

Standing Together

Small producers team up for big benefits.

Story & photos by BECKY MILLS

There is no shame in being a small- or mid-size producer. But it is a shame when smaller producers have to take a beating when they buy feed and herd health supplies, then get walloped again when they sell their calves.

"They have no negotiation power, they are stuck with the highest retail costs possible, their supplemental feed costs are high because they have no storage, and they don't necessarily receive a premium for their higher-quality calves," says Les Anderson, University of Kentucky (UK) Extension beef specialist.

That's changing. At least in Kentucky's Washington and Hardin counties. Producers are teaming up to buy minerals, supplements and herd health supplies. In Washington County, the producers are also selling their calves together, while the Hardin County group is fast on their heels with its own group-marketing plan.

"On the front end, the vaccines and minerals save us \$10 to \$12 a head," says Springfield, Ky., producer Jeff Settles. When his Washington County group conducts its fall and spring feeder calf sale, Settles says the picture gets even brighter. "We are easily getting \$3 to \$5 a hundredweight (cwt.), closer to \$5 a hundredweight, over similar calves in weekly sales."

"We save \$5 a bag on minerals, and I buy close to four tons a year," says Vine Grove, Ky., producer Warden Thomas, who is also a member of the Hardin County co-op.

Coordinated effort

The purchasing and marketing co-ops got their start when Anderson, other Kentucky Extension specialists, and county agents teamed up. Using an Integrated Resource Management (IRM) approach, the Extension leaders provided producers with formulations for custom-made mineral mixes and prescription herd health programs. This gave the producers the information they needed to offer specific bid packages to their local vendors.

The specialists didn't stop there. They continue to work with producers on forages and working facilities, as well as on syn-



By participating in a co-op, Vine Grove, Ky., producer Warden Thomas saves \$5 a bag on the four tons of minerals he buys each year.

chronization and artificial insemination (AI) breeding programs designed to give producers uniform packages of growthy, healthy, quality calves to sell in their feeder calf sales.

However, in 1996, after participating in a number of the information-gathering sessions, Jeff Settles said, "Practice time is over. It's game time."

With help from his county agent, Rick Greenwell, he made a list of needed products and sent bid packages to local vendors and to specialized vendors in other parts of the state.

While low price was a strong consideration, it was by no means the only one. "You realize not all products are created equal," Greenwell says. "We wanted quality products at the lowest price. That is value."

Currently, around six or seven vendors supply the Washington County group with minerals, feed and herd health supplies.

At the same time, they set dates for their sales and settled on sale requirements. While they were flexible on the products in the bid packages, the flexibility ended when they set the sale specifications.

Tough standards

"There are no options there," Settles states.

"If they are going to have a tag with Washington County on it, they have to ad-

here to the standards," Greenwell says.

John Anderson, Mississippi State University (MSU) ag economist, says the Washington County group is making the right move by sticking to its standards.

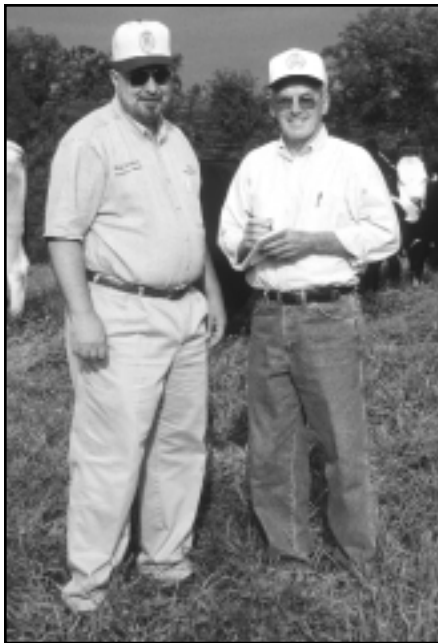
"A sale is only as good as its reputation," he emphasizes. "If a buyer has a health wreck with a load of steers, or two or three heifers slip a calf in the feedlot, that will really hurt the sale."

To earn the tag in Washington County, the calves have to be weaned a minimum of 30 days, be owned by the producer for 90 days, dewormed, and vaccinated and boosted for blackleg, leptospirosis, *Haemophilus somnus*, infectious bovine rhinotracheitis (IBR), parainfluenza-3 virus (PI₃), bovine respiratory syncytial virus (BRSV), and bovine viral diarrhea (BVD). They also have to be castrated, dehorned if necessary, and healed, as well as trained to eat from a bunk and drink from a trough.

Currently, calves are grouped and sold by producer, but Settles says they hope to work up to a commingled sale so they can sort calves by type, weight and sex.

The group sales are another step in the right direction. Mississippi State's Anderson explains. "Typically, group sales return \$5 to \$7 a hundredweight, generally \$5 a hundredweight, over normal auction market prices during a given week."

"It is a lot easier for buyers to go to a



Hardin County, Ky., Extension agent Doug Shepherd (left) and Warden Thomas use an IRM approach to maximize the profit from Thomas's operation.

"The advantage of the purchasing program is it gives the guy with 10 cows the buying power of 6,000."
— *Gay Muse*



Washington County, Ky., Extension agent Rick Greenwell (left) and producer Jeff Settles work as a team in the purchasing and marketing co-op.

group sale and buy a load lot at a time, rather than go to three or four auctions in a week and buy one head at a time," he adds.

Between the purchasing program and the sales, Kentucky's Les Anderson says 30 producers with 1,700 cows are benefiting from the Washington co-op. University economists figure the producers are decreasing production costs around \$45/cow and increasing net returns by \$28/cow.

Settles and Greenwell still say the minerals get star billing.

"If there is one thing that has had the most dramatic effect on the whole group, it is the ability to buy a very good mineral," Settles says. "Cows breed in a tighter time frame, and they have fewer retained placentas. There has been a tremendous reduction in pinkeye."

Greenwell adds, "We've had people take their cows off the mineral and regret it. They get hit with pinkeye."

Not alone

The savings and benefits of buying a quality mineral as a group have come home to more than the Kentucky folks. In 1994, a handful of producers near Buckingham Courthouse, Va., started buying a custom-formulated mineral. Now, more than 130 producers go in together to buy two tractor-trailer loads three times a year.

"That is the biggest drawing card we have," says New Canton, Va., cattleman Lyn Jones. "We are saving half — it is less than \$6 a bag."

The mineral-purchasing program led to a co-op marketing program for the Virginia producers. Between 1,100 to 1,200 feeder calves go through their annual August sale. Of the producers who participate, Jones says around 15 synchronize and AI their heifers and cows to the same Angus bull so they can sell uniform, top-quality calves.

Back in Kentucky, Washington County's mineral-purchasing program got the attention of the producers in Hardin County. Under the leadership of Warden Thomas and Rineyville producer Gay Muse, the Hardin County group started by joining in the Washington County co-op's mineral-purchasing program. Next, they submitted bids to their local vendors. Now, in their third year, 109 producers representing 6,970 cows purchase minerals, feed and herd health supplies as a group.

"The advantage of the purchasing program is it gives the guy with 10 cows the buying power of 6,000," Muse comments. "Most producers do not have control over the price they receive when they sell their calves, but they do have control over what they buy and where they buy it. That savings can put a little more money in their pocket."

Once again, the custom-formulated minerals are the star of the program. Hardin County Extension agent Doug Shepherd says, "We have purchased over 44 tons at a savings of over \$10,000."

Not that the herd health savings are ignored. "On the health supplies, only 37 producers purchased them, but the savings were \$2,500," Shepherd reports. These savings are even more impressive considering that the Hardin County producers, like the Washington County group, stress the quality of the products and not just the lowest price.

Part of these producers are also following Thomas and Muse's lead and synchronizing their cows and heifers and breeding them by AI and natural service to top-quality Angus and Simmental bulls. "We're moving toward a similar breeding and calving season with the hope of being able to market like groups of calves," Muse explains.

He says they are also organizing a Kentucky Certified Preconditioned for Health (CPH) sale for January 2002 for five counties. "We're trying to solicit cattle with similar health programs," he explains. "They will be graded by state graders."

At least 800 head of heifers, guaranteed open, will sell on one day and a minimum of 1,000 head of steers will sell the following week.

Like the Washington County alliance, requirements for the sale are strict, but joining the Hardin co-op couldn't be easier. There is no fee — any producer can join — and all Muse and Thomas ask is that the producers go by the county Extension office and provide basic information on their herds.

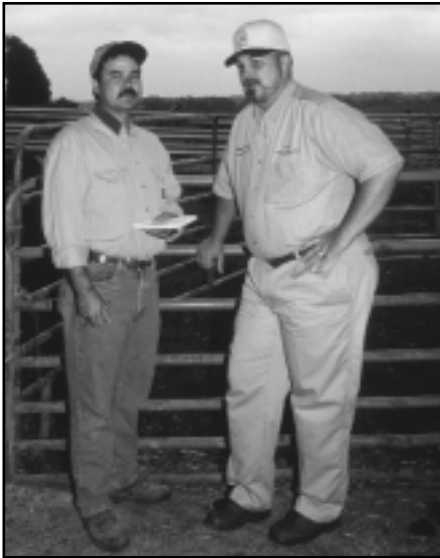
For the producer-leaders, the bid soliciting process can get dicey. "We took a lot of grief over it," says Muse. "But it is all volunteer. Nobody is forcing anybody to participate."

He adds, "I like the fact that local vendors got the bids on these things. We had a vendor tell us there were producers coming in to buy items from the bid program that had never been in their store before."

In Washington County, Greenwell says, "Some vendors resisted it. They saw it as a threat to their business. They made some pretty strong accusations. But I tell them they can't make money off a broke farmer. It is in their best interest to keep them in business."

Education process

Settles maintains, "Even though there was a lot of resistance to our bidding, a few vendors have been educated along with the producers. It has brought awareness that beef is a major enterprise."



Hardin County, Ky., producer Gay Muse (left) and Extension agent Doug Shepherd are working to tighten the breeding season on Muse's operation.

As for the education process, he says, "Disregard the financial benefits. Every one of us has been educated. The knowledge has been tremendous."

On his own 95-cow Angus-based operation, the IRM meetings convinced him to start using pelvic measurements as a selection tool for his heifers. Since he was already breeding heifers by AI to calving-ease bulls, that practice has practically eliminated calving problems.

In Hardin County, Thomas and Muse say the dollar savings is just part of the motive. Thomas says, "I guess we're pioneers. We want to improve the quality of cattle in Hardin County."

Muse explains, "Our goal is to improve the herd health in people's operations by offering a savings in herd health products. Kentucky cattle have a reputation for health problems in the feedlot. One reason producers say they don't have a health program

is because of the cost. We are trying to make it more affordable.

"Hopefully we'll improve the reputation of the cattle and encourage order buyers to buy in this area," he adds.

