

# Group Marketing Power

Story by  
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Today's beef producers may choose from an array of modern marketing strategies wrapped in different packages. While they wear different labels, each bears a similar list of basic ingredients. Directions for preparation usually call for high-quality genetics and a generous measure of health management. Each source-verified blend of ingredients is preserved with ample documentation. Color and seasoning may vary, but the recipe always targets an end product with added value.

To realize that added value, producers need to know their personal concoction won't exit the oven half-baked. To put it plainly, they need to know how their cattle perform beyond the pasture gate.

For producers with small herds, who customarily market their calves at weaning or shortly thereafter, tracking performance and carcass data can be a daunting task. Through cooperative effort, however, some small-scale producers are finding strength in numbers.

Imogene Latimer, a veterinarian from Monroe City, Mo., has a special interest in beef cattle production and management. Latimer and her husband, Kenny, also maintain a commercial cow herd, albeit a herd of modest size, as is typical in

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— Imogene Latimer



Charlie Vannoy (left), Imogene Latimer and Bob Vannoy (right) are anxious to collect performance and carcass information and to explore marketing options, sharing the risk and opportunity with fellow Premier Beef Marketers. [PHOTOS BY MATT CALDWELL]

northeastern Missouri. And like most of her neighbors and clients, Latimer traditionally marketed calves, never knowing how the cattle performed for the feeder or the packer.

"Just like several of my clients, I wanted to know how the cattle did after weaning. And we wondered if our genetics and management added value that we weren't realizing because, individually, we were small and without much marketing power," Latimer says. "Then we learned about the University of Missouri's (MU) Premier Beef program."

## A guideline

Extension veterinarian Bob Larson told Latimer about a collective marketing concept advocated by the university's Beef Focus Team. A multidisciplinary collaboration including animal and meat scientists, nutritionists, economists, and veterinarians, the team devised guidelines for producers interested in pursuing value-added markets.

Larson says a central-Missouri group of producers piloted the Premier Beef concept in 1998. Instead of selling their small groups of calves individually, about a dozen producers pooled their calves for placement with a local backgrounder, then marketed feeders by the potload. They also arranged for feedback of performance information and carcass data through the feedlot that finished the cattle.

"The Beef Focus Team provides

training to help producers prepare. We are a resource and support team, but the producers have to take responsibility for making their own program work," Larson explains. "We help them with considerations for adopting a health program, selecting a backgrounder and the gathering of history on the cattle. We try to provide tools for managing the data they will gather and turning it into useful information. But it's the producers' program. They decide how to use the information. It sinks or swims on the basis of their decisions."

## Tailoring the concept

The cooperative concept appealed to Latimer and her neighbors, who formed Northeast Missouri (NEMO) Premier Beef Marketers in 1999. The 10 producers liked the idea of pooling calves to create numbers more attractive to feeder-cattle buyers, but members also shared an interest in trying retained ownership.

"At least we were interested in retaining a share of ownership through the finishing phase, so we wanted our version of the Premier Beef concept to offer that marketing option," Latimer adds. "So we modified the university guidelines to make our commingled cattle as attractive as possible to custom-finishing yards that might be prospective feeding partners."

NEMO guidelines addressed production and marketing criteria that members would implement on their individual

**Table 1: Average performance and carcass information of calves by NEMO Premier Beef Marketers**

Pen	Days on feed	ADG	Feed conv.	% Choice & Prime	% YG 1	% YG 2	% YG 3	% YG 4	% CAB®
72 steers	140	4.08	5.50	71	0	5.5	84.6	9.9	19.7
94 steers	160	3.85	5.43	65.5	4	36.1	58.8	1.1	15.3
70 heifers	135	3.61	5.77	71.0	0	19.4	73.9	6.8	29.6

*Note: Feed conversion factors are presented on dry-matter basis.*

farms, including similar genetics, health and husbandry practices.

It was by coincidence that the herds of founding members exhibited Angus influence, but to enhance uniformity and to steady the aim for a high-quality beef target, the group decided that program calves should be at least 50% Angus. Calves must be sired by performance-tested bulls with expected progeny difference (EPD) information for growth traits and carcass traits if possible.

Calves must be ear-tagged to facilitate source verification and gathering of health performance and carcass data, to be fed back to individual producers.

Participants agreed that all calves would be preconditioned according to criteria that exceed the state's beef quality assurance (BQA) program. That means correct administration of mandatory vaccinations, appropriate boosters, and documentation regarding products used, serial numbers of the products and the dates they were administered.

Treatment for internal and external parasites is required, heifers must be certified open, and all calves must be weaned at least three weeks prior to delivery to the backgrounding lot. Calves are expected to weigh within the range of 450 to 650 pounds (lb.).

**The first run**

In fall 1999, with qualifications met



More than 300 head were placed in the charge of third-generation backgrounder **Terrell Lane** from Saint Catherine, Mo.

and scrutiny of the group's screening committee satisfied, the first group of NEMO calves were commingled. Slightly more than 300 head were placed in the charge of third-generation backgrounder Terrell Lane from Saint Catherine, Mo.

For a period of 45-60 days, he administered a nutrition program approved by the NEMO board of directors, targeting gains of about 2¼lb./day. Lane also maintained the mandated paper trail, recording every treatment throughout the growing period. Any animal spending more than seven days in the sick pen was disqualified from the program.

During backgrounding, NEMO members prepared a video presentation, showing the cattle and production information. Distributing the video to lure potential buyers, the group solicited bids, asking that provisions for partnering in retained ownership and retrieval of performance and carcass data be included.

After considering the bids, some of the heavy cattle were sold as feeders, but three pens of cattle were sent to a Hays, Kan., feedyard. Hays Feeders LLC partnered with the group, with NEMO members collectively retaining 25% ownership on two pens of steers and one-third ownership on a set of heifers.

Hays Feeders Assistant Manager Kendall Hopp was impressed with the cattle from the beginning. He doubted that anyone could tell, by looking, that the cattle actually came from several different herds.

"They were really uniform — the kind that we would have liked to own completely, but we were very willing to partner with the group," Hopp says. "A big plus was knowing what the cattle were. They had a history, and their health was exceptional. The quality reflected above-average genetics, and the group had done a great job of sorting. Some of them didn't grade quite as well as hoped for, but overall feedlot performance was good."

Hopp says the cattle sold to U.S. Premium Beef (USPB). Priced on the grid, two pens earned an average per-head premium of \$14.84, while cattle in the third pen earned an average premium of \$13.64.

**Individual experience**

For producer Bob Vannoy, the premium helped make the first-time experience of selling finished cattle a pleasant one. Prior to joining the NEMO group, Vannoy sold calves through an auction market. He likes the opportunity to explore other marketing options while sharing the risk with other group members and their feeding partner. And he was anxious to collect performance and carcass information on his cattle.

"It was a learning experience. We gained insight into marketing alternatives, and I put the performance information and individual carcass data to work right away — using both to influence culling decisions," Vannoy offers.

"My calves were all sire-identified, and we saw some dramatic differences between sire groups. One sire's calves had particularly good gains, and they all graded Choice or better. They all seemed to have their sire's good disposition, too," Vannoy adds. "But we moved a couple of bulls right away. One went because his calves didn't perform quite as well, and another is gone mainly because of disposition. When you put calves in a lot, handle them and put them through a chute, their disposition shows. If it's poor, it can cost you."

**Refreshing team effort**

Regional Extension Livestock Specialist Al Kennett served as the MU liaison to NEMO Premier Beef Marketers. He helped shepherd the group's organization, but he credits NEMO members as capable, cohesive and forward-thinking producers.

"It's a well-organized group. They formed as a limited liability company (LLC), elected a board of directors and developed program guidelines that promote uniformity among members' cattle," Kennett says. "They worked smart to solicit a feeding partner and retrieved individual carcass data. They also converted carcass weights back to live weights to figure average daily gain (ADG) for individual animals. That way, both carcass and feedlot performance could be applied to a generalized sire evaluation. It encourages

members to use bulls backed by performance information.”

Now in its second year, the NEMO group has doubled its membership and commingled about twice as many calves. Kennett anticipates the group will market a potload or two of the heaviest backgrounded feeders. The remainder likely will be placed on feed. Members voted to retain 50% ownership this year.

“They really are a tight group where every member likes working together. Everybody shows up for meetings and to weigh in cattle on commingling days,” Kennett says. “From my standpoint, the really positive thing is how they’ve become a team and the leadership development. There’s also an increasing trust factor that you probably can’t measure, but it does have value. This has to be one of the most positive things I’ve been involved with in 30 years of Extension work.”



*Through a 45- to 60-day backgrounding period, the calves were managed to gain about 2¼ lb./day.*