Chariton Valley Beef Initiative

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Chariton Valley Beef Initiative

Abstract
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Keywords
Animal management and forage, Business management, distribution and marketing, Models and assessment tools

Disciplines
Agribusiness | Agricultural and Resource Economics | Agricultural Economics | Animal Sciences | Econometrics

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Background

The Chariton Valley Beef Initiative (CVB), started in 1997 by producers, Iowa State University Extension staff, and economic development leaders, now has participants in 23 counties. Organizers aim to add value to the beef industry in southern Iowa. The producers are partnering with other groups in Iowa to build a database on the carcass, performance, and health attributes of cattle raised in the region. They feel that enhanced profit opportunities for beef producers will aid economic development and water quality efforts for the south central Iowa counties included in the program.

A producer board representing these counties formed a 501-C (5) nonprofit corporation to administer the network of beef producers and supporters. This group has helped set goals for the project. CVB members pay fees to defray part of the costs of this effort. The original plan was to help 100 producers develop specific added-value marketing plans. There are now 356 cattle producers participating in the project.

Objectives of the project were to:

- Increase profitability in southern Iowa beef businesses;
- Evaluate current status of cooperating herds, set goals, and monitor progress;
- Help beef producers develop and implement management and marketing plans;
- Use and expand existing marketing channels to add value to southern Iowa beef product; and
- Network with midwestern producers and agribusiness people interested in value-added beef.

Approach and methods

CVB operations have both an educational and a service focus. Working with Farm Bureau and Cattlemen’s Association board members from 12 local counties, the project coordinators iden-
Question: Can area producers access value added marketing options without major costly changes in production/marketing practices?  

Answer: This is a complex question because we have producers with different sizes of operations marketing cattle with differing levels of uniformity at different stages of production. In general, value-added markets pay premiums for a uniform product of above average quality and can be accessed more economically with larger numbers in the marketing group. We have found ways for producers of fat cattle to combine cattle to market larger, more uniform groups into a premium market that fits their type, while still maintaining the identity of their individual cattle and getting feedback on their performance. We have also made some inroads into getting the same type of results for producers of feeder cattle and hope to expand that area in the future.

Results and discussion

Database of producer information  Included are addresses and demographic data for producers working with the project. Carcass data is entered and sorted by criteria specified by the producer. Cattle are evaluated against various grid markets to help producers choose the best market outlet. Herd and operation goals are benchmarked against data collected year-by-year. Specific recommendations are tailored to producer needs.

Chariton Valley Beef Organization  Formed by producers in south central Iowa, the group has a 17-member board of directors and close ties with Iowa State University Extension. The group has five major activities:

- Initially they worked with Precision Beef Alliance to collect information regarding member herds, but now have contracted with five carcass data services to collect information. All plants being used offer value-based marketing grids. This data goes into the database for producers to use when making marketing choices.
- Producers are using two general marketing methods to target specific grid-based fed cattle markets and coordinate access by local producers. The formula prices grid markets are generally provided by independent alliances harvesting beef at plants in Nebraska or Kansas. These grids establish a base price using a weighted average for cattle marketed in the region. The premiums and discounts for the various grids are defined prior to marketing, so producers can set a specific date of delivery. In general, the potential rewards for high-quality cattle are higher and the potential risks for low-quality cattle are greater under this system.

Traditional packer buyer grids  have emerged since more cattle have been attracted to the formula price grids. Internal plant information determines the sale price of the cattle. The actual price is adjusted by the premiums and discounts generated on each load of cattle delivered. Producers see fewer benefits, but also less risk than with formula price grids.

Most cattle produced in south central Iowa are sold as feeder cattle, either directly at weaning time or following a brief background program. Little information has been available to the buyers or the sellers of these calves. CVB has worked with local livestock auction centers to sponsor the sale of source-verified calves at local auctions. In 1999, more than 4,000 source-verified calves were sold at 11 sales at four auction centers.

The lack of unique identification made it difficult for sellers hoping to get feedback from the buyers. In the current marketing year, all CVB source-verified calves will have a CVB ear tag with a specific ID number and the CVB contact number listed. This technology may help producers get the data they need to evaluate their herd management decisions.

Networking with other groups that have similar goals and educating producers on changing market issues are key components of the CVB...
mission. A subcommittee from CVB continues to work on direct marketing of beef to central Iowa consumers and has received grant funds to continue these efforts.

Conclusions

Work done by CVB has demonstrated there is producer interest in seeking new markets and becoming more knowledgeable about their beef products. A much greater number of producers than organizers expected initially have participated within a region with only a modest cattle-feeding industry.

Impacts of results

- CVB activities have attracted 356 producers.
- Data was collected on 16,089 carcasses for 132 producers.
- Market analysis was done on marketing of 418 lots of cattle.
- Information was transferred to 183 individual veterinarians and 45 large animal clinics.
- Summarized and distributed 169 weeks of price data on six grids (base prices, Select/Choice spread, premiums/discounts).
- In 2001, retrieved carcass data was collected on 747 head of cattle for 16 cow-calf producers.
- Member contacts and referrals were given to 42 feedlots.
- Data were collected from nine packers.
- Marketing alternatives included 11 grids.
- CVB member-owned livestock covered in database included 7,319 head of cattle (264 lots) marketed on grids with an average premium of $24.17 per head ($176,900 total premiums).

Education and outreach

Chariton Valley Beef has been featured in *Iowa Farmer Today*, *Midwest Marketer*, *Wallace’s Farmer*, *Beef*, *Farm Bureau Spokesman*, *Iowa Cattlemen’s Magazine*, ISU Extension newsletters, and local newspapers. CVB grid marketing data was reported in the 2001 ISU Beef Research Report.

The CVB web site averaged 46 visits per day in September 2001, up from 6 visits per day in September 2000. The web page is a popular site for information on source verification and grid marketing.

In addition to ICN programs and many workshops on specific topics, project organizers made more than 400 farm visits to help producers with their marketing decisions. When plans were announced for a new cooperative harvesting facility in Iowa, CVB and local staff worked with the Iowa Cattlemen’s Association to sponsor and promote six meetings to explain the project and seek producer participation. More than 200 producers attended.

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