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Creating and Being Rewarded for Value in Calves

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CowSense

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CREATING AND BEING REWARDED FOR VALUE IN CALVES

Tim Davis
CowSense

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.