On Oct. 29, a total of 1,008 age-,
source- and health-verified Herefords and Hereford-
crosses brought $55,000 in premiums
for more than 75 Tennessee Hereford
Marketing Program Sale consignors.
The Certified Hereford Beef
® (CHB)
and Hereford Verified eligible calves
from seven states — Alabama, Georgia,
Kentucky, Mississippi, North Carolina,
Ohio and Tennessee — were sold at
the Tennessee Livestock Producers’
(TLP) Barn in Columbia, Tenn.
A University of Tennessee analysis
revealed that compared to the
week’s Tennessee auction average,
some consignors earned on average
an additional $69.15 per head by
participating in organized marketing
efforts, bringing together the numbers
and verification that feeders demand.
Led by the Tennessee horned
and polled Hereford associations
and backed by a strong team of
representatives from this year’s
consigning states, the sale has met
and far exceeded its initial goal: to
obtain the quoted average price of all
cattle seen in auctions across the state
of Tennessee.
John Woolfolk, American Hereford
Association (AHA) board member,
Hereford breeder and TLP marketing
specialist, says the Hereford cattle
topped the Tennessee sales for the week
because they were part of a program.
“These cattle were feedlot ready,”
he explains. “Our producers listened
to what the feeders demanded in a
health program and weaned the
calves and gave the proper shots
weeks before the sale. We limited
the number of problem cattle
like late cuts, poor doers and sick
cattle. We sorted the calves into
feeding outcome groups and created
irratable uniformity.”
Woolfolk adds that a key point
to the sale’s success is that it is a
group effort. He says that producers,
Merial Animal Health, the Tennessee
Department of Agriculture, the
University of Tennessee and the AHA
all exhibited a spirit of cooperation
with their minds focused on the
feedlot customer.
“The future success of the program
depends upon everyone continuing to
work together and staying committed
to our goals,” Woolfolk says.
The 2007 sale marked the group’s
ninth annual sale. The concept was
developed when a group of Tennessee
Hereford breeders met with
marketing professionals from TLP
to pose a challenge. They were tired
of their calves being discounted at
local sale barns.
Through the years, the group
learned what drives the value of a
feeder calf. They actually talked to
buyers and asked what those buyers
expected from cattle. The group
shared those needs with consignors
and by implementing strategies to
meet those needs have developed a
successful marketing program.
There are other similar success
stories from across the U.S.: examples
of producer groups and producers
who have taken the time and effort
to add value to feeder calves. The fact
is the process of earning a premium
in the marketplace — whether in the
sale barn, off the farm or on the rail
— begins at home.
Understanding the demand
Value in the marketplace is
determined by the prices customers
are willing to pay for a certain product,
and if they are satisfied, they will
return to buy that product again. The
same is true in the cattle industry.
Feeder calf buyers demonstrate
their preferences through the prices
they pay — on or off the farm.
The value of various traits can vary widely
from sale to sale and depends on
market conditions. However, over time,
a good estimate of what buyers prefer
can be determined. Reviewing trends
can help cow-calf producers determine
what is important to buyers; then those
producers can use that information as
continued on page 6...
Gary Smith, Colorado State University, says the value of a beef carcass is determined by its weight, sex class, USDA Quality Grade, Yield Grade (YG) and freedom from defects — dark-cutting beef, bruises, yellow fat — plus supply and demand for carcasses of its kind at the time of sale.

“There are discounts for carcasses that do not grade Choice, for carcasses that are of Yield Grades 4 or 5, for carcasses that are too heavy and for carcasses with bruises or dark-cutting muscle.” Smith says. “In general those discounts are reflective of the lower commercial value of the cuts from such carcasses or of the lower percentage of saleable product from such carcasses.”

Quality grade is an expert’s (U.S. Department of Agriculture [USDA] beef grader’s) estimate of the expected palatability — flavor, juiciness and tenderness — of the cooked beef derived from a carcass. Yield grade is an expert’s (USDA beef grader’s) estimate of the percentage of a carcass that can be sold as boneless, closely trimmed retail cuts from the chuck, rib, loin and round. Smith says USDA grades should not be confused with the USDA inspection for wholesomeness. The packer does USDA grading on a voluntary basis.

What is quality grade?

Quality grades indicate the factors related to the sensory characteristics of tenderness, flavor, color, texture and juiciness. The quality grade is intended to reflect the cooked product’s overall acceptability. Beef quality grades are determined by two factors — marbling and maturity. Marbling is the small flecks of fat found within the muscle. Marbling helps keep the meat juicy, adds flavor and has a slight correlation to tenderness of the meat.

Maturity is based on characteristics of the carcass, such as the amount of bone cartilage that has turned to hard bone, but relates to the actual age of the live animal. Meat from young animals is lighter colored and finer textured compared to older beef. Generally, a fine-textured lean will be more tender than a coarse-textured lean. Carcass maturity is closely related to beef tenderness. As the animal matures, changes in the connective tissue cause the meat to be less tender.

The quality grades for “A” maturity animals — nine to 30 months of age — are Prime, Choice, Select and Standard. Marbling is divided into different degrees or ranges from Absurd to Practically Devoid. Prime is considered the highest quality grade and has the most marbling. Nationwide, only about 2% of carcasses grade Prime. Choice is the next highest quality grade and is divided into thirds: High Choice, Average Choice and Low Choice. The Select grade is divided into High Select and Low Select. Standard grade carcasses have the least marbling.

The data collected included: the number of cattle sold at a time, gender, breed or breed type, color, polled or horned, frame (large, medium or small), muscle score (1, 2, 3 or 4), fill (gaunt, shrink, average, full or tanked), condition (very thin, thin, average, fleshy or fat), age (calf or yearling), health, weight and price. The U of A results were similar to the Oklahoma results. Some highlights include:

- Discounts for unhealthy calves ranged from $13 to $38 per hundredweight (cwt.)
- Muscle was a major factor that affected selling price regardless of calf weight.

Getting the most value

“If you want to increase the value of your calves, produce exactly what the feeders are demanding,” Williams says. “Same sex loads, calves that are light in flesh, like-in-kind, preferably weaned, with a history of good feedlot performance and carcass merit, and use a proven health program.”

Williams says the first step is investigating — becoming educated on what you can do to better market your calves. “Find out what other people are doing; call neighbors and customers and ask what they are doing; determine what management and marketing strategies can work the best for you,” he explains.

Tim Petry, North Dakota State University livestock marketing economist, says, “The key to enhancing calf prices is to start the marketing process early. Don’t wait until sale day to haul the calves to market and expect to top the market.”

He encourages producers to contact their markets at least several weeks prior to selling for tips on management and marketing practices that can help calves bring the highest possible price.

“Calves that have documented appropriate vaccinations are bringing strong prices,” he says. “Age- and source-verified calves may bring a premium because beef exported to Japan must be verified as coming from cattle that are 20 months of age or less. Documenting the feedlot performance of past calf crops, beef quality assurance programs and special feeder calf sales sponsored by state or local purebred cattle associations are other possible ways to enhance calf value.”

Williams stresses the importance of a good solid health program: “Research shows the big loss in the feedlot is due to health,” he says. “Producers should work with their local...
Yield Grade 2
Yield Grade 3
Yield Grade 4
Yield Grade 5

What is yield grade?

Beef yield grades (YG) provide an estimate of how much lean, edible meat the carcass will produce. Yield grades are 1, 2, 3, 4 and 5 — with 1 being a lean, heavy-muscled carcass that will yield a high percentage of lean meat and 5 being an overly fat, light-muscled carcass.

If all the bones and fat are removed from the major portions of the carcass (the round, loin, rib and chuck), roughly 53-55% of a YG 1 carcass will become saleable, retail meat. From an 800-lb. YG 5 carcass, you could expect a 43-45% yield, or about 350 lb. of meat.

Four different factors are used to calculate YG including:
- external adjusted fat thickness at the 12th rib (more fat = less desirable yield grade)
- hot carcass weight (HCW) (heavier weight = less desirable yield grade)
- percentage of kidney, pelvic and heart fat (KPH) (more fat = less desirable yield grade)
- ribeye area (REA) at the 12th rib (larger ribeye = more desirable yield grade)

These measurements are used in the official USDA formula:

\[ YG = 2.5 + \left( 2.50 \times \text{adjusted fat thickness, inches} \right) + 0.2 \times \text{percent of kidney, pelvic, and heart fat (KPH)} + (0.0038 \times \text{hot carcass weight, pounds}) - (0.32 \times \text{area rib eye, square inches}) \]

When computing yield grades, any decimal is dropped; yield grades are presented as whole numbers. Care and accuracy of these measurements are essential to derive reliable estimates of the cutability. The USDA grader, in practice, estimates the factors and uses a short-cut formula. [IW]
bigger value over time. It’s out there, it’s real. It can be anywhere from a $25-35 per head premium.”

In August 2005, AHA and CHB LLC introduced Hereford Verified: a program that helps producers benefit from CHB demand by validating the source, age and genetic makeup of CHB-eligible feeder cattle and pays real premiums to program participants. For more information about the program, visit HerefordVerified.com or contact Williams at (308) 222-0170.

The whole package
Historically the average cow-calf producer has not worried about calf performance beyond weaning. Today cow-calf producers need to understand the importance of feed efficiency, gainability and carcass quality and collect data to quantify how their cattle perform in the feedlot and on the rail.

Just like the producers who participate in the Tennessee Hereford Marketing Program Sale listened to what feeders were demanding, Williams says progressive producers should take the time to visit with those who feed their cattle. “Request feedlot and harvest data,” he suggests. “But don’t just put it on a shelf and forget about it. Take the time to review the data and learn what you can do to improve your genetics. Then make those changes to enhance the product you are producing.”

End product value is not always easy to understand. See “Understanding carcass value” on Page 6 for some basic information about quality and yield grades.

A team effort
Getting the most value for Hereford feeder cattle is becoming more of a team effort. From the seedstock producer to the cow-calf producer to the feeder and the packer, everyone needs to work together to produce the best product possible for the consumer, which in return will add more value for all links in the chain.

Smith says seedstock producers can help their customers get the most value for their cattle by “providing them with feedlot and packing-plant performance data from the lines or strains of cattle that you have sold them.” He says seedstock producers should encourage their customers to retain ownership through the feedlot and sell their cattle on a grid to a packer that offers a premium for carcasses qualifying for CHB.

Williams agrees with Smith, adding that seedstock producers should do everything they can to help their customers. He says some progressive seedstock producers are developing buy-back programs — purchasing customers’ feeder cattle and then marketing them to feeders in bigger groups or retaining ownership and feeding the cattle themselves.

Seedstock producers can help customers by sharing with them information about available marketing options such as HerfNet, Hereford Verified, Hereford and Hereford-influenced feeder calf sale dates and locations, and contact information about feeders who are in the market for Hereford and Hereford-influenced genetics.

Take the time and make the effort to understand what drives the value of Hereford feeder cattle, and then implement strategies to meet the demands of the feeder, and you, too, could earn premiums in the marketplace, just like participants in the Tennessee Hereford Marketing Program Sale. BW

Information resources
There is a wealth of information available for producers wanting to learn more about marketing feeder cattle as well as resources to help producers understand feedlot and carcass performance. Here’s a list of possible contacts or Web sites to visit:

Jim Williams, Certified Hereford Beef (CHB) LLC vice president of supply jwilliams@herefordbeef.org or (308) 222-0170
Williams can assist producers with feeder calf marketing options.

HerfNet.com
The HerfNet Feeder Cattle Listing Service is a free resource for buyers and sellers of Hereford-influenced feeder cattle. It allows producers to advertise to CHB feedlots, order buyers, stocker operators and commercial feeders.

HerefordVerified.com
Hereford Verified is a program that helps producers benefit from CHB® demand by validating the source, age and genetic makeup of CHB-eligible feeder cattle and pays real premiums to program participants.

Missouri Feeder Calf Marketing Guide
Finding appropriate strategies to add value to feeder calves depends more on the motivation of the beef producers involved than upon the location, breed or size of operation. The “Missouri Feeder Calf Marketing Guide” allows you to pick which motivation best describes your operation and then guides you to discovering appropriate opportunities to improve your cattle marketing. BW