

# ADD VALUE TO CALVES

At least \$100 per head awaits efforts to rise above the commodity average.

by Brianna Gwartz, Certified Angus Beef LLC

**V**alue” in feeder-calf marketing is a relative term. All calves have some. The trick is to capture your share, said Paul Dykstra at the virtual 2020 Feeding Quality Forum.

The *Certified Angus Beef*® (CAB®) brand’s assistant director for supply management and analysis summarized the key concept.

“Think about where my customer makes the most money,” he said, noting that the customer changes through the supply chain from feeder to packer to consumer. “If we can pursue that end point, I think we’re off to a great start in our marketing program.”

### Desirable traits

Feedyard managers agree on general traits of desirable calves: They stay healthy, convert feed

efficiently and hang a high-quality carcass.

So how do producers ensure their calves are desirable? After genetics, management decisions play a big part. Whether to wean before selling is one of the biggest.

“The feedyards I consulted with are definitely less excited about feeding a freshly weaned calf than they’ve ever been,” Dykstra said. “Certainly owning those calves through the weaning period has some risks — but our customers are telling us the weaned calf that’s ready to go on feed is the preferred product.”

CattleFax data for 2019 showed a \$98-per-head average price boost for calves weaned 45 days or longer, compared to unweaned.

Those extra days take feed resources, he said, but also add weight to the calf crop at sale time.

“I’m not going to suggest that this kind of management works for everyone, but this is the reality of the numbers,” Dykstra said.

A calf’s potential for premium grades also drives demand. Now that 82% of fed cattle grade Choice or Prime, and as quality keeps rising, so do packer and consumer expectations.

That’s why the likelihood of quality-focused premiums, such as those for the CAB brand, can still add dollars to your check. CAB acceptance rates have doubled in the last decade to more than 35%

for Angus-type fed cattle, with rewards only growing (see Fig. 1, page 124).

“We’ve seen increases in the *Certified Angus Beef* premium paid on grids by packers to feedyards for qualifying carcasses,” Dykstra said. “More supply has not necessarily meant fewer dollars.”

### Value starts with genetics

“In an up market, the best cattle do exceptionally well. In a down market, the best cattle might keep our head above water and above a breakeven,” he said. “So let’s look at genetics from a risk-management perspective.”

Enrolling calves in value-added programs is a proven way to do just that, with examples like AngusLink<sup>SM</sup>, documented health or naturally raised — all designed to verify decisions made on the ranch.

“We want to get involved in the items that bring back a premium,” Dykstra said, calling such

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programs “pretty essential.”

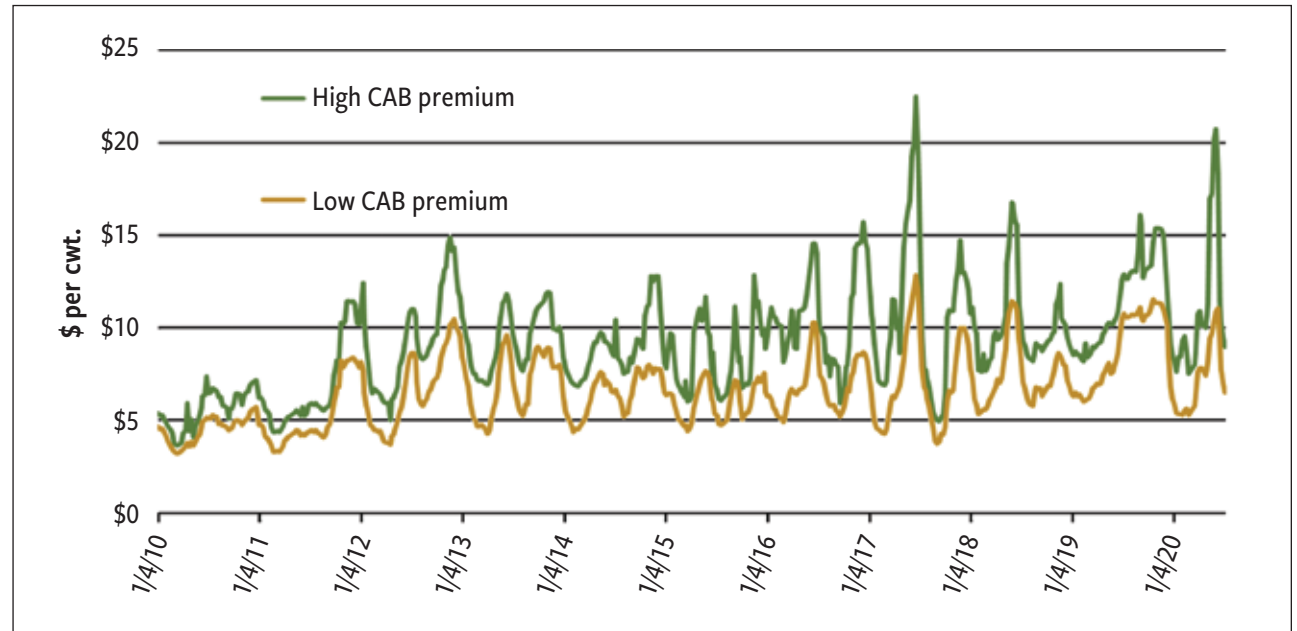
Build a résumé for your calves and send it on to feeders or share on social media to use modern-day marketing tools, he suggested. The internet is a cost-effective and often free way to personalize marketing with photos and information. Feeding and carcass data, Beef Quality Assurance (BQA) certification, and details on genetics can set calves apart.

Even with everything else in place, it’s important to consider seasonal price movements.

“There are times of the year that are best not to sell, and times of the year that reward us the most,” Dykstra said. Historical price patterns show significant increases for fed steers in the April-to-May time frame. “If we make decisions that target that a little bit better, perhaps we manage cattle during a different season.”

Finally, Dykstra urged building personal contacts and relationships.

**Fig.1: CAB® grid premiums over base price**



SOURCE: Adapted from USDA LMLCT169.

“When we’ve got several thousand cattle for sale on a given day, it’s really hard to stand out,” he said. It helps when relationships result in buyers who know the management and bred-in attributes. “I always appreciate

when I get personal contact from people, and I think your customer base may also appreciate that kind of contact.”

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Editor’s note: Brianna Gwartz is a marketing specialist for Certified Angus Beef LLC.