

Study Options — Ship Smart

Who is in the driver's seat
when shipping hay?

Story & photos by **Ed Haag**

Record-high fuel costs and a predicted shortage of haulers make shipping hay in 2005 a little like playing the lottery.

If you need hay for your stock this winter and are expecting to have it shipped during the next couple of months, now is not the time to pour yourself another cup of coffee. Considering what the experts are saying about rising fuel prices and the availability of haulers later this fall and winter, it might make sense to assess one's options before committing to shipping in forage.

"The biggest problems we are facing into the new year are dealing with the rising transport costs and finding the trucks to haul the hay," says Don Kieffer, executive director of the National Hay Association (NHA), adding that these factors introduce an element of instability to the market. "It is very difficult to say what your delivered price is going to be," he explains.

He notes that it wasn't too long ago that the going rate was a dollar per hauling mile. Now, haulers regularly charge \$1.70 per mile in well-traveled areas and considerably more into locations that are less likely to generate backhaul opportunities.

"Who knows what is going to be charged in November or December," Kieffer says. "It is anyone's guess."

On the bright side, there is a good supply of excellent feeder hay available.

Throughout the West and into Minnesota, untimely spring rains reduced to feeder-class hay what would normally be high-quality alfalfa hay sold at a premium to dairies or exported overseas. Cody Wright, South Dakota State University Extension beef specialist, speculates that some of the increased hauling expenses might be offset by lower hay prices, but with so many unknowns swirling around,



it makes good sense to sit down and look at all the options.

Consider all other options

Wright emphasizes that to make the best possible decision, all options should be on the table.

"First and foremost, you should be sitting down with a calculator and a piece of paper and determining how much each option is going to cost," he says. "Bringing in hay should be just one option."

He notes that hay is only a bargain when its cost, in real feed value, is lower than what one would pay for comparable products with the same feed value. Wright adds that rained-on dairy hay may seem like a bargain at first, but when the cost of shipping and handling is factored in, it might just be more profitable to select an entirely different option.

"Before bringing in hay from halfway

across the country, one should look at maximizing crop residues close to home," he says. "Corn and bean stubble are tremendous resources that are often overlooked."

He adds that fencing and water availability are the two main challenges to using standing residue.

"An acre of corn residue will feed a cow for about a month," Wright says, adding that grazing off a late stand of grass or alfalfa that was not worth cutting is also an excellent way to optimize your on-the-ground forage resources.

He warns that some forages, such as Sudan grass and sorghum, contain prussic acid. "It is good not to graze it too young and to wait a week after a hard frost before fall or winter grazing," Wright says. "Generally it is safe by then."

Know what you are feeding

He recommends looking at local ag byproducts. These range from soybean hulls, distillers' grains and beet pulp in the Dakotas to grape pomace in California.

"Considering the variability inherent in these products, it is a good idea to run a feed test on each one," Wright says. "That way you know their real value, and you can get the diet balanced accordingly."

Again, because of the variability between byproducts, Wright recommends pricing any alternative feeds on per unit of nutrient delivered on a dry basis.

This also works well when

► Crop residues offer an alternative feed source.



► Shipped feeder hay is only a bargain if it offers the lowest-cost feed value.



comparing the cost of feeding purchased hay with limit-feeding high-energy grains such as corn or barley.

“When managed properly, limit-feeding offers another viable economic alternative to hay,” Wright says.

One option that has been the source of serious exploration in recent years is shipping the cattle to the feed source rather than shipping the feed to the cattle. This strategy first emerged as an alternative to liquidating seed cows during prolonged droughts. Because it also involves the cost of shipping, Wright sees this approach as requiring close scrutiny.

“If some mutually beneficial arrangement can be made between a cattle owner and a cattle feeder who is in an area where feed costs are considerably less, then it can work,” Wright says. “It all boils down to the question of whether or not you trust someone with your cattle.”

When to ship hay

Once an individual has determined that hauling in hay offers the best economic option, then he or she should proceed with the purchase (see “Buy Hay, Not Trouble,” page 130 of the September 2005 *Angus Journal*).

With selecting hay, the best insurance against long-distance misunderstandings is being there personally — to inspect the product and to make sure that what is being loaded is what was purchased. Having hay hauled sight-unseen always increases the risk to the purchaser, says Barry Dunn, executive director of the King Ranch Institute for Ranch Management (KRIRM), Texas A&M University–Kingsville.

“There are a whole lot of tricks around for the hauler who is less than honest,” he says,

adding that they can range from watering the hay before delivery to increase tonnage to hiding moldy bales in the middle of a load.

In addition to outright thievery, long-distant buyers often have to contend with the reliability issue.

“On a ranch, it is important to know when hay is going to be delivered,” he says. “Is it going to arrive when it is supposed to or after Halloween and the first blizzard?”

A matter of trust

Dunn says buying and having hay hauled across the country are not unlike buying seedstock long distance. “The principles are the same,” he says. “It is about the reputation of the person who you are dealing with and whether or not he can be trusted.”

He notes that great Angus breeders are, above all else, trustworthy and ethical. The same should apply to

people shipping your hay. Dunn credits the American Angus Association for establishing a network of reputable breeders. He says similar networks have been established for the sale of hay through brokers, sellers and the NHA.

“These are proving invaluable to those who are both buying and selling hay long distance,” he says. “Recently I have seen several large hay growers and buyers abandon direct sales and go the broker route because they know they are going to be paid.”

Dunn adds that with the value of hay transactions rising incrementally with production and shipping costs, few sellers or buyers can afford to make a mistake.

“Paying 5% or less to a broker to make sure that you receive what you ordered makes a lot of sense,” he says.

Networks available

Raymond Bricker, a grower and broker of hay based in Salem, Ohio, agrees with Dunn’s assessment, adding that a knowledgeable broker regularly generates savings for his clients in excess of the fees he charges. Then, there is the huge matter of accountability.

“When there are thousands of dollars at stake, you’d better know who you are dealing with,” he says. “I can’t believe that some people are dumb enough to send money to a stranger even before they see the hay.”

Bricker’s family has been marketing hay since 1923, and has, in the process, established reliable contacts across the country, some of whom span several generations. He adds that these contacts are invaluable for locating and shipping hay long distance.

“You want to know that what you are

ordering is what will show up at your doorstep,” Bricker says. “If what I send you is misrepresented, then you have the option of sending it back.”

He adds that such a guarantee is only possible because everyone he deals with in his network of associates can be relied upon to be totally professional and consistently forthright. This also applies to the haulers with whom he contracts to deliver his hay.

“All the people we use know how to load a truck to maximum weight capacity,” Bricker says. “That is going to be your cheapest per-ton transportation.”

Like Dunn, Bricker sees a growing number of hay buyers and hay growers turning their long-distance hay purchases and sales over to entities in business to provide that service. Much of the hay he sells now is sold, at the request of the purchaser, through the customer’s local co-op or feed store.

“That gives the buyer the added assurance of knowing that he is dealing directly with someone he knows and trusts,” Bricker says. “It works well for the buyer, and it works well for us.”

Spell it out

Whether you choose to go through a broker or buy your hay privately and hire a hauler separately, it is critical to determine ahead each individual’s obligation in the transaction, Wright says.

“You should address the issue of whether or not you have the right to send it back if the quality isn’t what was represented,” he says. “And, also you need to know beforehand who is responsible for the shipping if that should happen.”

One way to deal with that issue before the hay is shipped hundreds of miles is to find someone you can trust — living close to the potential hay purchase — to recommend a hauler who is both honest and knows his hay. Request that the hauler inspect the hay before loading and report back to you on its condition. If it is not worth loading, reject the hay on-site, and send the hauler a pre-agreed upon “kill fee” for his efforts.

Get your hay now

For those who intend on purchasing hay within the next seven months, Kieffer’s final bit of advice is to tie up both the hay and its transport now. Fuel prices are unlikely to decline much over the long term, and with trucks now being diverted to rebuild the Gulf Coast, the number of trucks available to haul hay is likely to shrink dramatically.

“Unfortunately, for a lot of truckers, hay isn’t their favorite load,” he says. Kieffer adds that like the old saying about making hay, with today’s situation, you’d just better haul it while the sun still shines.

