



# Getting Started in Ag: Adding Value To Livestock

Today, many popular trends in the livestock business focus on capturing more value for the producer. Options such as farm to table, producer-owned processing and other direct marketing options are gaining momentum for a variety of reasons, mainly to help producers increase the bottom line for their livestock enterprises.

For someone new to the business, these options are something to consider; however, they are often unaffordable and present a challenge for livestock producers with limited resources. For example, an operator does not need to be a part-owner of a slaughter plant to net more profit on their livestock. There are many simple and cost-effective options available that can be relatively easy to implement, and add real value to your livestock sales. Regardless of the approach, the goal should be to add value through an increase in the return on investment.

Most of the suggestions listed in this article pertain to cattle; however, many can be applied to other types of livestock enterprises as well. Every livestock operation is unique, but chances are that at least one of these value-added approaches may be a good fit for your business.

## Shoot for Uniformity

Livestock buyers, especially cattle buyers, prefer animal lots (often regardless of head counts) to be uniform in size, color, body conditioning and other characteristics. In a commercial livestock setting, typically the more individualized the livestock for sale are, the lower the price they will bring compared to a uniform lot.

Achieving uniformity is challenging and does not happen overnight. It takes

years of careful selection and breeding to attain the long-term goal of developing better uniformity, but the efforts can yield substantial returns when it comes to sale time.

## Vaccine and Preconditioning Programs

Following a comprehensive vaccination program is one of the simplest and most cost-effective strategies a producer can implement. Preconditioning is defined as giving one or more doses of vaccine before, at and after weaning. In addition to making your livestock more attractive to buyers and increasing the overall health and performance of your livestock, vaccine programs can be viewed as a form of risk management. By vaccinating your livestock, you reduce your risk of substantial expenses associated with a major disease outbreak.

Many livestock marketers, such as sale barns, video and online auctions, have a preferred list of vaccinations and timing schedule that buyers look for. Preconditioning, from a cattle producer's perspective, is giving vaccinations before

weaning as a way for the calf to gain an increased immune response to better deal with the increased stress associated with weaning.

Data suggests that buyers are willing to pay a premium for livestock they know are vaccinated. Ken Odde at Kansas State University looked at sale data on 393,600 head for Superior Livestock from 2020, showing a difference of up to \$9.88/cwt or \$57.30/head total for cattle that were preconditioned and weaned at 60 days versus cattle that were vaccinated at branding and sold off the cow (Drovers Magazine, December 3, 2020). Work with a veterinarian to develop a vaccine program that fits your operation and marketing plan.

## Weaning and Backgrounding

After implementing a preconditioning program, another area to consider is the weaning program. Weaning time can be stressful for any livestock. One of the best ways to minimize stress on animals is to wean at home, rather than by transporting, sometimes long distances, to a remote



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feeding location. Weaning at home can also add considerable value.

The research referenced above shows cattle that were at a minimum weaned before sale were worth \$8.19/cwt or \$47 per head more than cattle sold straight off the cow. Livestock that have been weaned even a short time (30-45 days) are almost always worth more at sale time.

Backgrounding refers to weaning and feeding to a set weight. This can be a way to market farm-raised feed through livestock in the form of weight gain. The desired weight varies depending on individual operations and their resources. This option is more time consuming and may require additional equipment to process, handle and feed.

## Certification Programs

This type of value-added approach involves using a third party to verify certain handling and other aspects of the livestock to add value. These programs vary in the amount of documentation required. However, for a home-raised livestock operation, these programs can provide substantial premiums for minimal documentation, or for practices you may have already implemented.

For example, a cow-calf producer who sells only home-raised calves that do not leave the farm and who keeps records on an individual cow/calf basis can easily qualify for age and source verification. Furthermore, if this same producer does not administer any growth hormones and

is willing to provide documentation, the non-hormone treated cattle (NHTC) program would be another source of value-added revenue.

### Examples of third-party certification programs for cattle:

- Beef Quality Assurance Program (BQA)
- Non-Hormone Treated Cattle (NHTC)
- Certified All Natural
- Age and Source Verified
- Certified Organic
- Breed Specific, e.g. Certified Angus Beef

## Retained Ownership

Retained ownership generally refers to a strategy in which the livestock are owned by the same individual from birth through slaughter. This approach has the potential for capturing substantial additional value. However, it involves taking on substantially greater risk as well. Capital requirements are high, depending on the length of time the livestock remain on feed. This strategy also eliminates options to sell earlier when commitments to feed all the way to slaughter have already been made. More extensive risk management planning and a good relationship with a banker are often required to make this strategy profitable.

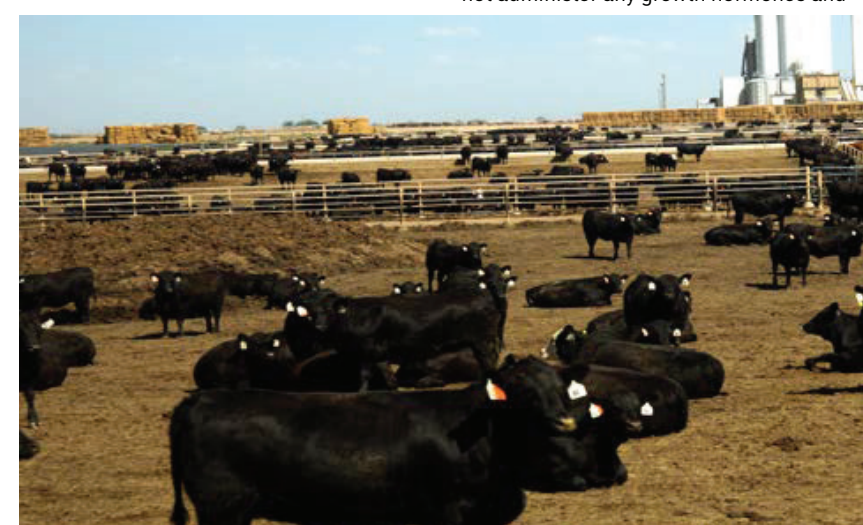


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