



**AGEC-9505**

# A tool to help consumers evaluate the economics of purchasing a goat or sheep

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## Introduction

The goal of this fact sheet is to help consumers who are considering purchasing a goat or sheep from a rancher under custom exempt slaughter. Additionally, ranchers may use this fact sheet and interactive tool to help talk to consumers about what to expect when purchasing a goat or sheep. The interactive Excel tool is available for download at following link: <https://extension.okstate.edu/fact-sheets/print-publications/agec/spreadsheet-agec-9505-a.xlsx> and will be discussed throughout this fact sheet. The first tab has an example for goat producers, and the second tab has an example for sheep producers. Key points of the Excel tool are estimating the amount of meat received by a consumer, as well as the estimated cost, including purchasing and processing fees.

## Custom exempt overview

This fact sheet is intended for use in discussing a custom exempt transaction. Custom exempt slaughter is more prevalent within the state of Oklahoma when compared to state or federal inspection. Unfortunately, not all slaughter facilities process goats and sheep, or may only process them on certain days. It is important to reach out to any processor you are considering to find out if they process goats or sheep. Under custom exempt slaughter, the end consumer purchases a live animal from a rancher. The rancher will charge the customer either by head or by live weight. Once purchased, the rancher will likely take the animal to the agreed upon slaughter facility. It is up to the end consumers to work with the slaughter facility to fill out the cut sheet, which specifies which cuts the customer wants and if they want it further processed such as ground or tenderized. The end customer is responsible for paying the processor and picking up the finished meat. The meat should only be consumed by the end buyer and non-paying guests.

## Excel tool section 1: Estimated cold carcass weight calculations

When purchasing a sheep or goat, the consumer will not receive the full live weight in meat. The Excel tool allows the consumer to enter the live animal weight. Next, enter the dressing percentage. The average dressing percentage for goats is 40% - 56% and for lambs the range is 44% - 56% (Schoenian, 2023). The excel sheet will calculate the hot carcass weight for you, which is:

$$\text{Hot carcass weight} = \text{live animal weight} \times \text{dressing percentage}$$

If you are a farmer or rancher, you can keep track of the animals' specific dressing percentage and shrink percentage by working with your processor. Shrinkage is a result of water evaporation during the cooling process and will decrease the weight by another 2% - 5%. The Excel sheet will calculate the cool carcass weight for, which is:

$$\text{Cold carcass weight} = \text{hot carcass weight} - (\text{shrink percentage} \times \text{hot carcass weight})$$

You will also need to indicate if the consumer is purchasing a whole or half carcass. For beef carcasses, they may be further broken down into quarters, but for sheep and goats, it is typically either a half or a whole animal that is purchased. The Excel sheet also allows you to calculate the meat from the purchase of multiple animals at once, which can be edited by changing the number of heads purchased.

## **Excel tool section 2: Cost of live animal**

As mentioned before, the rancher under custom exempt slaughter should be selling either by head or by live weight because a live animal must be sold. The Excel tool allows the customer to input the price paid for the animal either by head or per pound. If per pound is selected, the Excel tool will automatically multiply the price by the live weight. The Excel tool will then calculate the cost of the live animal depending on the selection.

## **Excel tool section 3: Processing fees**

The customer will pay the slaughter facility directly for any fees. Different slaughter facilities have different ways of charging for processing. Typically, costs may include a per-head fee and a per-pound processing fee. Other fees may include quartering/halving, tenderizing and disposal. It is important as a rancher to ensure your customers understand the processing fees and to be prepared for the cost.

## **Excel tool section 4: Estimated total of pounds of meat in freezer**

In this section, the user will see an estimated breakdown of the primal cuts one may receive. It is important to note that the individual decisions on the cut sheet will impact the potential cuts received. An extreme example would be turning an entire carcass into ground meat. The typical percentage of hot carcass weight for wholesale cuts of goats ranges from 63% - 68% (Utah State University). For sheep, the range is typically 65% - 75% of hot carcass weight. The Excel sheet provides an estimated breakdown for the primal cuts. Alternatively, you can enter your own percentages if you have additional information about the herd's history. It is important to note that this is an estimate. Individual animals are likely to vary from these estimates, and this information cannot be predicted with 100% accuracy. For goats, the primal cuts included in the Excel document are shoulder, rack, loin and leg. The percentage of the carcass is set to vary based on the weight of the carcass. For sheep, the primal cuts are shoulder (14%), rack/rib (13%), breast (6%), leg (22%), loin (9%) and trimmings (5%).

## **Excel tool section 5: Total costs**

In this section, the Excel tool will calculate the total costs faced by the customer on both a per head a per pound basis. When looking at the per pound cost, it is important to remember this calculation includes valuable cuts that may be more expensive in the store and lower cost cuts that may be purchased at a lower rate than given. The mix of values for individual cuts received is important to consider when purchasing custom exempt. These values are important for the customer to understand if buying is custom exempt fits their needs and is important for the rancher when preparing the customer for what to expect.

## **Conclusion**

There are many reasons why a customer would be interested in purchasing a custom exempt animal. They may be interested in a specific production practice, may want to support the local economy or may want specific processing. This Excel tool can help a customer understand the potential costs they will face and help them prepare for the amount of meat they will receive. This tool can be used by ranchers to help communicate expectations with customers, improving communication and expectations.

## **References**

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