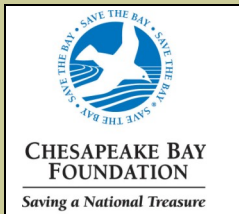




MARYLAND GRAZERS' NETWORK NEWS & NOTABLES

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INSIDE THIS ISSUE:

Artisanal Cheese Production Growing in Maryland - Part of Buy-Local Trend 2

Southern Maryland Meats 2

Yes - You Should Crossbreed Your Livestock 5

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"How Much Should I Charge?" - Pricing Your Meat Cuts

By Brian Moyer, Program Assistant, Penn State Cooperative Extension—Lehigh Co.

Okay, so you're thinking about raising livestock for direct-to-consumer sales. You've figured out what kind of livestock you want to raise, the kind of infrastructure you will need, soil tested your pastures — the works. One question remains, how much should you charge your customers?

It doesn't matter if you are selling halves, quarters or single cuts, you will first need to know your cost of production. What are your costs of raising that animal from day one until the day of slaughter? In any business endeavor, keeping good records is essential to knowing if you are going to be profitable or not. Once you know your cost of production, there are some tools you can use to help you determine what price you may want to attach to your fine, farm fresh product.

Mike Debach of the Leona Meat Plant in Troy, Pennsylvania, has a nifty process you can use that will help you figure out your costs after processing so you can determine your retail price. For this example, understand that



Photo by Susan Schoenian

continued on page 2

Pasture Crop Insurance Coming to Maryland

By Mark Powell, Chief Marketing Agricultural Development, Maryland Department of Agriculture

This fall, it is anticipated that Maryland farmers will for the first time have access to a federal crop insurance product for protected losses to pasture and forage from drought. Called the Rainfall Index Pilot Program, the USDA Risk Management Agency approved it in Maryland for 2012. The deadline

for signup has not yet been announced, but is expected to be in September.

The Rainfall Index is based on National Oceanic and Atmospheric Administration (NOAA) Climate Prediction Center data. This data stretches from 1948 to present. The essential

continued on page 5

"How Much Should I Charge?" Pricing Your Meat Cuts ... continued from page 1

the cost of production will vary depending on the breed of the animal and production methods (i.e., grain-fed, grass-fed). According to Dr. John Comerford from Penn State's Department of Dairy and Animal Science, the percentage used to determine the "carcass weight" varies depending on the species (beef, hog, lamb), breed, and the method of production. So, for this example, let's say we have a grass-fed, Angus steer that dresses out to a hanging carcass weight that is 58 percent of its live weight and your cost to get that animal to slaughter weight is \$1.35 per pound of live weight.

Determining the cost of your animal:

- **Start with your per pound cost of the live animal** (as mentioned before, your cost to raise that animal).
- **Divide this amount by 58% to get your "hanging cost."** (That animal is now a "carcass" after it is slaughtered. This your new cost per pound at "carcass weight.")
- **Add in your processing fees, trucking, etc., to the "hanging cost."**
- **Divide the total by 65% to get your "cut-out" cost** (breaking the carcass down into individual cuts of meat)
- **Divide your cut-out cost by the percentage mark-up you desire to reach the "retail value" price you will ultimately charge.**

Here's an example:

Cost of the live animal = \$1.35 per pound

\$1.35 divided by 58% = \$2.33

\$2.33 plus \$0.65 (per pound processing fee) = \$2.98

\$2.98 divided by 65% = \$4.58

This is the final cost of your animal becoming single cuts of meat

\$4.58 divided by 75% = \$6.11

A sale price of \$6.11 per pound would give you a 25% return on your product.

As you can see, in every step of the process there is a reduction to your final yield of finished product. So, your cost per pound will go up with every step

continued on page 3



By Janna Howley
Agricultural Marketing Specialist
University of Maryland Extension
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Steering Committee Member,
Southern Maryland Meats

When we set out to develop the Southern Maryland Meats (www.southernmarylandmeats.com) program, one of the most challenging parts was to determine pricing. Our goal was simple — develop a branding campaign to promote family-owned Southern Maryland livestock producers, and provide them with outlets to sell their meats. We received a grant from the Southern Maryland Agricultural Development Commission, purchased two freezer trailers for farmers to use, as well as two freezer display cases per county for retailers to stock — and promote — these locally-raised meats.

Our goal is to make sure that the retailers (all locally-owned businesses) AND farmers make money. In doing this, it is critical to know your position in the marketplace. Eddie Bowling, cattle producer in Charles County, and I went to seven Southern Maryland retail outlets (Giant, Dutch Village Market, McKay's, Wegman's, Whole Foods, Safeway, and Food Lion), and reviewed one online retailer (Roseda Beef), to find out what the marketplace looked like.

Meat is becoming increasingly expensive at the grocery store — averaging \$5.00/pound for ground beef. And while we expected to see higher prices at places like Whole Foods, that was often not the case. Giant and Safeway, for example, were more expensive in some cases, depending upon the cut. We were feeling confident that farmers should charge higher

prices and consumers' perception is often that local meats are more expensive. However, we found that this does not always hold true when you visit multiple stores and compare prices. What it really emphasized, though, was that farmers should not hesitate to charge what retailers are demonstrating that the market will support.

Although it takes some extra time, it makes sense for livestock producers to research prices at markets in the Baltimore/Washington metropolitan area. This gives them a good idea of what customers can — and will — pay. If the farmer's goal is to sell to families in the immediate area, that's completely fine. But don't underestimate the demand for family farm-raised livestock products in our region. Roseda Beef charges in the range of \$20-\$30/pound for many of their steaks!

A farmer who sells an eighth, quarter, or half of a beef directly to a customer might also want to think about breaking it into smaller packages of meat. For example, White House Meats, which sells to customers in the District of Columbia, sells 20-23 pound mixed cut packages of grass-fed beef for \$9.80/pound. It may be a little more effort for the processor, but the additional sales and revenue may be worth it. This is especially true in the cities, where many people are unable to handle larger quantities, or the household size is smaller.

"How Much Should I Charge?" Pricing Your Meat Cuts ... continued from page 2

from live animal to cut and packaged product. The above example will give you a rough estimate which can help you to remain profitable. Keep in mind, it is a "rough" estimate. A lot of variables can change these percentages. For example, how much fat was on the animal? What kind of cuts are you requesting? Are you getting bone-in or boneless cuts? If you want boneless cuts, this will reduce the total pounds of product returned to you from your butcher.

What kind of animal you are processing will also make a difference in the percentage of product you ultimately receive. Dr. Christopher Raines, of Penn State's Department of Dairy and Animal Sci-

ence, has a handy sheet that describes the average percentage of yield in the butchering process for pork, beef, and lamb. You can download Dr. Raines' document at: www.das.psu.edu/research-extension/meat

Dr. Raines' document says when converting an animal into a carcass, the average percentage of yield for pork is around 70 percent, beef 60 percent and lamb 50 percent. Turning that carcass into individual cuts of meat, the average yield for bone-in cuts is 75-80 percent of carcass weight for pork, 65-70 percent for beef, and 70-75 percent for lamb. Dr. Raines points out that aging and further processing can decrease your final product weight. If your

butcher is hanging (aging) the carcass for two weeks, there is moisture loss due to evaporation. If you are curing hams and bacon from your pig, applying a heat process to your meat cuts may also reduce your final yield.

Using these tools, you should be able to make a rough estimate on the amount of product you will have for sale, what your costs are, and what you will need to charge your customers to remain profitable.

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Artisanal Cheese Production Growing in Maryland – Part of Buy-Local Trend

By Mark Powell, Chief, Marketing and Agricultural Development, Maryland Department of Agriculture

I love the names for local cheeses – Prince George's Blue, Meadow and Talbot Reserve. Some are creative, others are utilitarian – Cheddar, Smoked Bacon Cheddar, Camembert.

Maryland cheese from small dairy farmers and goat farmers – and soon a sheep farmer – is a growing proposition in our state. The number of farmers taking advantage of the Department of Health and Mental Hygiene's (DHMH) Pilot Farmstead Cheese Programs is small, but a number of farmers are talking milk to processors in Pennsylvania to create a unique cheese for the large and growing "locavore" movement in the state.

At the Department of Agriculture each year, we survey Marylanders on the preference for local produce. The last three years it has been constantly around 78 percent. Before that, it was at about 50 percent. A recent Chesapeake Bay Trust study indicated an 80 percent preference for local food; a direct correlation between local sustainability and protecting the Bay and our environment.

We are in a powerful, paradigm-shifting era; local, artisan cheese is a part of the "shifting." Holly and Eric Foster, Chapel Country Creamery, in Talbot



Photo by Edwin Remsburg
Holly Foster, Chapel's Country Creamery (www.chapelscountrycreamery.com)

County remain the only farmers participating in DHMH's pilot Program. They are intense grazers and Holly points out the grazing helps make the cheese what it is. In an interview for the Agriculture Department's Maryland's Best web site, Holly says, "it's good for the land and good for the cows." She says, her Jerseys' milk is a "rich, darker color."

continued on page 4

Artisanal Cheese Production Growing in Maryland — Part of Buy-local trend ... continued from page 3



Mrs. Hoiland at Chesapeake Bay Farms in Worcester County

Holly points to the costs associated with starting the creamery as the obvious major pitfall. That included a new building, a cheese cave, and equipment. She benefited from USDA grants and a grant from MARBIDCO (Maryland Agricultural and Resource-Based Industry Development Corporation). Holly came to cheesemaking in the early 2000s, and shifted from raising replacement heifers to researching cheese production through classes at California Polytechnic State University and in New England. They made their first batch of raw milk cheese on the farm in 2009.

Holly offered that DHMH has been extraordinarily helpful as she and her husband have established the business.

Marketing has been the easiest part of the cheesemaking operation. "Good quality cheese sells itself," she said. Holly sells at farmers markets and some retail outlets. She noted that people in their late 20s to 40s are increasingly interested in learning about agriculture and wanting to know where the cheese came from and the farmers' lives.

Three other farms in Harford, Washington, and Frederick Coun-

ties have signed up for the pilot and are working with DHMH to meet all the requirements for a permit. In all, though, 13 farms in Maryland are producing cheese – most contracting with specialty cheesemakers in Pennsylvania to make unique products for the Marylanders.

Jeff Roberts, author of the 2007 book, "Atlas of Artisan American Cheese," says that New York, Pennsylvania, Vermont, and Maine are leaders in developing farmstead cheese, New York has 70, Maine has 50, and Vermont has 45. "There is a lot of movement," he says. "When I was researching the first book in 2006, there were 345 cheese producers nationally. Half of those did not exist in 2000." He's researching a new book now and suggests that the numbers have grown again by large leaps nationwide. Even, he said, in rural states like Nebraska and Oklahoma.

For the dairy farmers getting in cheese production, Roberts suggests that there is a steep learning curve from being a skilled dairy farmer to being a skilled cheesemaker. But, he adds, for the successful, the rewards are tangible.

Dairy farmers selling cheese, ice cream and other dairy products direct to consumers

Baltimore County

Prigel Family Creamery - www.prigelfamilycreamery.com

Caroline County

Nice Farms - www.nicefarmscreamery.com

Cecil County

Kilby Cream - www.kilbycream.com

Frederick County

Buttercup Valley Farm - www.buttercupvalleyfarm.com
South Mountain Creamery
www.southmountaincreamery.com

Garrett County

Firefly Farms - www.fireflyfarms.com

Harford County

Broom's Bloom Dairy - www.bb dairy.com
Cedar Hill Creamery - (301) 836-2308
Hawks Hill Creamery - www.hawkshillcreamery.com
Keyes Creamery - www.keyescreamery.com

Howard County

Bowling Green Farm - www.bowlinggreenjones.com

Kent County

Eve's Cheese - www.evescheese.com

Montgomery County

Cherry Glen Goat Cheese
www.cherryglengoatcheese.com

Prince George's County

P.A. Bowen Farmstead & Creamery (store opening planned for fall/winter 2011), (301) 579-2727

Talbot County

Chapel's Country Creamery
www.chapelscountrycreamery.com

Washington County

Caprikorn Farms - www.kidslovegoatmilk.com
Clear Spring Creamery - www.clearspringcreamery.com
Palmyra Farm - www.palmyrafarm.net
Spriggs Delight - www.spriggsdelightfarm.com
Windmill Meadows Farm - (301) 739-5258
(sells at farm and other locations)

Worcester County

Chesapeake Bay Farms
www.chesapeakebaycheese.com

Yes – You Should Crossbreed Your Livestock

By Susan Schoenian, Sheep & Goat Extension Specialist, University of Maryland Extension



Photo by Susan Schoenian
These lambs are Suffolk-sired, out of Border Leicester x Canadian Rideau ewes.

While there is certainly a need to maintain populations of purebred livestock, the majority of livestock producers should engage in the practice of crossbreeding.

Crossbreeding is when animals of different breeds (or types) are mated, whereas purebreeding is when animals of the same breed are mated. Crossbreeding offers two distinct advantages over purebreeding: heterosis and breed complementarity.

Heterosis (or hybrid vigor) is the superiority of crossbred offspring to their purebred parents. Specifically, it is a performance advantage that crossbred offspring have compared to the average performance of their purebred parents. The performance advantages of crossbreeding are well-documented in the scientific literature.

Heterosis is the highest for traits with low heritabilities, i.e., traits which do not respond well to selection. These include fitness and reproductive

traits, the traits which have the most influence on production efficiency and profitability. Heterosis is less for traits that are more responsive to selection: e.g. carcass traits.

The effects of heterosis are additive. Heterosis is exhibited in both the crossbred offspring and the crossbred female. There is evidence to suggest that crossbred males are more fertile and aggressive breeders than purebred males. Heterosis is maximized when a crossbred female is bred to a male of another breed or cross.

The other advantage to crossbreeding is breed complementarity. No breed of livestock excels in all economically-important traits. Each breed has strengths and weaknesses. One of the purposes of crossbreeding is to combine breed resources in a way that balances the positive and negative traits of each breed in the crossbred offspring. Crossbreeding does not denote the indiscriminate mixing of breeds.

There are various systems of crossbreeding. Some are simple. Others are more complicated. The most common system is a terminal crossbreeding system. In this system, purebred or crossbred females are mated to a male of another breed or type. All of the offspring are sold for slaughter, i.e. they are "terminated." A terminal crossbreeding system maximizes heterosis.

The disadvantage of a terminal crossing system is that replacement females must be purchased or produced in another year or by another part of the flock or herd (using a different male). Selecting replacement females from a terminal cross will gradually reduce the fitness and reproductive capacity of the herd or flock.

continued on page 6

Pasture Crop Insurance Coming to Maryland ... continued from page 1

premise of this crop insurance product is that farmers who purchase it, will receive a payment when the rainfall drops below a trigger average which is below the normal for the grid.

While the deadline is not yet published, the Maryland Department of Agriculture recommends that farmers interested in insuring their pasture, contact a crop insurance agent to explore the potential for this pilot program. You can go to <http://www.rma.usda.gov/policies/pasturerangeforage/faq-ri.html> for some common questions and answers. If you don't have a crop insurance agent, go to <http://www.rma.usda.gov/tools/agent.html>, or call Mark Powell at MDA, (410) 841-5775.

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Yes — You Should Crossbreed Your Livestock ... continued from page 5

Another common crossbreeding system is a two or three breed rotational system. In this system, the same two or three breeds are utilized for breeding. Females sired by breed A are bred to breed B and vice-versa.

In a rotational crossbreeding system, it is common to utilize dual-purpose breeds rather than those that excel in either sire or dam traits, as breed complementarity is less. Heterosis is less in a rotational crossbreeding system because females will eventually be mated to males with some common lineage. Though back-crossing reduces heterosis, it still has a performance advantage over purebreeding.

There may be costs associated with implementing a crossbreeding system. Multiple males and separate breeding pastures may be required. Recordkeeping is an important aspect of any organized breeding program. However, the increased performance of crossbred livestock should easily out-weigh the costs of implementing a crossbreeding program.

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