

Cash in on Cull Cows

The extra effort may pay off.

by Barb Baylor Anderson

If you don't give much thought to how and when you sell cull cows during the year, you may be overlooking bigger profit opportunities. Beef marketing and management specialists say a sharp pencil, timing and even a little extra effort in researching potential premium markets can increase economic returns from targeted cows.

"Cow-calf producers rely on the sale of cull cows as a significant part of their gross revenue, about 20%. But in most cases they do little to enhance the value of that revenue stream," says Daryl Strohhahn, Extension beef specialist, Iowa Beef Center (IBC) at Iowa State University (ISU), Ames. "The norm seems to be to get every bit out of the cow that you can, and then dispose of her with no thought on how the value of the salvage cow might be improved for added economic gain. But you have options for

marketing at a more opportunistic time and improving the carcass value."

ISU beef specialists are in the midst of evaluating premium cow marketing opportunities in response to plans for the Iowa Quality Beef Supply Cooperative (IQBSC) to enter the premium cow market with American Foods Group, which already has established outlets. Strohhahn says the network will need all types of cows to supply trim for hamburger, but highest prices will be paid for high-quality, white-fat cows with moderate to heavily muscled carcasses and acceptable marbling.

"White-fat cows have characteristics that make them more valuable in today's marketplace for specialty or niche markets," Strohhahn says. "These fed cows generally qualify for some restaurant trade, but a large number of them make it into the export trade channels as well."

Choose cows carefully

The key to earning premiums, Strohhahn's review shows so far, is to be very selective about what type of cows producers place into a white-fat cow-feeding program.

"Cows that best fit this production system are first and foremost sound, healthy and in thin- to moderate body condition," he says. "Overconditioned cows will not gain weight fast and are typically poor feed converters."

Strohhahn encourages producers to evaluate thin cows before placing them in a system, however, because some may be unsound on feet and legs, have internal health problems or parasites, or lack sound mouths. Cows with infectious conditions like lumpy jaw or cancer eye should be avoided.

"Cows for these premium markets will only be on feed for a short period of time, 60 to 90 days, so you want to avoid having to treat cows with antibiotics and putting them into drug withdrawal time jeopardy," Strohhahn says. "But you will need to incorporate implants, ionophores, MGA, high-energy rations and other best management practices (BMPs) to assure that gains and feed efficiency stay within boundaries. Lower cost gains and carcass improvements may come from grazing cornstalks or stockpiled forages, but whether such cows will make white fat is yet unknown."

Although Strohhahn is still penciling the economics of fed-cow market premiums, he suggests interested producers be flexible with marketing plans until more information is gathered. ISU colleague John Lawrence agrees.

"Don't just feed cows for 90 days and hope someone buys them," says Lawrence, an ag economist. "Keep in mind there is risk, especially if you do not produce the white fat desired."



PHOTOS COURTESY OF DARYL STROHHAHN

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Premiums are not guaranteed, so you have to explore all of your opportunities before you get involved."

Investigating options

Exploring opportunities is how Alan Jones, a Labette County, Kan., beef producer, got involved with a project to help producers in southeast Kansas pool cull cows for added-value sales to packers. Jones used a producer grant from the U.S. Department of Agriculture's (USDA's) North Central Region (NCR) Sustainable Agriculture Research and Education (SARE) program to test the theory.

"I think it pays," Jones says of the idea, adding that selling a load of cows directly to packers with lower transportation costs per animal results in higher profits. Prices for pooled cows sold by grade and yield were up to \$5 per hundredweight (cwt.) more than the sale barn.

While the grant period is over and pooled sales have ended for now, Jones says the program works best with a coordinator to set up loads and make phone calls to producers. A central pickup point for cattle also helps.

"It's a good program, and it works," Jones says.

But Twig Marston, Kansas State University (K-State) Research and Extension cow-calf specialist, urges caution. "If you want to pool sales or use premium markets, do what will make the most money," he says. "It can be hard to pool cows when you have a large number of variables. Keep it simple."

As with the Iowa project, Marston says cows sold for pooling or premium markets in other parts of the country must also be in good health and injury-free. He advises producers to follow beef quality assurance (BQA) practices.

"Injections should be given at appropriate sites, and animals should be free of foreign objects such as buckshot and broken needles," he says. "Withdrawal times for vaccines and growth promotants should be observed as well."

Even when cull cows are slated only for the commodity beef market, KC Olson, Extension beef specialist with the University of Missouri (MU), says beef quality should be considered. He stresses that putting weight on the animals is a big part of adding value. Once cows are targeted for the cull market, he advises producers to put pounds on the cows by feeding an 80% concentrate diet.

"When feed prices and market conditions are favorable, it is possible to add significant value to cull cows over a 50- to 90-day feeding period," he says, adding that cows with respectable profit potential are those

Seasonal sales

Even if you choose not to pursue feeding cull cows for premium markets, you can increase the sale price of cows simply by taking advantage of the market's seasonality.

Jim Mintert, Kansas State University (K-State) ag economist, says cow prices paid by packers usually follow a strong seasonal pattern. "By March and April, utility cow prices are typically 4% to 5% above the annual average price. Typically, cow prices rise about 17% from November to February," he says.

John Lawrence, Iowa State University (ISU) ag economist, agrees. "The cow market follows the fed market, and a strong fed market this year bodes well for cull-cow prices," he says. "Cow price movement is generally predictable, and feeding cows through the winter can improve the grade and price level while you put on more pounds. The key to success is that producers who seek such opportunities be observant and entrepreneurial."

that are 100-200 pounds (lb.) underweight at weaning. "They tend to be fairly feed efficient and can sustain a 3-pound-per-day rate of gain for short periods of time."

Once candidates are selected, Marston tells producers to deworm and check for internal and external parasites. He also suggests open cows be implanted with a product designated for females and that a nutrient-dense diet be formulated within the parameters of a safe ration.

"Cows will eat a lot of feed," he says. "Ideally, you need half a percent of body weight of roughage, or between 20%-25% of the diet. You must also balance for proteins, vitamins and minerals, and a feed additive."

Olson adds, "There are many feed choices. You need to do a cost comparison considering both feed prices and market conditions to determine whether it will be profitable to feed cows for live or premium markets."

A nutritionist or county agent can help balance cow rations, Marston says, as long as

you can supply the specialist with feed-ingredient availability and costs.

Finally, these beef management and marketing experts encourage producers to be reasonable in their profit expectations for cull cows. "Right now, the feed market is one of the least favorable in the last five years, and the national herd is still in a liquidation mode," Olson notes. "These factors may have reduced profit potential of cull cows over the last year, but they also may have encouraged some producers to find or create premium markets.

"It is possible to improve quality grade, maturity grade and red meat yield of cows through short-term feeding," Olson continues. "But it is fairly rare to find a market that offers rewards for cow-carcass merit that exceed the live market price. You always have to consider your risks with your possible rewards."



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