

The Source **You're a businessman, plain and simple.**

by **SARA SNIDER**,
director of AngusSource®,
American Angus
Association



Although we all have a love for livestock and the lifestyle being involved in agriculture allows us to live, it is a business. Everything from land purchases to breeding decisions are made with the end result in mind — how it affects your bottom line.

As we approach the holidays, not only does the AngusSource® staff look forward to Thanksgiving dinner and Christmas with family, we eagerly anticipate “the data.” Each year our friends at Pfizer conduct an analysis of the Superior Livestock Auction data. They drill down

to break out those things that made calves worth more money. One of the things they look at is source and age verification. When that e-mail hit my in-box, I opened it with as much enthusiasm as any present under the Christmas tree. Unlike the socks I received this year, what I found inside didn't disappoint!

Here's what I found inside that e-mail: Enrollment in a verification program made producers money. Enrollment in AngusSource made them more.

Every day the staff of the American Angus Association comes to work for you. We are here to provide programs and services that can make our members and their customers more profitable and better equipped to compete in the cattle industry. Those of us who work in the AngusSource Department know we are giving producers access to new markets and the opportunity to add value and receive more for their calves. But, it is always nice to see it in black and white, dollars and cents and from a third-party.

An Angus advantage

This year the data included information on the eight video sales conducted between June and September of 2010. While there are many other factors that affect the value of the calves being sold, this analysis was able to isolate the value of “verification.” In other words, the additional dollars paid for calves enrolled in a source- and age-verification program.

The results are simple. Verified calves were worth more. Calves enrolled in a source- and age-verification program (other than AngusSource) brought \$1.67 per hundredweight (cwt.) more than non-verified calves. Calves enrolled in AngusSource brought an additional 91¢ per cwt. more than other verification programs — we'll call that the Angus advantage. That means calves enrolled in AngusSource garnered \$2.58 per cwt. more than non-verified calves.

If we look at the average enrollment for fiscal year 2010, it was 164 head. If the producer purchased visual ear tags and enrolled in the AngusSource program, total investment to enroll was \$214. If they sold 600-pound (lb.) calves, each calf was worth an additional \$15.48. This means their paycheck was \$2,538.72 more because the calves were AngusSource.

The same producer, had they enrolled in Gateway, would have paid \$378 to enroll the 164 head and would have brought home an additional \$1,643.28. Although AngusSource would have made him more money, that is still a great return on investment!

A growing number of producers are adding value to their calves by enrolling in a source- and age-verification program. In the 2008 data set, only 33% of the lots were verified. In 2009 that number rose to 47%. This year, 50% of the lots were enrolled in a source- and age-verification program. Our own AngusSource enrollments were up 14.3% in fiscal year (FY) 2010, and Gateway continues to grow.

If you haven't enrolled, what are you waiting for? A guarantee that you will make more money? We can't give you that. After five years of operating this program, the No. 1 question we still get from new producers is, "Will I make more money?" Based on the data we have seen from the last three years of analysis, our answer is, "Yes, you can!"

Enhance the opportunity

Enrolling your calves in a source- and age-verification program gives you the opportunity to receive additional dollars for your calves. Notice I said opportunity, not guarantee. Not every producer will see the same results. The number of calves you have to market can have a large impact on what a buyer is willing to pay.

Genetics, health and uniformity of the calves also affect the price. But, if you have quality calves, a good preconditioning program and you market those calves through a progressive auction that helps promote these things, you should receive additional dollars if they are enrolled in AngusSource or Gateway.

If you are a producer who is finishing AngusSource or Gateway calves, the good news gets better. Packers are still paying age-verification premiums for calves that qualify for the Japanese export market. While the price some packers are willing to pay varies from month to month, there are still those that guarantee as much as \$35 per head. Those same 164 AngusSource calves could bring an additional \$5,740 when marketed as finished cattle. The AngusSource Process Verified Program (PVP) operates a feedyard program so that your calves are eligible for export and you are eligible to receive the premiums.

If you have fall calves to market, we are ready to help you get them enrolled. If you operate a spring calving herd it's never too soon to start thinking about marketing. Contact us today for an enrollment packet. You can read through the information and begin compiling the required records. If you have questions please give us a call, our staff is here to help!

We hope 2011 brings blessings to you and your family.



National Junior Angus Association

Members of the National Junior Angus Association pay an annual fee of \$20, and junior privileges expire at age 21. Junior members have access to all services offered by the American Angus Association, and they receive two issues of the *Angus Journal* per year and the NJAA newsletter, *Directions*.

To apply for membership in the National Junior Angus Association, visit www.angus.org/njaa/ and download a printable application, or call 816-383-5100 to request the application.