



THE COST OF GETTING A PREMIUM

Does a verification program pencil out for your operation?

Story & photo by Miranda Reiman, senior associate editor

Ginette Gottswiller gets a lot of questions from individual cow-calf producers about which verification programs make sense for them. Before the American Angus Association's director of verification services answers, she asks a few questions of her own.

1. Where are you marketing?

Not all auction markets are approved for all programs. For example, to sell as non-hormone treated cattle (NHTC) they have to be approved by a third-party verification. Global Animal Partnership (GAP) cattle are only sold on video auction or board sales, where cattle are picked up directly from the ranch.

"If their marketing location doesn't facilitate the program they're looking at, well, that makes it a really easy choice," Gottswiller says.

Certain programs allow a rancher to participate in special sales, and that might be worth looking into, she says.

2. Who are your sires? If 100% of the calves are sired by registered and transferred Angus bulls, that opens up Genetic Merit Scorecard® (GMS) values and AngusVerified for free. If they're not, some programs are still available, but at an additional cost.

3. Have you purchased any cattle? "Cattle in our program need to be born on

your operation. Purchased cattle don't fit into the program," she says. Cattlemen must have the ability to track and sort off those that aren't home-raised, she notes.

Crunch the numbers

Once those big questions are answered, it's time to do some math.

"It doesn't guarantee you're getting a premium," Gottswiller notes, but it is a good place to start estimating the cost-value relationship.

The minimum point of entry for AngusLinkSM is the cost of the ear tags for the base source-and-age (ASV) program. That ranges from \$3.50 each for fewer than 100 ear tags to \$3 per tag for 500 or more. It goes up from there to add claims like Cattle Care and Handling; NHTC; or verified natural, known as NeverEver3 (NE3) — all the way up to \$2,300 plus audit travel expenses for a bundle that includes NHTC, NE3 and GAP certification.

"It doesn't matter how many head you have to enroll, AngusLink can accommodate any size, but some of the claims, like the NHTC, NE3 and GAP bundle are priced for the enrollment group. The more calves, the more cost-efficient it is," Gottswiller says.

Data collected from nearly 47,000 head sold during 2021 summer video sales shows an average of

Continued on page 96

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\$13.01 per hundredweight (cwt.) across all AngusLink verification programs, but there's a range (see Table 1).

A producer could figure just \$0.55 per cwt. for a general ASV premium, but adding AngusVerified and GMS to that increases the average premium to \$8.08 per cwt. At \$3-\$3.50 per tag, that would be around \$4.50-\$5 per cwt. net added revenue to the cattleman.

Doubling up options

Fred Saunders, Northern Livestock Auction representative from Grass Range, Mont., says if a producer enrolls in a natural program, they should consider doing it in tandem with NHTC.

"It gives the feeder another avenue," Saunders says. "If your cattle go to the feedlot, and they have to doctor one of them, he's out of the program. He is gone. But if we go ahead and do the NHTC along with it, then he's still in that program."

The elite

On the highest end of the cost spectrum is GAP. That \$2,300, plus an estimate of travel costs based on where the ranch is located, would need to be divided across the number of calves to get a ballpark figure on the per-head cost. Then compare that to the average of \$18.11 per cwt. premium garnered last summer to figure cost vs. value.

In some cases, GAP cattle are being purchased by feeders who don't keep up the certification once they hit the yard. One of Saunders' customers is considering dropping the program because of a repeat buyer in that very scenario.

Saunders has advised the rancher, "[The feeder] pays a premium because the GAP people and the Angus people are there bidding against him. We can skip it a year, and you'll see that you're going to lose some bidding."

Sometimes the key to getting the



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highest price is one or two more people in competition.

Value your time

Deciding what program is the right fit is not all about a straight calculation of dollars and cents.

"What's your reputation? Is this

to put a couple of ranchers together, which is hard to do, because you want them to be on the same page. And the cattle have to be treated the same," Saunders says.

If producers with smaller herds coordinate on things like health

extent that we want them to be," Saunders says. "I'll sit down with them, go through their books and show them. And I tell them, 'If you have any questions, call me. I'll help you with whatever.'"

With the extreme regional drought and generational ranch transitions, participation in verification programs has been a bit of a roller coaster, Saunders says, but he sees them as only growing in the future.

"I think we all need to be on a program, but the other thing we have to remember is there's a lot of different herds of cattle out here in this world, and a lot of different breeds, and that's hard," Saunders says. "There's no use selling a program to somebody who's got less-than-desirable cattle, because all that's going to do is make a feeder mad."

In other words, first make sure your cattle deserve a premium. Then go out and get the paperwork to make it happen.

Gottswiller adds, "There is a premium price associated with this product that you're selling. For a premium product, that means you have to do more than the average Joe." |

Table 1: Premiums earned by AngusLink value-added programs during summer 2021 video sales, \$ per cwt.

\$13.01-per-cwt. average premium for all programs

Claim	Base premium	With GMS
ASV +VAC	\$0.55	\$8.08
NHTC	\$8.24	\$13.18
NHTC/NE3	\$11.55	\$16.38
GAP Bundle	\$13.35	\$18.11

the first time you've sold on the video sale? There may be buyers who don't know those cattle, and it's still a reputation business at the end of the day," Gottswiller says.

Saunders works his relationships to market cattle for his customers.

"You have to become a partner with the ranch," he notes.

Still, reputation usually doesn't trump having a decent-sized marketing group.

"In fact, I try to get everybody into semi-load lots, even if I have

programs, genetics and calving dates, it allows them some power in numbers.

"It's pretty hard to roll six head through and think you're going to get a premium," Gottswiller says.

There's also the labor consideration. If you give up implanting for an NHTC program, could that saved chuteside time be devoted to recordkeeping?

"The biggest obstacle I run into is their paperwork. Most ranchers keep pretty good records, calving books and stuff, but not to the