



BeefTalk 530: Is Source and Age Verification Worth the Effort?

SUPPORTING MATERIALS

Value of Sourced and Aged Cattle

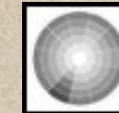
Payment for services rendered and willingness to take the extra risk associated with having a paper trail from the producer's ranch to the end point, which could be halfway around the world.

Understanding the process is critical as a producer reviews the marketing opportunities that open up through marketing sourced and aged calves.

A common marketing claim is the source and age verification of calves. As producers gather cattle to go to market, they have the option to provide documentation to a third-party verifier that their calves are eligible to be source and age verified. Seems simple, and many producers are offering their calves as sourced and aged.



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As a producer of the calves that are to be sourced and aged, the first step is to get in touch with a third-party verification program. The U.S. Department of Agriculture utilizes third-party verifiers to assure the producer's claim that cattle are sourced and aged. These programs are listed on the USDA's Agricultural Market Service website at <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRD3320450>.

Producers can contact the various programs to find out what meets their needs. Understanding the process is critical as a producer reviews the marketing opportunities that open up through marketing sourced and aged calves.

However, before the initial review of the various programs, producers need to ask themselves why they want to verify their calves. Some producers quickly would say that value will be added to their calves. That is true, but the added dollar value is being paid to compensate, the efforts required to source and age the calves. Verification is not added value to the meat. However, keep in mind that source and age verification opens up markets that were closed, so there is a greater demand for the beef, but the beef is the same beef that was offered without source and age verification.

The point is that the beef has not changed, but now there is verification that the purchased and delivered beef meets the specifications that the buyer expected. The buyer is willing to pay for that verification, so the value of the beef for the producer will increase because of the additional demand. However, the value has to be great enough to entice everyday producers to step forward and source and age their calves.

In other words, sourcing and aging calves requires additional work that needs to be paid for. The value of that work is variable, but to call the effort a premium for the market is a stretch. Fair market value for the efforts put forth would

be a truer statement.

Why these thoughts? Simply put, the same cattle sold as not being sourced and aged versus the same load of cattle sold as sourced and aged have the same value in terms of beef. Therefore, the additional dollars received for the sourced and aged cattle reflect payment for services rendered and the willingness to take on the extra risk associated with an auditable paper trail from the producer's ranch to the end point, which could be halfway around the world.

This auditable trail must be maintained for at least three years and open to verification upon request. How the trail is defined will depend on the third-party verifier, but nonetheless, the producer has taken on additional work and risk. Most producers know the history of many verification programs that promoted cattle at sale (the calves have had all their shots) with little or no valid documentation to go with the claims. In many cases, the cattle were sold as advertised and there was no real attachable risk because the cattle simply blended off into the sunset and comingled with the rest of the day's purchases.

Source and age verification is different because the documentation is not a routine managerial effort in many herds. The traceability of the cattle connects dots that many producers have preferred to remain disconnected. Being connected, but out of sight and out of mind, is disconcerting for many. This is something to think about before a producer steps up and gets involved with source and age verification programs.

Critical for the producer is to know what is required within the operation and have a good understanding of the operation that is acting as the third party-verifier. Take time, visit, meet and revisit the process. Then ask if the process actually fits into the operation's goal. Just what is it that, as a beef producer, you actually are receiving with source and age verification programs?

Perhaps the most common producer mistake is the assumption that business will run as usual and that source and age verification is just another one of those many programs that simply become part of history. Not true.

May you find all your ear tags.

Your comments are always welcome at <http://www.BeefTalk.com>. For more information, contact the NDBCIA Office, 1041 State Ave., Dickinson, ND 58601, or go to <http://www.CHAPS2000.com> on the Internet.

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