

# Feeder Cattle Alliances Boost Prices

Marketing alliances offer more to consumer and producer.

by *Emmit Rawls, University of Tennessee*

**C**all them what you like — associations, alliances or some other name. Producers of feeder cattle who are getting together and marketing their calves in truckload or near truckload groups are adding hundreds, and in some cases thousands, of dollars to their incomes.

Going back 50 years, Tennessee beef producers began marketing calves in graded sales conducted much like several we have across the state of Tennessee today. Calves were inspected on the farm by county extension agents. Those qualifying were brought to market, sorted by sex, graded by a state grader, weighed and penned with like cattle. In many cases, producers helped move the cattle through the barn on sale day.

Today beef producers have several opportunities to market their cattle through special sales. While these sales are mostly in Middle and East Tennessee, producers anywhere in the state can organize themselves to market their calves together and thus do a better job of capturing the value they have created. A graded sale simply attempts to put together loads of uniform calves to capture a load lot premium. University of Tennessee (UT) research indicates the premium is about \$4 per hundredweight (cwt.).

In response to buyer request, other graded sales are having one or more preconditioned sales. These sales require the calves be weaned, usually 45 days, and trained to eat dry feed from a bunk and to drink from a water trough. They would also require that calves be castrated, dehorned and double vaccinated for blackleg and respiratory disease using a modified live virus (MLV) vaccine for at least the second shot. Some of these sales require use of brand-specific animal health products, while others allow more flexibility in products used.

The Tennessee Beef Alliance goes so far as to have genetic specifications based on the cow herd and appropriate bulls to arrive at a group of marketable calves that are uniform in performance as well as color. That alliance includes beef producers from Roane

County to Wayne County and gathers the cattle at Cookeville and Columbia. It is managed with assistance from the Tennessee Livestock Producers Inc. Producer Genetics Department.

One of the oldest association/alliance entities is the Smoky Mountain Feeder Calf Association. This multicounty group, the first to electronically identify calves, has hosted preconditioned sales for many years. The dollar impact of its sales has grown as buyers compete heavily for the calves. One thing that is essential for a successful alliance is a cooperative livestock marketing agency. Fortunately, we have several such markets in the state.

The whole purpose behind these special marketing alliances is to produce and present to buyers a product that will perform and make money for them. If they like the cattle, they will be back for more at the next sale. Historically, it is difficult to get beef producers to do anything special or different when cattle prices are high compared to the recent past. In recent years, we have seen producers step up and go to the extra effort preconditioned sales require. Furthermore, the market (i.e., buyers) has rewarded them by paying prices much higher than what the single animals of known color, sex, weight and grade bring at weekly auctions.

The most recently developed alliance is the Appalachian Beef Alliance. It was started by Bill Surber from the Claiborne/Hancock county area. It is a brand-specific sale with a specific preconditioned protocol. In addition, they are giving their heifers Lutalyse to try to eliminate pregnancies. The cattle are assembled and sold at the Jonesville Livestock Market in Lee County, Va., because that is the closest market to the group of producers.

The second week of

December, the alliance sold 931 head, with total added value over the weekly auction prices of \$63,328 based on an analysis by David Bilderback, UT Extension area farm

management specialist. This alliance includes beef producers from Tennessee and Virginia, ignoring state lines. A similar situation exists with the Kentucky-Tennessee Livestock Market at Guthrie, Ky., where very successful mid-summer and late-fall preconditioned sales are hosted with producers from both states participating. Other successful

preconditioned sales have been at Athens, McMinnville and the Hawkins County Cattleman's Association sales hosted in conjunction with the Hodge Network Video sales in Newport.

I challenge producers in these alliances to enlist their neighbors in producing quality cattle, because the greater the number offered for sale, the more interest from buyers. Furthermore, those producers who are not alliance participants, but who are interested in increasing their income, need to gain information from their marketing agency; their county Extension agent; or Wendy Sneed, a marketing specialist at the Tennessee Department of Agriculture. In addition, talk to other producers who have participated in alliance sales before deciding to participate.

With the high prices calves are now bringing, buyers want all the assurance they can get that the calves will live and gain quickly. A load of preconditioned calves can help assure that buyers will be pleased with the outcome and show up for more.



**Editor's Note:** *Emmit Rawls is extension livestock marketing specialist and professor emeritus, Department of Agricultural and Resource Economics, University of Tennessee. This article is reprinted from the Winter 2012 Beef Cattle Time newsletter.*

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