

What It Takes To Succeed In Cooperative Feeder Cattle Marketing

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Is There A Need?



The need for cooperative marketing often evolves from the need of smaller producers to gain some of the benefits available to larger producers.



Examples

- Special sales
- Graded sales
- Video sales
- Internet sales
- Retained ownership

If individual producers are not large enough to have market power, then they may want to commit to work together to have market power.

Suggestions for beginning

- Hold an interest meeting
- Invite an expert
 - Someone with experience in organizing a marketing cooperative/group
 - Someone who is a member of a successful established marketing group
- Have open time for questions, concerns, and suggestions

Suggestions for beginning

- At that meeting through a survey or open discussion
 - Get a preliminary count of the number of cattle to be marketed
 - When marketing is preferred
 - What weight cattle are to be sold
- Make a decision to proceed or not

Organizational considerations

Begin with the end in mind.

– Stephen Covey



Organizational considerations

- Develop a mission statement
- Set goals
 - Intermediate to long term
- Set concrete objectives
 - Short to intermediate term
- Communicate
 - Make sure mission statement, goals and objectives are communicated to all current and interested potential members

Organizational considerations

- Decide if the organizational structure is to be a non-profit corporation or cooperative
- Establish criteria for membership and for board of directors
- Plan for orderly rotation of directors and officers
- Suggest requiring directors be active marketers at least once every two years

Organizational considerations

- Have geographical area served fairly represented by directors
- One person = One vote
- Have directors meet at least quarterly

Organizational considerations

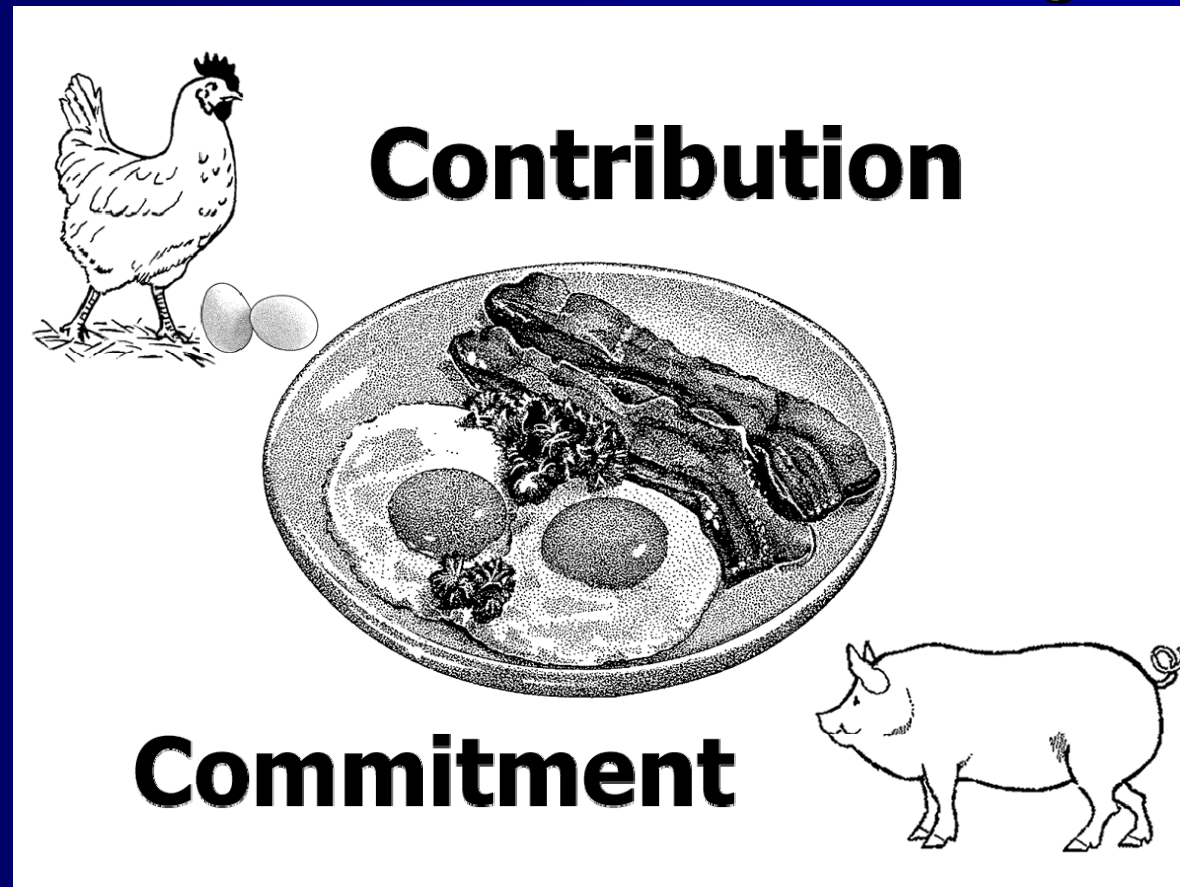
- Some pitfalls to avoid
 - Decide what the organization is and is not
 - It is not a good idea to use a member's breeding stock
 - It is not a social club
 - It is not a place to sell feed and farm supplies
 - Some groups have bought feed/animal health supplies together

Organizational considerations

- If sale of cattle is an objective – contract with a bonded marketing agency to handle sale of cattle
- Some portion of marketing fee can be remitted to association for market development and promotion
- If cattle are to be harvested and processed – make sure proper arrangements are made for payment
- Consider possible sale dates

Organizational considerations

- Make a commitment to the organization



Commitment to the organization

- People are committed to an organization when they act like the organization is important
 - They show up
 - They follow through
 - They stick with it
 - They give of themselves even when they feel uncomfortable or have to make sacrifices

Commitment to the organization

- People are committed to an organization when ...
 - They care about the goals of the organization
 - They care about the people of the organization

“Commitment requires hard work in the heat of the day; It requires faithful exertion in behalf of chosen purposes.”

– John Gardner



Production considerations

- Production plan and practices need to be focused on the product to be marketed
 - What can you promise buyers of your cattle regarding...?
 - Health
 - Performance
 - Quality
 - Satisfaction

If you cannot promise anything,
do you deserve anything more
than average price for a particular
weight, grade, sex, breed or color?

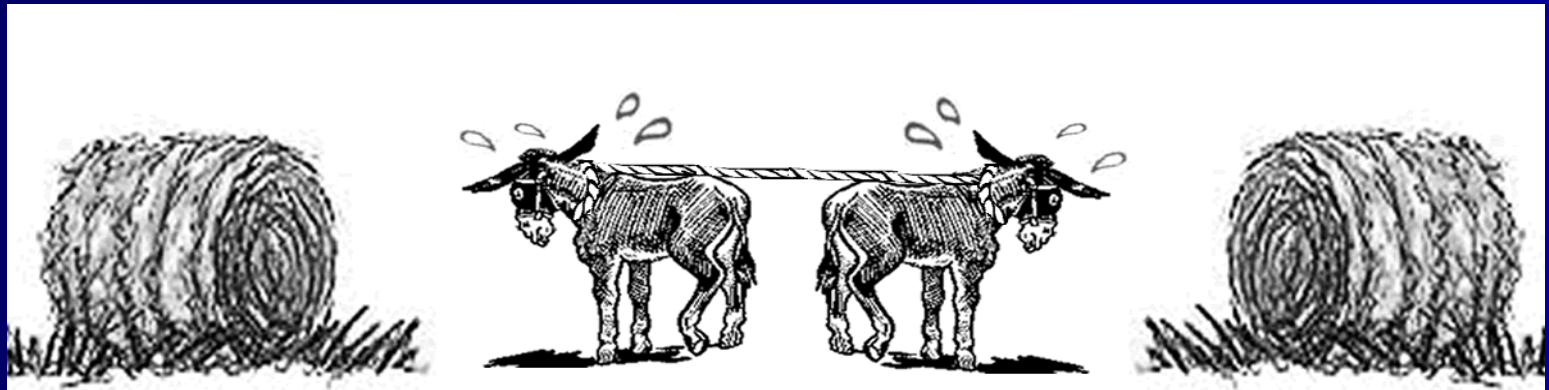
THINK ABOUT IT!!



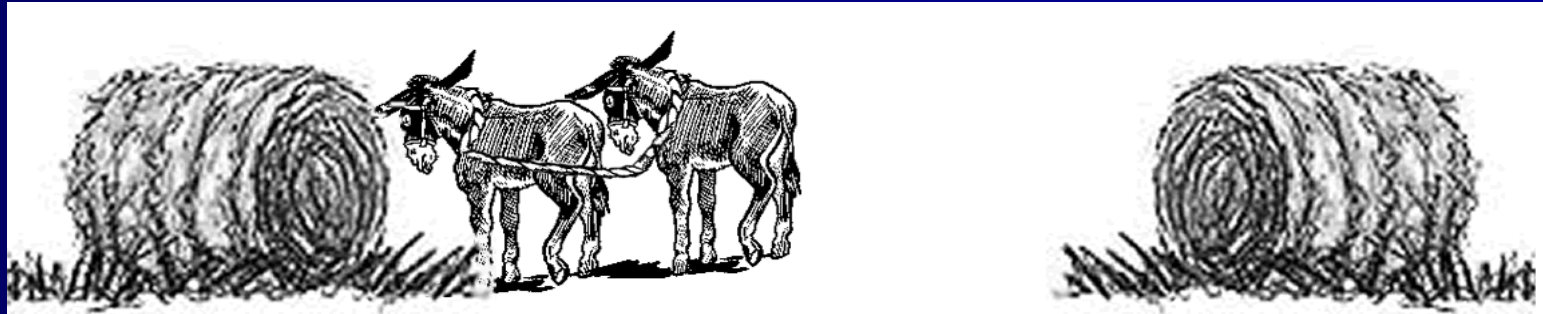
Production considerations

- Production plan and practices need to be focused on the product to be marketed
 - This can be “tough” given the independent nature of livestock producers





Independence



Cooperation

Production considerations

- Changes may need to be made in order to market a uniform product - - such as
 - Breeding season
 - Genetics or breeds used
 - Health / vaccination program
 - Weaning / management program
 - Method of marketing

Production considerations

- Can one have a successful marketing program without uniform production?
 - Yes – However, with the emphasis today on supply chain management, the price penalty for lack of uniformity will be increasing.

The price spread between what the market wants and what the market will take will widen in the future.

Keys to succeed in cooperative livestock marketing

- Definite clearly defined need
- Learn from successes/failures of others
- Communicate clearly goals and objectives
- Strong responsive leadership
- Representative governance

Keys to succeed in cooperative livestock marketing

- Cooperation
- Commitment and enthusiasm
- Evaluate and publicize successes
- Critique and correct as necessary

Through cooperation

YOU CAN EFFECT CHANGE

or you can wait and have

CHANGE AFFECT YOU.

Change is inevitable;
adaptation and survival
are optional.

-Dee Likes
Kansas Livestock Association



Questions?



Department of Agricultural Economics

<http://economics.ag.utk.edu>

