

Hitting the grid to optimise profit

MARKETING CATTLE IS NOT A COMPLEX SITUATION. IN FACT, ONE QUEENSLAND CONSULTANT BELIEVES A SIMPLE FORMULA OF OBJECTIVE MEASUREMENT, MARKET ANALYSIS AND HITTING THE GRID IS THE KEY TO OPTIMISING PROFIT AT SALE TIME.

"If a cattle producer knows the market specification they are targeting and they are accurately weighing their stock, the only decision that producer needs to make is when to realise the financial potential of their sale lines," says livestock analyst and marketer Andrew Wilkie from Queensland-based Objective Livestock Marketing (OLM).

With the variability of seasons in the past four or five years, Andrew said plenty of producers are turning away from slaughter markets and focusing on rearing cattle for the store and backgrounding segments of the marketplace.

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"With an increased focus on the background market we are now working with them to identify a range of factors which can impact on their ability to supply suitable stock. This can include issues like breed type, yard weaning, vaccination programs and even EU accreditation.

"Many of our clients background cattle for feedlots and finishers. We work with them to ensure that the cattle they are breeding can go on and continue to perform for their buyers after they have

left the farm gate. For the EU market, we assist in choosing breeds for example, that can grow out to meet the top end of the EU slaughter group even though our clients are selling them as weaners."

Consistency of supply

Andrew said all breeders of commercial cattle should be providing a consistency of supply.

"It's really not rocket science, but it is often a fact that is overlooked by a lot of producers. You need to make your cattle look as attractive to as many potential buyers as possible, sell them

in lots that are doubles or B-double, so buyers get their freight components correct and ensure they meet the buyers' needs."

Andrew said the development of these lines and understanding the markets they are selling into is one of the crucial aspects of profitable cattle production.

"Most cattle markets have what is known as a grid (a set of specifications that determine a specific market type) to assist producers in targeting their

stock to specific criteria. While it is a crude analogy, a flexible cattle production and marketing program is a bit like taking a train ride.

"Everyone starts at the same station but along the journey, each station represents a market where the cattle can get off. Having the right type of cattle, knowing the markets and specifications that go along with them ensures a producer will have the best chance of maximising the sale of his stock when the train pulls into the station," he said.

Andrew said grids were not necessarily designed to punish producers for sending the wrong cattle to the market, they were a great tool to assist in the development and selection of cattle to get maximum returns from a specific market.

"The grids are very clear. They are a black and white set of specifications for the cattle that a processor or feedlotter wants. These grids reflect the type of beef products that their clients are wanting. They provide the perfect reference for those wanting to target specific markets for their stock," he said.

Think of the end user

In anticipation for particular markets, Andrew said cattle in growing/backgrounding operations should be weighed every 60 to 90 days to develop a sense of how they are progressing. He thinks that many producers often weigh their cattle too often with too small a break in between.

"Weighing cattle too frequently means that many producers get hung up on poor weight gains, without taking into account gut fill. Over a 60-day window there is a better opportunity to see real progression in a herd's performance."

In developing consistent stock lines, Andrew also said that this requires consistency in the way a herd is measured each time they come to the yards.

"If you muster the cattle out of the paddock (that is what full weight is) and they come into the yards and you go

back and have a cup of tea and get back to the stock at 8am and weigh through the day – then this is how you should do all of your weighing. Don't leave half the cattle on water in the back yards while you process the first lot. Some will have a drink and others won't. It is much better to simply empty the trough before they get to the yards and deny all your cattle access to water until after they are weighed. This is how you get consistent performance data and hence develop more consistent lines of cattle for the end user," he said.

Objective measurement

Andrew said smaller beef producers also have the opportunity to benefit from using objective measurement in their operation as a means of improving sales results.

"People who run small beef operations and who are looking to extract the best out of the business need to understand that if they are trying to maximise every

Avoid common mistakes

When it comes to objective measurement of cattle, many producers make common mistakes which result in inconsistent or inaccurate recording of information. They are:

- Changing how they weigh cattle eg time of day or regime during weighing.
- Prior to weighing it is better not to give stock access to water on the day.
- Inaccurate scales (not maintained, dung build up under scales, frayed or inoperative cords).
- Infrequent scale calibration and taring results in inaccurate weights.
- Inaccurate reporting of data through poor record keeping.
- Not looking at or understanding the feedback sheets from a processor/feedlot.

sale they will need to do certain things to achieve that."

Even if a grower runs a small operation, Andrew said the fundamentals to good marketing were still the same as those who operated large-scale cattle businesses.

"Have a good, clear relationship with your agent, do the things with your own cattle that make them saleable in the marketplace, do the research to ensure your cattle are meeting the right markets specs and make sure your cattle are sale ready.

"Whether a beef producer is large or small the fundamentals are the same. Good recording of data, a clear ability to use that data to improve decision-making, an understanding of the marketplace and a commitment to producing cattle that best suit the end user," he said.

MORE INFORMATION

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LIVESTOCK ANALYST AND MARKETER ANDREW WILKIE ADVISES PRODUCERS TO KNOW THEIR MARKETS, AND THEIR REQUIRED SPECIFICATIONS, TO ENSURE THEY HAVE THE BEST CHANCE FOR TOP PRICES AT SALE TIME.



KEY POINTS

- Objective measurement is vital in assisting to hit market specifications for sale lines.
- A thorough understanding of processor/feedlotter requirements (grids) is vital in optimising returns.
- Developing production systems which are geared to developing sale lines to meet these grids is vital for consistent supply of stock.
- When used correctly grids provide the perfect road map to produce cattle for a range of market segments.