For producers who see the value of load lot marketing, and the potential return it can create, it is wise to first consider the few obstacles that must be overcome. If approached correctly, these obstacles may actually prove to be money making opportunities rather than profit robbing challenges. In the coming weeks we will discuss these obstacles, and offer suggestions of how to best overcome these in a way that would profit your operation.

Profitability in a load lot marketing situation is greatly dependent upon the producer's ability to efficiently implement price discovery. In order to achieve this, the producer must know what the current market is, and honestly and accurately evaluate the quality of his cattle to determine their worth. If a producer is not knowledgeable in these areas, he likely will not make money selling his calves as a load lot. Of course, this can be easily overcome by being educated in the quality of cattle, and knowing what market prices are. This can especially be beneficial when choosing a minimum selling price for your lot. If you have not accurately evaluated your cattle they may not sell because your evaluation was too high, or they may sell for less than their worth if your evaluation was too low. Price discovery helps ensure that producers receive what they should for their cattle based on their qualities, and the market prices at the time.

Aside from being in good health, three key areas to evaluate when determining the quality of your cattle are their muscling, body condition, and frame size. Types of muscling are typically characterized as #1, #2, #3, or #4. #1 cattle are those with the most muscling, displaying predominant beef breeding characteristics, and #4 cattle display the least amount of muscling and are not thrifty in appearance. Body Condition Score, BCS, is a way to describe the amount of fatness, or condition, that an animal possesses. This is done using a 9 point scale, with BCS 1 representing an extremely thin animal, and BCS 9 representing an extremely fat/obese animal. Typically, ideal cattle are those in the BCS range of 4, 5, or 6. Lastly, frame size is a method used to describe the skeletal size of cattle. This is often based on a scale of small, medium, or large, and is especially helpful in predicting the growth and fattening ability of a particular animal. With some research you can soon learn to accurately evaluate your cattle to determine their quality. And, by watching the market, you can learn which types of cattle are bringing the most money.

Implementing price discovery and being educated in market prices and cattle quality are two proactive steps that can be made to help your operation be profitable. It is wise to thoroughly educate yourself in these areas if you plan to market your calves through a load lot. If you would like assistance with price discovery, or with evaluating the value of your cattle, please contact us.

Thanks,
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