

# ANGUS

## BEEF BULLETIN®

"The Commercial Cattleman's Angus Connection"

Volume 30, Number 3 • March 2013



# Cooperating for Profit



**Five Michigan producers use age- and source-verification to gain profits.**

by **SARA SNIDER**

*Photos courtesy of sources*

With an average herd size of 40, most U.S. producers aren't able to offer the load lots that command top dollar. Yet, at the West Branch Auction Market, repeat buyers show up every fall to purchase high-quality cattle from herds of that size. For the West Branch Feeder Calf Association, a producer-owned marketing cooperative, 2012 marked the 68th annual feeder-calf sale.

"The greatest opportunity for a small producer to add value is to appear like a big producer," says Dan Buskirk, associate professor and extension

specialist at Michigan State University. "Ultimately, feedlots are interested in assembling cattle with similar known history and information. Small producers can add value by creating reputation cattle that have been raised under similar health and management protocols, then cooperatively marketing."

West Branch Auction Market set the stage as the perfect opportunity to capitalize on those moneymaking suggestions. With 30 producers consigning more than 700 head, every calf that walked through the ring had received two rounds of vaccinations and had been weaned at least 30 days. That's something the buyers have come to expect at West Branch. Last fall those

buyers had something new to bid on — more than 250 head of age- and source-verified (ASV) calves.

### Adding profit

"Buyers have confidence in the cattle sold at West Branch," says Chuck Preston, a registered Angus breeder and co-op member from Prescott, Mich. "Our state tends to be about 10¢ below the national market," explains Preston, "but the steer calves sold last fall averaged close to \$950. It was a very strong sale."

Contributing to that sale average were ASV calves from Preston and four other consignors. Like all co-op members, each operation's calves sold as their own group within their respective weight class. Looking at the sale results, these producers estimate they took home an additional \$10,000 over the market

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**Above:** "Ultimately, feedlots are interested in assembling cattle with similar known history and information," says Dan Buskirk, associate professor and extension specialist at Michigan State University. "Small producers can add value by creating reputation cattle that have been raised under similar health and management protocols, then cooperatively marketing."

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## Cooperating for Profit *(from cover)*

that day. They attribute that in part to their enrollment in the American Angus Association's ASV program.

For Marty Galbraith, enrolling his calves clearly paid off. "My 550-weight pen of steers sold for 6¢ or 7¢ over market," says Galbraith. "That's an extra \$33 per head."

A fourth-generation producer from Mio, Mich., with a 250-head Angus-based cow herd, Galbraith Farms sells an occasional replacement female, but the primary focus is on marketing feeder calves. Enrolling in the program was an easy way to add value.

Like all Michigan producers, Galbraith's calves are tagged with an electronic identification (eID) tag prior to leaving the farm. This mandatory identification is part of the state's bovine tuberculosis eradication program.

"We were tagging the calves anyway," says Galbraith. As part of his herd management program, the calves get their eID tags at birth — and birth dates, weights and comments on the calving are recorded. Having a recordkeeping system in place made it easy when it came time to enroll.

"It was as simple as filling out a few forms, submitting our records and doing a short phone interview," says Galbraith. Because the operation uses both purebred and crossbred Angus bulls, Galbraith's calves didn't qualify for AngusSource®, which requires that all calves be sired by a registered-Angus bull. The Gateway program, which has no genetic requirements, was a perfect fit. Calves were tagged with the visual Gateway tag prior to heading for West Branch.

### Advantage of cooperation

"I'm always looking for something to give the buyer one more reason to bid on my calves," says Daryn Bernard, a commercial producer who has 40 cows in Whittemore, Mich. Gateway was that reason in 2012. One generation removed from production agriculture, Bernard joined the West Branch Co-op for the profit, but also because of the producers who are involved.

"The group at West Branch are a good bunch of guys," says Bernard. "They all share an interest in producing quality cattle and are a great group to be around."

The way that West Branch is structured makes it easy for members to reap the rewards of working together. For \$10, a producer can become a lifetime member. New members are voted in by a majority vote of those in attendance at one of the two meetings hosted each year. Usually an existing member is familiar with cattle that are raised by the producers wishing to join.

Members pay 1.5% commission on the calves they sell. In addition, there is a \$1-per-head consignment fee and \$1-per-head that is collected for the beef checkoff. Those fees cover the cost of the auctioneer, the printing of the sale book and advertising. All labor to maintain the facility and operate the auction is done by members and volunteers.

For Bernard, whose ASV calves sold near the top of the market, enrolling in Gateway was as easy as making the decision to join the co-op.

"It was a no-brainer. I was already doing everything I needed to," says Bernard. "I had all the records,



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"The greatest opportunity for a small producer to add value is to appear like a big producer," says Dan Buskirk, associate professor and extension specialist at Michigan State University.

and everyone at the association was very helpful, the enrollment went very smooth and gave my cattle an edge."

The only producer to enroll his calves in the AngusSource program, American Angus Association member Jim Redmond operates a registered-Angus herd near Bentley, Mich. Although he says he didn't see any difference between the AngusSource and Gateway calves, he saw a definite advantage to having his calves verified.

"Depending on the weight, there was anywhere from a 2¢ to a 5¢ spread between the verified and non-verified calves," says Redmond.

Redmond says he will continue to enroll his calves.

"Consumers want more information," he explains.

"Programs like AngusSource and Gateway are another entity actually keeping track of those records. It's more than just the producer, so that offers validity."

Buskirk echoes that thought: "To date, demand for ASV calves has been driven by the beef export market. I believe that more domestic demand for ASV will begin to emerge. Traceability information will be more sought after and valued."

Ryan Schaedig has other auction markets closer to his home in Rogers City, Mich., but none that offer him the marketing opportunities and the profits he has found at West Branch. Last year Schaedig sold 19 head of Gateway-enrolled calves. Thirteen steer calves averaged about \$1.68 per lb. "My dad never got that before,"

*(Continued on page 6)*



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“Consumers want more information,” Jim Redmond explains.

“Programs like AngusSource and Gateway are another entity actually keeping track of those records. It’s more than just the producer, so that offers validity.”



## Cooperating for Profit *(from page 2)*

says Schaedig, a third-generation cattle producer.

### The same view

All five of these producers have vastly different operations, yet they share the same views on three things. First, they agree West Branch is an outstanding opportunity for smaller producers to come together and attract buyers by offering a large number of reputation cattle backed by a vaccination program.

One of the many benefits of co-op membership is the ability to purchase

vaccines at a discounted rate. The co-op purchases the vaccines from Animal Health International, and because of the larger volume, is able to get lower prices.

The second thing these producers share is their focus on quality. All agree that in order to be successful, every producer, regardless of size, has to make an investment in genetics. Keeping records, and using information and technology to make improvements are all keys to producer success.

Third, they agree that age- and source-verifying their calves paid off. This is

## Want record profits? Keep records.

Without records producers won’t have an opportunity to market age- and source-verified (ASV) calves. Although how to keep the records is a decision each producer must make, one thing is clear: The information must be kept.

“Producers often get scared of the record requirements,” says Ginette Kurtz, AngusSource® program manager. “What they need to realize is that most operations are already doing everything required to qualify for the program. They just need to make sure they are writing it down.”

To get started, all calves must be enrolled by the ranch of origin. That is how the source is verified.

The Association’s programs verify group age, which means all calves enrolled together will share the birth date of the first calf born. This is where the records come in.

Most of the Michigan producers who enrolled had a simple system involving a calendar, oftentimes provided from their local implement dealer.

“It can be as easy as that,” explains Kurtz. “There’s no need to keep spread-

sheets or a bunch of individual data unless that is something you can use to make management decisions. For our program, we just need to know when the first calf was born.” How producers keep those records is up to them.

To make recordkeeping easier each year, the Association gives away Beef Record Service (BRS)/AngusSource black books. “The pocket-size record book provides a place for producers to record all the information needed for their enrollment,” Kurtz says. Producers can request a free copy by contacting the Association.

Producers who don’t keep individual calving records are required to have defined calving seasons. That can be as simple as providing bull turnout and removal dates, or a date of the last calf born.

Producers wishing to enroll in the AngusSource program have one more hoop to jump through. Because this unique program takes verification a step further and includes a genetic component, registration numbers for natural-service sires and semen receipts for AI sires must also be provided.

supported by the check each received following the sale and by a survey conducted with the buyers that frequent the West Branch Auction Market. Forty-three percent said they were willing to pay between 5¢ and 15¢ per lb. more for ASV calves.

“We expect to see more producers enrolling their calves this year,” says Preston. A longtime member of the Michigan Angus Association (MAA), helping commercial customers market their calves through AngusSource and Gateway has been a focus of the state association for the past several years. With the success in 2012 and the

promotion done by the MAA, it's expected that a dozen or so producers will market ASV calves in the 69th sale this fall.

“As more verified cattle are available at the sale, we'll attract more buyers,” says Redmond. With a progressive market like West Branch and a membership with a growing interest in exploring value-added programs, the opportunity for profit has never been greater. **A**



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“AngusSource calves have to be sired by a registered, properly transferred Angus bull,” Kurtz says. “In addition to the source and age, we guarantee buyers that every calf wearing an AngusSource tag is a minimum of 50% Angus genetics.”

The enrollment fee is \$50 per group, plus the cost of the ear tags. Producers can choose from a standard visual, electronic ID (eID) or Choice-set, which includes a visual and eID tag. Calves must be tagged prior to leaving the ranch of origin.

Most verification programs stop there, but this is where AngusSource and Gateway really go to work. Producers have the opportunity to turn additional health and management records into more dollars at sale time by completing a marketing document. The verification certificate issued by the Association can be turned into a marketing tool by adding vaccination, weaning and past-group-performance information. This document is then posted online and emailed out to more than 600 potential buyers. Producers can also print the document to distribute at their local auction market.

All five Michigan producers spoke highly of the staff at the Association and were pleased with how easy it was to complete their enrollment.

“We're here to help every step of the way,” Kurtz says. “If producers have questions, are ready to enroll or want assistance with their marketing document, we're just a phone call away.”

For more information on AngusSource and Gateway, visit [www.angussource.com](http://www.angussource.com) or call 816-383-5100.