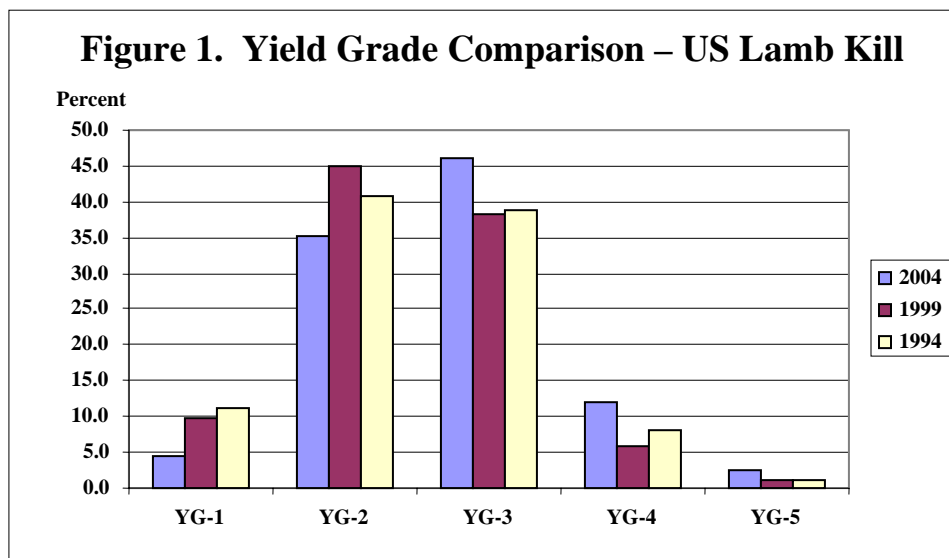


**“Gate to Plate”
2005 Montana Wool Growers Convention
By Rodney Kott**

The “gate to plate” lamb evaluation program or exercise that was conducted in conjunction with the Montana Wool Growers Convention this year gave producers the opportunity to learn a little bit about the end product they produce. As we look back on the results of this exercise, there are some issues that may still seem puzzling. Why was lamb number 2 (the one that was used in the cutting demonstration) the highest-valued lamb (highest price per pound live weight), when clearly it had too much fat? This lamb would have considerably more fat trim than the other four carcasses. We estimated that this lamb would have about 20 pounds (23%) of fat trim that the packer can sell but the retailer must remove (throw in the trash or sell for minimal value) before he can put it in the retail case. This is a typical situation in the sheep industry (figure 1). The economics that came into play in this exercise are the same economics that encourage the continued production of this type of lamb. Note that yield grade 3’s and 4’s are and continue to be a major component of the US lamb kill. Also, if you looked at this weeks prices we are seeing a significant discount on carcasses over 85 pounds. Superior Pack as of last week is discounting lambs over 85 lbs \$13.00 cwt. This is probably caused by retail pressure as a result of receiving too many yield grade 4’s and 5’s. That group of carcasses over 85 pounds is where those yield grade 4’s and 5’s are likely to be.



The data from the lambs evaluated are reported in Table 1. Note, lamb number 2 had the lowest carcass value (carcass value/lb) in the grid we used (lamb feeders leadership school grid), but the highest live price (live price/lb). In fact, lamb number 2 had the highest live price/lb of all the grids reported. The reason for this is the high dressing percent (6 to 7% higher than the other carcasses). This represents a live lamb value difference of about 10 to 15 cents per pound live weight to the packer. The problem is that the higher dressing percent is due to the increased fat and the retailer does not get to put that fat in the meat case. The amount of fat trim that is basically not salable was about 20 lbs. as it was fabricated in this demonstration. If we subtract that fat weight (non-salable) from the carcass weight (86-20 = 66 lbs) and multiply the resulting weight (66 lbs) times the base price (\$2.20/lb carcass wt.), we come up with an adjusted carcass value of \$145.20. That's a lot different than the \$184.80 value we came up with using the grid. Using this calculation, the team purchasing this lamb would have lost \$39.70 instead of making \$33.90.

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	Lamb Number				
	1	2	3	4	5
Live Weight	131 lbs	151 lbs	128 lbs	118 lbs	115 lbs
Hot Carcass Weight	66 lbs	86 lbs	63 lbs	59 lbs	53 lbs
Dressing %	51 %	57 %	49 %	50 %	46 %
Back Fat	.22 in.	.35 in	.12 in	.20 in	.12 in
Rib-eye area	2.3 sq.in.	3.1 sq.in.	2.75 sq.in.	2.3 sq.in.	2.25 sq.in.
Yield grade	2.6	3.9	1.6	2.4	1.6
No Grid					
Carcass Value / lb	2.20				
Total Carcass Value	\$145.86	\$189.20	\$138.60	\$129.80	\$116.60
Live Price / lb	\$1.11	\$1.25	\$1.08	\$1.10	\$1.01
Lamb Feeders Leadership School Grid					
Rib-eye Adj. Yield Grade	3.1	3.4	1.6	2.9	2.1
Grid Price Adj.	+\$0.00	-\$0.05	+\$0.05	+\$0.03	-\$0.02
Carcass Value / lb	\$2.20	\$2.15	\$2.25	\$2.23	\$2.18
Total Carcass Value	\$145.86	\$184.90	\$141.75	\$131.57	\$115.54
Live Price / lb	\$1.11	\$1.22	\$1.11	\$1.12	\$1.00
Mountain States Lamb Grid					
Grid Price Adj.	+\$0.15	+\$0.04	+\$0.00	+\$0.06	+\$0.00
Carcass Value / lb	\$2.35	\$2.24	\$2.20	\$2.27	\$2.20
Total Carcass Value	\$155.81	\$192.64	\$138.60	\$133.93	\$116.60
Live Price / lb	\$1.19	\$1.28	\$1.08	\$1.14	\$1.01
Dakota Lamb Grid (with Ribeye premiums-not currently used because of difficulty in obtaining)					
Grid Price Adj.	+\$0.18	+\$0.09	+\$0.21	+\$0.07	+\$0.06
Carcass Value / lb	\$2.38	\$2.32	\$2.41	\$2.26	\$2.26
Total Carcass Value	\$157.79	\$199.52	\$151.83	\$133.34	\$119.78
Live Price / lb	\$1.20	\$1.32	\$1.19	\$1.13	\$1.04
Team Prices					

Team Name	Raging Bulls and friends	Sheepherders and Sheep Dogs	Wild and Woolly	Coyote Bait	Ewe-nique
Price Paid / lb	\$1.10	\$1.00	\$1.10	\$1.08	1.10
\$ Paid / lamb	\$144.10	\$151.00	\$140.80	\$127.44	\$126.50
Profit/lamb	\$1.76	\$33.90	\$0.95	\$4.13	-\$10.96

Using this rationale, lamb number 3 would have been the most valuable carcass. The carcass from this lamb had the highest value per pound (carcass value/lb) in both the lamb feeders leadership and the Dakota lamb grids. It is a carcass with minimal fat (ideally could use a little more cover– probably 20 to 25 more days on feed), and has a relatively large rib-eye. This is the only lamb that would have made certified lamb status in the 4H youth carcass contest. The other 3 lambs (lambs number 1, 4 and 5) are unfortunately fairly typical lambs for our industry. Ribeye sizes are small and are very similar in size to imported product from New Zealand and Australia. To date, we have convinced ourselves that the relative carcass merit and in particular ribeye size is one of the traits that the US sheep industry is superior to and a trait that differentiates our industry from our foreign competition. Based on the results from these 3 lambs, our industry may not be positioned as well as we thought. In addition, lamb 5 was a light lamb with minimal fat cover; and, in the industry, would require at least an additional 30 days in the feedlot.

The problems we had in the exercise basically highlight a larger problem we have in the industry – the lack of a value-based marketing system where the value of the product at the retail case is reflected through all segments of the market system – from farm gate to the consumer’s plate. Developing a true value-based marketing system that reflects the wishes of the consumer has been identified as a priority with producers and industry organizations for a number of years. In order for this to become a reality, progressive marketing structures that reflect value differences in lamb carcasses must be developed and implemented.

In about 1989, the American Sheep Producers Council initiated a lean lamb program designed to identify lean lambs, hoping that a price differential would follow. Lambs meeting the “Fresh American Lamb” criteria would put 10 percent more retail product in the meat case per carcass. This program was starting to have an affect on pricing, but lost steam in the 90’s. The lack of a value-based marketing system provides little incentive to producers to strive to produce higher quality lambs. However, with the development of producer cooperatives such as Mountain Lamb and Dakota Lamb, this seems to be changing. We are seeing some effort towards a value-based marketing system within these cooperatives, as evidenced by the grids presented in the handout at the program. Hopefully, these efforts will continue.