

FAS Beef supply chain case study: Co-operative strategy finishes cattle in the Scottish Borders



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Whitmuirhaugh Farm, Kelso, Scottish Borders

Johnny McCrerrick runs Whitmuirhaugh in partnership with his brother Charlie. Located near Sprouston, Kelso, the McCrerrick family has been farming here since 1955.

The brothers farm a total of 434ha, 227ha of which is arable cropping, 132ha is grass ley, while 75ha is permanent grass.

Johnny, who takes charge of the cattle enterprise, runs a herd of 80 spring calving Aberdeen Angus & Limousin cross cows. Calves are finished indoors from 16 - 18 months on a diet consisting mainly of home grown red and white clover based silage & urea treated barley.

Johnny also finishes 30 -40 forward stores annually in co-operation with Nigel Miller from Stagehall farm.



Johnny McCrerrick

Stagehall Farm, Stow, Scottish Borders

Nigel Miller has been farming Stagehall since returning home in the 1980's. The farm is located near the town of Stow in the Scottish Borders.

Stagehall extends to 549ha, 30ha of which is arable cropping, 50ha is grass ley, and 280ha is permanent grass, while 150ha is rough grazing. Nigel manages a herd of 148 Aberdeen Angus and Beef Shorthorn cows.

Nigel sells about 80 – 90 Aberdeen Angus & Beef Shorthorn store calves annually.

Nigel provides Johnny McCrerrick with 30 – 40 forward stores annually as part of the co-operative finishing strategy.



Nigel Miller

How did the relationship develop?

The original finishing strategy at Whitmuirhaugh, was to annually rear and finish 120 Limousin x dairy heifers, buying them in at 2 weeks old and finishing them at 16 months and over. This strategy was proving to be time consuming and labour intensive. There was also an increasing emphasis on traceability and herd health within the industry, which prompted Johnny to consider an alternative strategy. Johnny looked at options which would allow him to make use of additional shed space and provide additional FYM for cropping. Additionally, Johnny wanted to make efficient use of home-produced forage and cereals.

Thirty miles west, Nigel was searching for a system which could add value to his AA & BSH calves which are less suited for sale in the store ring, due to size, colour or temperament and heifers which were not of a high enough quality to be retained for breeding. In 2001 a network of feeders was formed with the help of SAC consulting beef specialist Basil Lowman, which eventually led to the formation of Nigel & Johnny's partnership.



Above: Some of Johnny's Angus & Lim X spring calves, which he finishes at Whitmuirhaugh, indoors at 13 -14 months

How it works?

- 30 – 40 AA & BSH steers & heifers are moved 30 miles from Stagehall to Whitmuirhaugh in October. Nigel pays for the haulage of the cattle and retains full ownership of the cattle (Nigel completes an off-holding movement with BCMS).
- The cattle are weighed after they have been transferred and have an average weight of 504kg and are on average 14 months of age. Entry weights are recorded after the cattle have been moved and have had two weeks to adjust to their new diet and environment.
- Cattle are fed on a red/white clover based silage with urea treated barley and soya.
- Cattle are finished and sold between December and March at an average weight of 665Kg and average age of 18 months.
- Cattle are sold finished directly to AKS for distribution to the retailer. Beef Shorthorns are sent to Woodhead's.
- A wagon load is filled by adding Whitmuirhaugh finished cattle.
- Johnny pays for the haulage when they leave and acts as an agent for Nigel.
- Cattle are graded and the final cheque is sent to Nigel from AKS or Woodhead's. Nigel keeps the store value and Johnny receives the finished value.

Average return £/head

	Entry Date		Sale date	Sale weight	Net sale	Whitmuirhaugh Gain	Stage Hall return	Whitmuirhaugh return (less haulage)
AA X BSH	12th Oct		7th Feb	665Kg	£1192	162Kg	£992	£270

Pro & Cons

Pros for Johnny	Pros for Nigel
Improved cash flow as he does not need to invest in store cattle.	Rewarded for increasing the weight of store animal.
Does not have the risk of fallen stock (pays for disposal only).	Paid on carcase weight & conformation rather than auction ring value.
Additional FYM without having to increase herd size.	Cattle do not return home.
Lower biosecurity risk as both herds have a high health status.	BSH Steers are often discounted compared to AA steers but can gain a good premium if finished and sold to Woodhead's.
Maximises use of grassland for producing home grown forage (within the arable rotation).	Nigel can make breeding decisions based on actual finished results.
Home-grown resources available on farm. Shed space available on farm.	High costs associated with finishing cattle. Not enough space, with bought in straw for bedding and not enough time for management.
Johnny already has a cost-effective system for finishing cattle. He can achieve a much lower cost £/head/day than Nigel and add economy of scale to his existing system.	Nigel can focus on cow and calf production and direct his resources towards that enterprise. Moving all the youngstock off [except breeding heifers] before December makes sense on Nigel's upland/hill unit.

Cons for Johnny	Cons for Nigel
Potential for more final margin in the store cattle trade in years when store cattle are cheap and finished trade is strong.	Cash flow: Does not get paid for the store weight until sold finished.
Is responsible for less of the total weight gain, so margin is smaller.	Liability: If a beast dies after transfer to finishing, Nigel is liable for most of the cost (as he is responsible for the majority of the total weight).
	It is in a rising market, where there is a real financial dividend for the calf producer. The real benefit in this system appears as an average over the long term.

Key to success?

- There is no formally signed legal agreement, but both parties understand the terms of the agreement from the onset. Every scenario is discussed, and an agreement reached.
- Both parties communicate with each other. Nigel is updated on cattle growth rates, while Johnny is updated on spring calf numbers and performance.
- The co-op agreement is established. The pair have built up a good relationship and established a high level of trust which allows for the agreement to run smoothly.
- Nigel can make breeding decisions based on carcase grade and premiums.
- It is a system that requires trust and a reliable partner that manages the finishing phase and marketing.



Above: Nigel with one of his Aberdeen Angus cows, with calf at foot

Machinery sharing at Whitmuirhaugh

The McCrick's are also involved in informal machinery sharing agreements, in which some cultivation & grass machinery is shared within two separate squads: arable squad and grass squad. Johnny, his brother-in-law and two neighbouring farmers are involved.

- The machinery is owned by individuals and rotated. The silage rake is co-owned, with Johnny owning a 1/3rd share.

Arable squad	Grass squad
Drill	Rake
Simba cultivator	Mower
Baler	

Key to success

- Trust and understanding your neighbours is key to a successful machinery co-operation.
- There is no black and white blueprint for a successful agreement. It will depend on your relationship with your partner.
- Johnny states *“Our neighbour normally has his silage crop ready first, so we don’t usually need the rake or mower until later in the season. We have never really had an issue sharing the drill & cultivator. Both pieces of equipment are modern and can cover ground quickly. We don’t share a combine harvester as this job is critically weather dependant”*



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