



Priorities First

Identifying Management Priorities in the Commercial Cow-Calf Business
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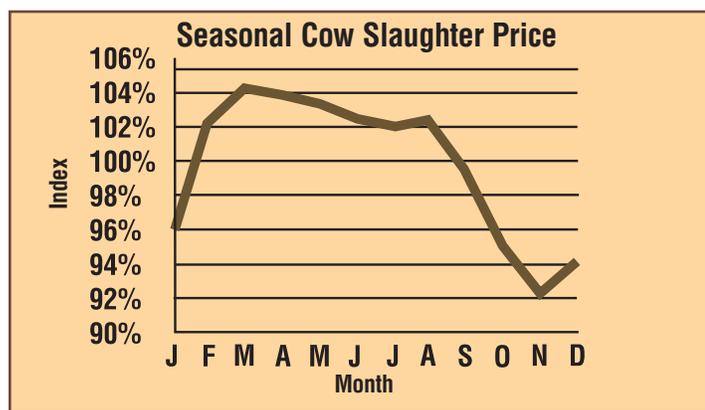
Value in Marketing Cull Bulls & Cows

The salvage value of cows and bulls, at the end of their productive lives, cannot be underestimated for cow-calf operators.

Various research indicates cull cows account for 10-20% percent of a cow-calf operation's annual revenue. Jeff Carter, assistant professor, University of Florida's North Florida Research and Education Center, Marianna, FL, states, "Increasing that value by a third can improve ranch revenue by as much as nearly 6%. As little as a 10% increase in net income from the sale of cull cows would nearly double the overall ranch profit margin."

Market timing and body condition are factors in determining value. Cattle-Fax reports that since 1980, an additional \$60/head, on average, has been made by holding cull cows into a more favorable market window.

Since 1980 the February price is, on average, \$4.06/cwt higher than the previous November low. If cows can be fed 95 days to gain 1.5 pounds per day, not only is the cow worth \$4.06/cwt more, but there are an additional 142 pounds to sell at the higher price¹. (See Chart 1).



Approximately 6-8 million cull cows are harvested every year. According to a study conducted by the University of Arkansas Cooperative Extension Service (UA), several factors affect the value of cull cows. Cow type, pregnancy status, breed type, color, horn status, frame score, muscle thickness, fill, USDA Quality Grade, brands, health, body weight, age and body condition score (BCS) determine the value at market.

Cull cows fall into four USDA Quality Grades based on

weight and lean meat yield. The Commercial grade represents the highest dressing percent and body condition. The least valuable, Canner, represents the lowest dressing percent and body condition. The UA study reports most of the profit from feeding cull cows is the result of compensatory gain, an increase in carcass grade and improved BCS² (See Chart 2).

Slaughter Cow Grades • Dressing % • Leanness • BCS			
Grade	Dressing %	Lean Content of Trimmings (%)	BCS
Canner	40-46	90-92	1-3
Cutter	45-49	88-90	4-5
Utility (Boning)	50-52	78-83	5-9
Utility (Breaking)	52-54	76-82	6-9
Commercial	55-60	70-80	5-9

Source: Ron Gill, Texas A&M University

The most competitive environment for selling culls is still the local auction facility. However, it is important to plan a marketing strategy for cull cows and bulls. To maximize the value of cull animals, consider the following changes in management relative to your operation.

1. Add weight to thin cull cows before selling, particularly when cows are BCS 3 or lower.
2. Cull old cows before they lose their teeth, decline in body condition and fail to breed.
3. Explore selling directly to a packer on a prearranged price.
4. Market crippled cattle directly to a packer.
5. Sell cows before they become fat (BCS 8-9).
6. Sell cows outside seasonal marketing trends.
7. Consider cull cows as a valuable asset. Eliminate rough handling to prevent bruising.
8. Be cautious and concerned about withdrawal times when marketing cows that have been treated with animal health products.³
9. Do not attempt to market "downer" cattle to livestock auctions and put them on public display. Downer cattle should be euthanized on the farm.²

¹ Cattle-Fax, *Trends, Retained Ownership: Culled Cows*, August 2007.

² *Managing and Marketing Cull Cows*, Troxel, et. al., University of Arkansas Cooperative Extension Service

³ *Marketing Cull Cows: Understanding What Determines Value*, Gill, Texas Agriculture Extension Service, 1998.

Priorities First: Identifying Management Priorities in the Commercial Cow-Calf Business, by Tom Field, Ph.D., Fort Collins, Colorado, and sponsored by the American Angus Association, is the first comprehensive effort to prioritize management and economic issues for cow-calf producers. (A detailed summary can be found at www.angus.org or contact the American Angus Association, 816.383.5100 to obtain a printed copy of *Priorities First*.)