

Market for profit or market on price?

1-14-2020

Are you familiar with the popular quote from the late Stephen R. Covey, “Start with the end in mind”? The advice given through this quote encourages forming a vision of the end goal and then developing a plan to achieve the goal. This simple yet powerful quote is important to consider when developing a beef cattle marketing plan. Developing a marketing plan will build decision-making skills focused on prioritizing profit over price at time of sale! Oklahoma State University-Extension offers a guide to cattle market planning at the following link: riskmgt.uwagec.org/MarketRisk/CattleMaktPlan.pdf

How do you define marketing? Marketing is an active process including: research, advertisement, promotion and sale. Becoming a profit-controller and not a price-taker is the main goal of improving marketing skills. To aid in the development of marketing skills, going through the process of forming a marketing plan can be beneficial. A marketing plan, which is developed to be strategic and not just convenient, will work to create a value added product. This product is promoted and offered for sale when the market demands. The University of Tennessee-Extension offers a top ten list of suggestions to improve beef cattle marketing found under the beef cattle economics and marketing tab, at the following link: utbfc.utk.edu

Starting with the end in mind requires creating a list of available resources including: feed, facilities, equipment, labor, cattle and potential markets. Of course, the beef market can be entered at multiple points of sale. However, what is the most efficient class of beef cattle for your farm to produce? Working through a cost of production budget for cow/calf, feeder or finished cattle can help answer the question. Cow-calf, background and feedlot budget tools are available at the WBIC website using the following link: fyi.extension.wisc.edu/wbic/. Contact your local county Extension Educator for assistance with locating and using these tools.

Are your cattle uniform and of high genetic value for performance and quality? If beef cattle are managed with purpose, they will be desired at market time. According to Peter F. Drucker, “You can’t manage what you don’t measure.” Begin by keeping detailed records and establish a production timeline. If the results don’t measure up to your production goals, then changes can be made to the existing production plan. The use of records will allow for planned genetic improvement and an increase in performance and quality.

Market timing influences profitability and should be considered when forming a marketing plan. According to Andrew P. Griffith, UT-Extension, the average value per pound of gain for (2009-2018) from fall weaning to spring sale was \$1.17-\$1.82 per pound. Calculate the cost of adding an additional 150-200 pounds to your weaned calves and adjust your marketing plan as necessary.

A useful marketing plan utilizes written goals including objectives, decision-making steps and predetermined sale timing. It’s important to keep the plan simple, current and useful. A healthy marketing plan will answer essential questions during the process, organize information to exclude emotions and offer a logical action plan. An investment of time in creating a marketing plan can improve your beef cattle marketing VISION beyond 2020!

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