

Don't hope; position yourself to expect a better price



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“You don’t shoot a basketball hoping it will go in,” my mom coached. “You shoot a basketball expecting it to go in.”

The vehemence with which she said it 20 years ago made more of an impression on Todd and I than the one she was coaching. Unfortunately, the next shot was just as half-hearted and yielded similar results.

Obviously, basketball meant a little more to Mom than to her pupil. More into baseball than her sport, he lacked the incentive to work on his shooting technique.

The same could be said for marketing feeder calves. Some cow-calf producers put a great deal of time and effort into designing the genetic package that will attract a feeder, managing those calves to be ready for their next home, and putting them on display in a venue that will get some competitive bidding. Others prioritize other areas of their business. When it comes to feeder calves, they may load ’em up and take ’em to town when it’s time to pay the fertilizer bill or free up the pen space.

Motive to improve

In this era of increasing production costs and ever-changing market dynamics, priorities may be changing.

The incentive is simple: dollars and cents are on the line. Let’s say we’re raising 500-pound (lb.) calves. A 10¢-per-lb. difference in the price at which you sell those calves can rack up \$50 per calf. If you are selling 40 calves, that’s an additional \$2,000.

A lot of factors weigh in to the price you receive for your calves, and this year’s *Feeder-Calf Marketing Guide* provides a resource to help you understand and leverage those factors. Many — drought, fire, war in another country, for example — are out of your control. You may not be able to

change where the industry is in the cattle cycle, but with an understanding of the cycle, you can predict its curve and manage your way toward selling at a higher price point. Others, like verification of management practices and working with a feedlot to establish a performance history, may require a little time, effort and expense. Yet it can pay.

Troy Marshall, director of commercial industry relations for the American Angus Association, points to documented AngusLinkSM premiums of 8¢ per pound for simple source and age verification combined with a Genetic Merit Scorecard[®] (GMS) to 18¢ per pound for calves with the Global Animal Partnership (GAP) bundle and a scorecard. In her “The Link” column in the *Angus Beef Bulletin* and the *Angus Beef Bulletin EXTRA*, Ginette Gottswiller, director of verification services, regularly points out the return on investment for enrolling in verification services.

While you might not be able to control what the average price for feeder-cattle is, you have a measure of control for whether you are going to be at that average, above or below. A 10¢ advantage on 40 500-lb. calves nets \$2,000 whether the base price is \$1.30 or \$2.10.

Closing thoughts

Of course, expecting to make a basket encompasses more than the moment of the shot. That confidence is gained from practice, learning where on the court you can take your high-percentage shot; learning to shoot over, under or around a defender; practicing your timing; practicing your ball-handling skills; passing with intent; shooting with intent — creating the muscle memory that gives you the expectation of making the basket.

Set a goal of increasing your premium (where you fall relative to the average market price) by 10¢ per pound. We hope this issue gives you some ideas as to how you might accomplish that. Of course, our Commercial Programs team will be more than happy to help. |

500 lb. calf x \$1.90 = \$950

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500 lb. calf x \$1.70 = \$850