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CREATING AND BEING REWARDED FOR VALUE IN CALVES

Tim Davis
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I. INTRODUCTION

A. The discovery of BSE that day may very well have changed the way the US beef industry conducts business evermore.

B. Consumers, international as well as domestic, are requiring more standards and better verification behind marketing claims.

C. The Agriculture Marketing Service (AMS) of USDA initiated a process to ensure companies and their suppliers could verifiably deliver products to consumers that met their respective product claims.

II. THE BEEF INDUSTRY RESPONSE

A. Nearly every major change in the production of U.S. beef has been market-driven.

B. Some export markets have enacted requirements on beef shipments from the US.

C. Domestic branded beef programs also have verifiable specifications that must be met.

D. The key is the documentation of your record-keeping methods that give you the ability to make claims in the marketplace.

III. WHAT PROGRAMS ARE RIGHT FOR YOU?

A. You must consider a number of factors when deciding whether or not to participate in a QSA program, PVP or Branded Beef Marketing Program.

B. Seek a program that meets your marketing objectives, while fitting your management capabilities.

C. Seek out those marketing opportunities that provide you flexibility.

IV. SHOW ME THE MONEY!

A. Whether PVP, QSA, or a multitude of branded programs your decision to participate should be based upon return on investment.

B. There have been documented reports of cattle with age and source verification selling at a premium.

C. This premium is by no means a guarantee.

D. These programs enable you to leverage the documented management of your cattle in the marketplace.

V. RECORD KEEPING – THE HANGUP OR ADVANTAGE

A. Many cow-calf producers likely have the necessary records to document age of cattle.

B. Either individual animal or group age verification may be used for many programs.

C. A producer should carefully evaluate their current record keeping practices.

D. Information collected for participation in a marketing channel maybe leveraged for additional value in your operation.

VI. SUMMARY

A. Is there overlap with information required for participation in marketing programs that could be used to make more informed management decisions?

B. Is your current record keeping system returning the management information necessary?

C. Beef producers who wish to keep various market opportunities for their cattle an option, are advised to evaluate the total return on investment (potential market premiums and management information).

D. Early and frequent communication with potential buyers is important to determine if there is profit to be made.