think of ways to add value to cattle, says Corah. Of course, improving the management of health, genetics and marketing is a good way to accomplish this.

"But one concept that people often overlook is adding value to calves by simply providing buyers with more information about them," Corah adds. "As value-based marketing evolves and gains importance, we're moving into an era when information on cattle has value."

Bill Bowman, director of commercial relations for the American Angus Association, describes the information void that typically exists when calves are sold. "Producers often allow a set of calves — that may be sired by some really superior bulls with a lot of genetic potential — to go through marketing channels without making the calves' genetic potential known to buyers," he says. They let "good calves of known and proven genetics be sold as simply a set of black steers."

Says Bowman, "We're trying to help producers rethink this and begin to provide more information to potential buyers of their calves. Once that



# Five Keys to Adding Value

*Add value to your calves by having the information in hand that proves to buyers the degree of predictability for which you've bred and managed your cattle.*

BY RAYLENE NICKEL

process begins, the amount of valuable data coming back to the producer will also grow. As producers, we simply need to do a better job of identifying the product we're selling. We must become merchandisers of our own production."

In short, adding value by identifying and providing information about your beef product — calves — begins by choosing management practices

that will improve your product. Documenting these practices lets you build an information portfolio, so to speak, on your cattle. The information then becomes the marketing tool that you may be able to turn into profitable advantage.

With such a strategy in mind, here are five key ways to add value to beef calves.

## 1. Improve and document



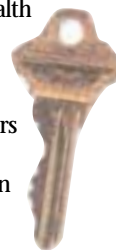
Larry Corah



Bill Bowman

health practices

Improving the health of your calves — and being able to communicate their health status to buyers — is an important practice that can earn you premiums for your cattle. Just ask Ron Kramer, customer relations specialist with Irsik & Doll, a CAB Program-licensed feeding firm based in Cimarron, Kan.



"We have customers who are willing to pay a premium for calves that are vaccinated," he says, "because poor health is a major expense that really affects a feedlot's bottom line."

Indeed, any practices you use and document to improve calf health in the feedlot stand to earn added value, especially when you retain ownership. "According to data from Texas A&M's Ranch to Rail Program, there was about a \$90 per head difference in value between those animals that had to be treated for respiratory disease and those animals that did not," notes Glenn Rogers, beef production medicine veterinarian at North Carolina State University.

The value difference came from variance in death loss, treatment costs and rates of gain, as well as in carcass quality. A higher percentage of carcasses graded Choice in the healthy group than in the group that needed treatment, says Rogers.

Vaccinating calves prior to weaning is important, but it won't make up for poor overall herd health management. To produce healthy calves, you must first have a healthy cow herd. Rogers says, "How a calf performs in the feedlot may depend on how its dam was managed before the calf was conceived."

Here are ways to add value to calves through improved health management:

- Make sure that cows themselves are on a sound vaccination and health program and that they calve

in good flesh. Aim for an average body condition score (BCS) of 5 to 6.

- Ensure that calves receive adequate colostrum within the first 12 hours of life. “Recent studies show that inadequate colostrum transfer affects the lifetime performance of the calf,” says Rogers. Research shows that calves with inadequate colostrum intake are nine times more likely to get sick before weaning, five times more likely to die prior to weaning, and three times more likely to get sick in the feedyard than calves receiving adequate colostrum.
- Manage risk factors affecting colostrum intake. Reduce incidence of calving difficulty by using bulls with low birth weight EPDs; select cows for good udder conformation; and manage heifers separately from cows.
- Castrate bull calves. It may seem an obvious value-adding practice, but in truth, says Rogers, the percentage of intact weanling bulls consigned to some Southeastern auction markets can range as high as 80%. The lost value can tally \$5/hundredweight (cwt.).
- Follow a preweaning vaccination program tailored to your farm, locale and marketing program. “The key to an effective vaccination program is to remember that calves need to be vaccinated prior to being exposed,” says Rogers. “Most of that exposure and challenge is going to occur at weaning and beyond, so it’s very important to give calves the opportunity to develop immunity prior to leaving the farm.”
- Individually identify (ID) cows and calves. “Individual identification is the key to gaining more information about cattle,” says Dave Tullis, owner and operator of D&D Feedlots, London, Ohio, a CAB Program feedlot

licensee. “One of the problems we run into here is that many producers don’t individually identify their cattle. They want us to collect information and give it back to them. Later they realize they don’t know which calves belong to which cows.”

- Use a processing map to document health practices. This is a tool to use for documenting administration of health products. It helps buyer and seller communicate and avoid duplication of vaccinating procedures, says Rogers. These maps are available through several sources and are useful for both small and large numbers of cattle.

2. Improve and document genetics

“We’re in a time when there’s a lot of potential to capture value in terms of genetics,” says Bowman. “As an association, we’re working hard to try to help producers identify the background and the genetics of calves — such as EPDs for growth and marbling — and to get that information into producers’ marketing channels.”

This is one of those opportunities to be seized. You can tailor a calf-product to your customer’s needs, thereby earning a better shot at premiums and the performance rewards along the way. First, however, you must understand your marketing system and the needs of your customers.

“Documenting the genetics of your cattle is important because it allows you to evaluate your own program, and it may help when you’re marketing the cattle,” says Dan Moser, geneticist at Kansas State University. For example, by telling prospective buyers the EPDs of your calves’ sires, you may be able to glean a higher selling price.

Pay most attention to carcass and performance EPDs of sires and maternal grandsires, Moser suggests, if the information is available.

3. Collect data for feedlot and carcass performance

“This practice lets producers know what their cattle are capable of doing,” says Corah. Since there’s a lot of variability in bulls’ genetic potential in these traits, collecting the data is an important first step in being able to select for consistently high-performing traits and documenting this consistency in a manner that lets you share it with buyers.

Producers who collect this data for the first time are often surprised at the difference in value between the best- and worst-performing calves in a group, says Kramer. “And what they believe to be their best calf visually isn’t always the one that turns out to be the one making the most money in the feedlot,” he explains. “There’s a lot to be learned from this practice that will help producers make genetic changes in their herds.”

The average value difference, for example, between a Select carcass and a Choice carcass is about \$7/cwt., or \$56/head, says Tullis. Increased demand for *Certified Angus Beef*<sup>™</sup> product also has boosted producer premiums for Angus-type cattle in the upper two-thirds of Choice.

Using performance information to improve the genetics of cattle “is going to become more and more important in the next couple of years as the industry strives for consistency and predictability,” Tullis adds. “We have to learn from the dairy industry [where cattle have a long history of being selected according to

performance records]. The Holstein cattle that we feed are often the most predictable performance cattle in our feedlot.”

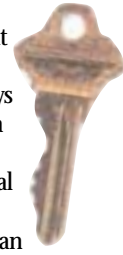
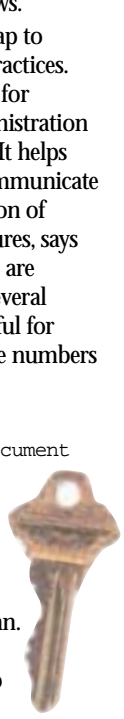
When analyzing and documenting data for feeding and carcass performance, Moser suggests breaking down the information by sire groups and sire and maternal grandsire combinations, if the information is available. “I would hesitate to make a culling decision concerning a cow based on the carcass information from only one or two calves from that cow,” he says. “But when you have information on 20 or more calves from an individual sire, then the averages have much more meaning.”

4. Retain ownership of cattle

Of course, retaining ownership is the best way to capture the value you add through improved practices for managing health and genetics. It’s also a key way to get carcass and performance data on cattle.

Kramer sums up the importance of retaining ownership: “Cattle are worth more to feedlot buyers if they have a track record. And the best way to get a track record — information about average daily gain, cost of gain, feed conversions and carcass data — is [to retain full ownership or] to partner with the company that’s feeding the cattle. For instance, our company shares the carcass data with producers who retain at least a 25% partnership in the calves. It’s getting to be more and more important to be able to tell our customers how cattle will feed and what they can expect in terms of quality grade, yield grade and dressing percentages.”

Retaining at least a portion of ownership in your cattle can also serve to signal buyers that you have confidence in your cattle, says Corah. This might



result in stronger bids.

"It does," says Kramer. "I can go to a buyer and say I've got a guy who has cattle with a track record and willing to retain 50% or 25% ownership. They're a whole lot easier to sell." Irsik & Doll often finds that the customer who starts out at 25% ownership increases his share with a positive experience, Kramer adds.

5. Look for marketing methods that permit sharing of information

Posting information about your calves on a listing service is one means of sharing information with potential buyers. One such service is ARCNet, the Angus Resource Clearinghouse Network. This is a free service sponsored by the American Angus Association for users of



Angus bulls. ARCNet gathers information about feeder cattle and commercial replacement females and posts it on the Association's Web site, [www.angus.org](http://www.angus.org).

"We post information on the genetic makeup of the calves, past feedlot and carcass data from the herd, producers' marketing plans, and information about their vaccination and preconditioning programs," says Bowman.

Marketing Angus-bred calves through an Angus-influence sale is another marketing tool offering a way to communicate with buyers, adds Bowman. "Individual producers as well as local associations sometimes stage such sales," he says. "These auctions serve to assemble in one offering large groups of cattle of like and identifiable genetics. This has been a vehicle for earning premiums for cattle consigned to these sales."



ARCNet is a free service sponsored by the American Angus Association for users of Angus bulls.

In the end, remember that the best way to add value to your calves is to have the information in hand that proves to buyers the degree of predictability for which you've bred and managed your cattle.

Kramer says, "The beef business is changing. There are fewer gamblers in the cattle-feeding business than there used to be. Buyers want to know what type of cattle they're getting." 