

# 4-H Market Projects: Selling Market Ready Animals



COLORADO STATE UNIVERSITY  
EXTENSION

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Congratulations, you have chosen to raise a market animal for meat! A market project can take a lot of time, energy, and finances, but it is an important part of agriculture and feeding our world, and the life skills you will learn along the way are well worth it.



As a 4-H producer, it is your responsibility to follow ethical and safe practices when handling and feeding your meat animal to ensure that the buyer/consumer receives a healthy and high quality meat for their dinner table. Providing safe and quality food for consumers builds trust and support from consumers, and keeps agricultural producers like you in business!



In addition to feeding, caring for, and training your market animals, another large part of the Market Animal project is to learn to market yourself and your animal. Some 4-H members may have the opportunity to sell one or multiple project animals through a County 4-H auction and in this case the Sale/Auction Committee will have done some of the work for you already to help sell your animal. by preparing buyer packets, organizing buyer appreciation, and running the entire sale! If you have the privilege of participating in a 4-H auction, and work hard to invite buyers to the auction, you may receive well over market price for your market animal(s).



Sometimes however, you may not have the opportunity to participate in a 4-H Auction with any or all of your animals. This can be due to not meeting 4-H auction requirements (ex. weight requirements), not qualifying for the 4-H auction, owning multiple market animals but being limited to selling 1 at the 4-H auction, or in some cases reasons completely out of your control such as the cancellation of a 4-H auction. In this instance, you will need use other methods to sell your market animal(s). The following information will help outline some ways you can best market and sell your market animals.



There are two common ways of selling market livestock. Below are listed some considerations when deciding which selling route would work best for you. If you decide to sell private treaty, the following information sheets will help guide you through that process.

## Selling through a local livestock auction house/sale barn:



- No need to find market and find a buyer.
- No need to handle transport/harvesting of animal after sale - this is buyers responsibility.



- Animal will most likely sell at market value only.
- Sale barn takes a commission fee from sales.



- Sellers can market to buyers willing to pay above market value for a 4-H animal.
- Seller creates relationships with buyer(s) for potential future sales



- Seller must find and educate buyer(s) on options/process.
- Seller may be responsible for arranging "harvesting date" & transport to processor.



## Steps to sell through a local livestock auction house/sale barn:

1. Locate a public livestock sale barn near you.
2. Find out which day(s) they are hosting sales for your species of livestock.
3. Contact sale barn to learn details of:
  - When livestock can be dropped off
  - Information you can list on consigning forms which could increase livestock value
  - Commission fees
4. Transport animals to sale and collect proceeds after.



## Steps to sell through private treaty:



### 1. Find a processor and book a harvest date:

- Do this as early as possible (spring time or earlier)
- Ask your County Extension offices if they have suggestions of local processors.
- Questions to ask of processors:
  - When will the animal need to be there/ How long will they be there before slaughter?
  - What is the processing and slaughter fee?
  - Ask if you can have a copy of the cut sheet to give to your buyer.



### 2. Find a buyer:

- Make a list of potential buyers: Personal friends/relatives, past buyers, companies where you and your parents do business. (Ex: Uncle, neighbor, vet, Dr., dentist, hardware store)
- Make contact: Write a letter, create a flyer, schedule a meeting in person, social media with parent's help, dress to impress.



### 3. Convince a buyer:

- Sell yourself and why your animals are better -
  - Members select high quality animals for their project and maintain that quality until it reaches the finished product.
  - Members are required to complete quality assurance training.
  - Buyers will have control of how their meat is processed, cut, and wrapped.
  - Buyers have the opportunity to know the person who raised the animal, where it specifically came from, and that it was grown locally.



### 4. Educate your buyer:

- Inform your buyer you have a processor and harvest date scheduled. If they wish to use a different processor, cancel your date asap and establish who will transport animal to their processor of choice.
- Direct your buyer to the processor to be used to find cut sheets (how seller indicates preference for meat preparation).
- Educate your buyer on dressing percentages/carcass cutting yields so they know how much meat to expect to take home.



## Pick a private treaty sale strategy:



### **Sell By Carcass Weight (price per pound)**

- Seller provides price per pound and estimated total cost/carcass weight based on dressing percentage or carcass cutting yield calculations.
- Buyer retains ownership of animal until harvest, incurs slaughter cost at processor, and bills buyer based on carcass weight.
- Total cost for the buyer is determined after animal is harvested and carcass weight is recorded.
- It is recommended that seller receives down payment prior to transport of animal to processor.
- Buyer pays processor for packaged meat upon pickup.
- Considerations:
  - Buyer receives most accurate per pound cost of animal

### **Sell By Live Weight (price per pound)**

- Seller is required to use a scale certified by County Agricultural Commissioner/Sealer of Weights & Measurements.
- Buyer transfers ownership of animal prior to harvest, and must provide proof of ownership (brand inspection, bill of sale etc.) to processor
- Buyer pays slaughter fee as well as meat processing fee to processor upon meat pickup
- Considerations:
  - Lower risk of being left with processing fees if buyer does not pick up
  - Seller must educate buyer on discrepancies between live weight and take home pounds



### **Sell By Head with Weight Estimates (price per animal)**

- Seller is not required to use a scale certified by County Agricultural Commissioner/Sealer of Weights & Measurements.
- Buyer transfers ownership of animal prior to harvest, and must provide proof of ownership (brand inspection, bill of sale etc. to processor)
- Buyer pays slaughter fee as well as meat processing fee to processor upon meat pickup
- Considerations:
  - Least accurate form of sale for buyer take-home value
  - Seller must educate buyer on discrepancies between live weight and take home pounds

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## Set your private treaty price:

Selling your animal private treaty means you set the price for your animal. You need to make sure to calculate a fair price for your buyer while also making sure you allow a profit margin for yourself. Now remember, many 4-H show animals cost much more than market value when you first purchase them, so your focus is to price your animal's meat properly, not their show value.

### DETERMINING PRICE PER POUND TO CHARGE FOR A LIVE ANIMAL:

- These values change with the markets and can be different from year to year, month to month and day to day. To find market value prices now for live animals, you can:
  - Research online: <https://www.ams.usda.gov/market-news>
  - Contact a local sale barn.
  - Ask your Extension office about market value averages at your County Fair over the previous years.
    - Ex: Beef: \$1.13/lb      Sheep: \$1.38/lb      Goat: \$1.85/lb      Swine: \$0.52/lb



### DETERMINING PRICE PER POUND TO CHARGE FOR CARCASS WEIGHT:

1. Begin with the current market value of your live animal, then divide it by the average dressing percentage of your species. This equals your hanging carcass break even per pound.
  - Lamb Ex: \$1.38/lb divided by 50% (.50) = \$2.76/lb

#### Average Dressing Percentage

- Percent of live animal weight that is left on carcass (after pounds lost from intestines, hide, etc.)

**Beef: ~ 60%**

**Pork: ~70%**

**Lamb/Goat: ~ 50%**

2. Next, add in the per pound processing fee you paid. Each processor has different processing fees so make sure you calculate using yours. This equals your hanging carcass break even plus processing.

- Lamb Ex: \$2.76/lb plus \$0.55 = \$3.31/lb

#### Example of average Processing Fees

- Based on carcass weight. Does not include slaughter fee.

**Beef: ~  
\$0.90/lb**

**Pork: ~  
\$0.70/lb**

**Lamb/Goat: ~  
\$0.55/lb**



### FACTOR IN YOUR PROFIT MARGIN:

- Decide how much profit margin (amount of money over meat market value and processing fees) you wish to make. Keep this reasonable or you may struggle to find a buyer willing buy your animal at all. Multiply your break even per pound price by the percent of profit you wish to make. This equals the amount of money you will add to your break even per pound price to meet your goal profit margin.
  - Ex: Selling lamb by live weight with 25% profit margin:
    - \$1.38 multiplied by 25% (.25) = \$0.35 then \$0.35 plus \$1.38 = \$1.73/lb live weight selling price
  - Ex: Selling lamb by carcass weight with 25% profit margin:
    - \$3.31/lb multiplied by 25% (.25) = \$0.83 then \$0.83 plus \$3.31 = \$4.14 carcass weight selling price

Extension Programs available to all without discrimination.

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## Practice!

Use your handout to practice to identify the sale price.

Example:

Part 1: You would like to sell a 1250 lb steer by live weight. The current market price in your area is \$1.10. What would the total cost to the buyer be?

$$\underline{\hspace{2cm}} \text{ lbs X } \$ \underline{\hspace{2cm}} = \$ \underline{\hspace{2cm}}$$



Part 2: You would like to sell a 1250 lb steer by carcass weight. What would be your estimated breakeven per pound?

$$\text{Market Price in your area } \$ \underline{\hspace{2cm}} \text{ X Beef Dressing Percentage } \underline{\hspace{2cm}} \% = \$ \underline{\hspace{2cm}}$$



Part 3: You would like to sell a 1250 lb steer by carcass weight. Using your estimated breakeven per pound what is the estimated total cost to the buyer be?

|  |
|--|
| 1. Live Weight <u>                    </u> lbs         |
| X Beef Dressing Percentage <u>                    </u> |
| = Estimated Carcass Weight <u>                    </u> |

|  |
|--|
| 2. Estimated Carcass Weight <u>                    </u>    |
| X Estimated Breakeven Price \$ <u>                    </u> |
| = \$ <u>                    </u> Total Cost to the Buyer   |

What would your price be? Fill in the blanks with your unique pricing and dressing percentages:

Part 1. You would like to sell a        lb animal by live weight. The current market price in your area is \$      . What would the total cost to the buyer be?

$$\underline{\hspace{2cm}} \text{ lbs X } \$ \underline{\hspace{2cm}} = \$ \underline{\hspace{2cm}}$$



Part 2: You would like to sell a        lb animal by carcass weight. What would be your estimated breakeven per pound?

$$\text{Market Price in your area } \$ \underline{\hspace{2cm}} \text{ X Animal's Dressing Percentage } \underline{\hspace{2cm}} \% = \$ \underline{\hspace{2cm}}$$



Part 3: You would like to sell a        lb animal by carcass weight. Using your estimated breakeven per pound what is the estimated total cost to the buyer be?

|  |
|--|
| 1. Live Weight <u>                    </u> lbs         |
| X Beef Dressing Percentage <u>                    </u> |
| = Estimated Carcass Weight <u>                    </u> |

|  |
|--|
| 2. Estimated Carcass Weight <u>                    </u>    |
| X Estimated Breakeven Price \$ <u>                    </u> |
| = \$ <u>                    </u> Total Cost to the Buyer   |