

# Acting Bigger Could Benefit Ohio Beef Producers

COLUMBUS, Ohio beef producers who want to remain profitable without increasing the size of their herds could try acting bigger, said Jeff McCutcheon, agriculture and natural resources agent at the Perry County office of Ohio State University Extension.

By working together and agreeing to follow similar management practices, beef producers located near each other could cut production costs by buying supplies in bulk and increase prices received by selling larger combined loads of uniform calves, McCutcheon said.

Several groups of Ohio farmers are trying to do just that, including the Ohio Pro-Beef Alliance formed in February. McCutcheon points to a group in Virginia — the Buckingham County Cattlemen's Association — as an example of what Ohio's groups might achieve.

"The group's average cowherd size is about 30 head, and many members are only part-time operators," McCutcheon said. "By the early 1990's, several members were faced with the

decision of getting bigger or getting out of cattle. The group decided its biggest asset was volume buying power."

They began to co-purchase mineral supplements, vaccinations, ultrasound pregnancy checks and a breeding package in bulk, which dropped their individual costs, he said.

"For example, the group began to buy 74 tons of mineral supplements at \$12 a bag when they started several years ago, and today they're up to 180 tons at \$6 a bag," McCutcheon said.

Four years ago, the Virginia group began marketing its calves in combined trailer loads of 50,000 pounds, a weight that optimizes transportation costs and is preferred by most markets, he said. Each load of calves fits within a 150 pound weight range, is quality assured and graded by a Virginia Department of Agriculture livestock grader, and has similar health and genetics.

"Like most feeder calf producers, they used to haul their cattle to the local livestock market, have them sorted by weight,

grade and color, and sell them for whatever price they could get," McCutcheon said. "The group now commingles loads of feed calves and sells by tele-auction. If they had stayed independent with a 30-cow herd average, none of them could have filled a 50,000-pound trailer load with feeder calves."

The group has reaped about \$50 per head premium on 500-pound to 599-pound steers by using this marketing method, he said.

"If Ohio producers can agree on similar management practices, breeding packages and suppliers while avoiding personality conflicts, they could experience similar success by acting bigger," McCutcheon said.

Many of Ohio's beef producers are in a similar situation as the Virginia producers. About 95 percent of Ohio's 17,000 beef operations have fewer than 50 cows and, working alone, cannot buy in bulk or fill a uniform, 50,000-pound trailer load, he said.

Twenty producers from Pickaway, Ross, Hocking, Scioto,

Pike and Highland counties are members of the Ohio Pro-Beef Alliance, and other similar groups are forming in Wood and Carroll counties.

We're in a membership mode right now, trying to get more producers to participate," said Mike Estadt, agriculture and natural resources agent at the Pickaway County office of Ohio State University Extension who helped create the Ohio Pro-Beef Alliance. "We've got about, 1000 cows, but we'd like to see 3,000 in the alliance."

The group already has organized a mineral purchase and plans to buy seed, medications and other inputs in bulk to take advantage of economies of scale, Estadt said.

"The input savings are there, but the real benefit should be in the marketing of 50,000-pound lots of calves with similar, known genetics, a small weight range, and the same vaccinations and weaning procedures,"

he said. "We expect that calves marketed through the alliance will be worth more than calves going through the weekly sales."

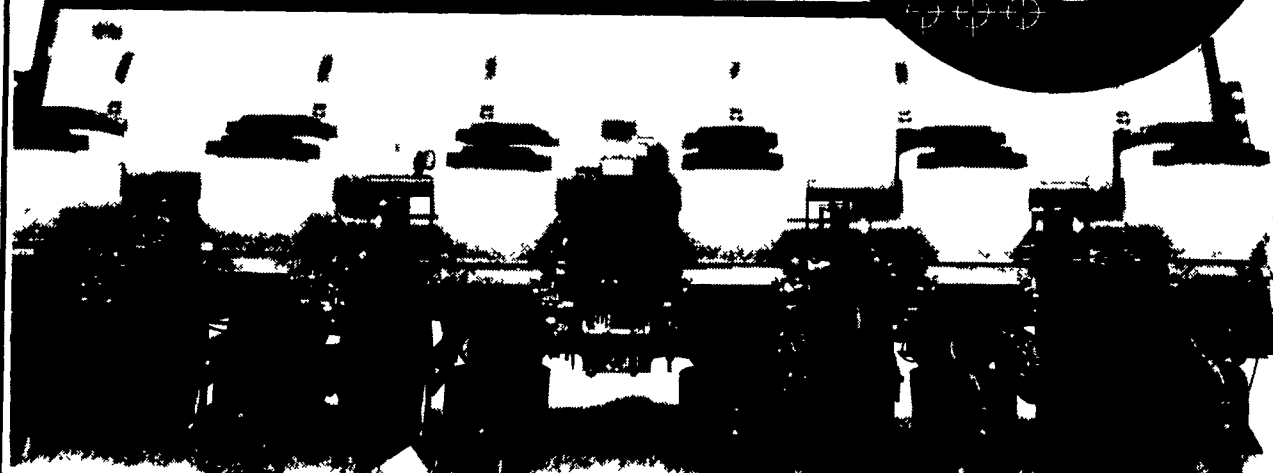
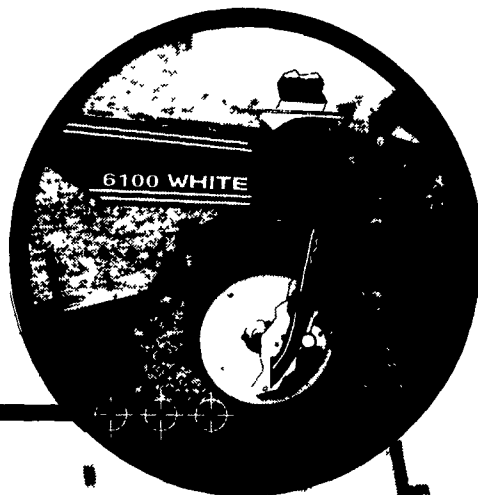
It is hard to say what the financial benefits of group marketing could be, but a similar program in Iowa has earned about \$15 to \$25 more per head, Estadt said.

By combining their resources, the members of the Ohio Pro-Beef Alliance also hope to improve herd genetics through artificial insemination and the use of top performing bulls, and use the latest technologies for record keeping and performance and carcass data collection.

For more information about the Ohio beef groups forming to explore the advantages of acting bigger, contact Estadt at (740) 474-7534, Ray Wells at the Ross County Extension office at (740) 702-3200, Dan Frobese at the Wood County Extension office at (419) 354-9050, or Mike Hogan at the Carroll County Extension office at (330) 627-4310.



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