

\$Values Go Interactive

Interactive \$Values offer custom fit to operations with advanced knowledge of inputs and marketing options.

by *Shauna Rose Hermel*

If you've ever purchased a pair of "tennis shoes" at an athletic store, you know it's not the same as buying from a megamart or a department store. A salesperson is likely to ask how you will use the shoe — Playing tennis? Walking? Running? Marathon or short distance? On turf, concrete or asphalt? The reality is, the more advanced you are in your use of the rubber-soled accessories, the more specific you need to be when looking for the proper shoe.

The same theory holds true when it comes to using \$Values, explains Sally Northcutt, director of genetic research for the American Angus Association. "You may have customers wanting to rank sires based on grids they use to market their cattle."

The Association's suite of \$Value Indexes was enhanced in late April to allow members to adjust some of the underlying assumptions in order to generate \$Values customized to fit a specific situation. The interactive educational module to create Custom \$Values is available online to members and affiliates through AAA Login (www.angusonline.org).

A few \$Value basics

Currently, the Association offers three indexes — Feedlot Value (\$F), Grid Value (\$G) and Beef Value (\$B) — to help simplify what can be an overwhelming

amount of performance and carcass data, explains Bill Bowman, vice president of information and data programs. An index simply combines multiple traits into a value that can be used to rank the animals. In the case of \$Values, the value is the expected difference in future progeny performance expressed in dollars per head.

So, if Bull A has a \$F of \$22.85 and Bull B has a \$F of \$10.35, Bull A would be expected to sire calves that would, on average, generate \$12.50 per head more value in the feedlot than progeny of Bull B.

Northcutt explains that the calculations of the \$Value Indexes are based on three major assumptions: 1) available expected progeny differences, or EPDs, 2) industry-based economic values, and 3) a system of equations to tie the genetic and economic values together.

The economic assumptions used to calculate \$Values, presented in Table 1, are based on three-year rolling averages. With fed cattle trading at \$85-\$87 per hundredweight (cwt.) in late April, and the Choice-Select spread closer to \$18 than to \$10, one might raise an eyebrow at the difference. But Northcutt and

Bowman explain that the three-year average provides a better predictive tool.

"Historically, using a three-year average provides for a much more stable and a more accurate prediction,"

"It's geared toward letting seedstock producers work with their customers."
— Sally Northcutt

Bowman says, noting the day-to-day price swings the cattle industry has witnessed just this past year. "It also provides more continuity from one sire evaluation to the next."

Like an all-purpose sneaker's suitability to everyday wear, these base \$Values provide a means to simplify evaluation of multiple traits for feedlot performance and carcass merit characteristics with regard to a typical feeding and marketing scenario for Angus cattle, he adds.

Interactive

Just as athletes demand a more specialized shoe to enhance their performance, producers who market on a specific grid or who have historical data may be able to customize the assumptions to fit a specific scenario. Let's say your customer is involved in an alliance that provides greater rewards for Yield Grade (YG) 1s and 2s. That customer may prefer you customize the \$Values on your yearling bulls to help evaluate them based on their ability to produce calves for that particular grid.

Northcutt walks us through a scenario for doing just that.

The first step is to log in at AAA Login. From the main menu, scroll down to the Interactive Custom \$Values link. Clicking "Begin Interactive" will take you to a screen with fields for you to enter custom economic values for feedlot and carcass scenarios (see Fig. 1; page 44). We'll call this the assumptions page.

When you first log in, those fields will be set to the default, she explains. Once you plug in a set of values, they are saved until you choose to change them. Click

Table 1: Assumptions* used in formulating \$F, \$G and \$B values

*These assumptions are based on three-year rolling averages.

Feedlot assumptions for \$F:

Time on feed, days	160
Ration cost, \$ per dry ton	150
Fed market, \$ per cwt. live	75

Grid assumptions for \$G:

Quality components

Prime, \$ above Choice	6.00
CAB®, \$ above Choice	3.00
Choice-Select spread, \$	10.00
Standard discount, \$	-15.00

Yield components

YG 1 premium, \$	3.00
YG 2 premium, \$	1.50
YG 3 discount, \$	0.00
YG 4 and 5 discount, \$	-25.00
Avg. carcass wt., lb.	816
Heavyweight discount, \$	-20.00



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the “Reset Defaults” button to go back to the default values.

If your customer markets cattle on a grid that offers a \$5 premium for YG1 and a \$3 premium for YG2, plug those values into the proper fields and click the “Custom Within Herd” button. The next pop-up screen will let you choose herd sorts (see Fig. 2) — *Bull*, beginning year 2003, ending year 2003, sort by *Registration Number*.

Clicking “Search” will pull up a listing of bulls, under your member

codes, born in 2003. The report contains registration numbers, names, birth dates, tag numbers, tattoo numbers and Custom \$Values (denoted by the C, see Fig. 3), Northcutt explains. The assumptions used to create the Custom \$Values are provided at the top.

To list the bulls in ascending order by a certain trait, click the red column header, she says. Click it again to see the list in reverse order.

You can also use this education module to evaluate potential artificial

insemination (AI) sires or a select group of animals, Northcutt says.

Just back up to the assumptions page, enter your customized assumptions, and click the “Custom Registration Lookup.”

This will pull up a screen that allows you to enter up to 12 registration numbers.

After inputting your registration numbers, click “Search” to create a list of registered animals that includes their Custom \$Values for the given scenario.

“If you’re just plugging in assumptions and fiddling with scenarios, I

wouldn’t make a rash decision based on the results,” Northcutt warns, stressing that producers using the Custom \$Values need to know what their cattle will do.

Board member John Schurr, Schurrtop Angus, says the interactive module will be important to him and his customers. “We feed cattle, and a lot of our customers feed cattle,” explains the Farnam, Neb., cattleman. “They in turn sell their cattle on a marketing grid of some type, and there are several of them out there. Being able to customize this to fit their grid is very important to them.”

Since he and many of his customers sell on the AngusAmerica grid, Schurr says he intends to use its premiums/discounts to create Custom \$Values to use in marketing his bulls.

“At the same time,” Schurr says, “we’ll encourage our customers, if they sell on a different grid, to go on the AAA Login and put our bulls into their particular grid so it fits their marketing plan.”

That’s how the interactive module is intended to be used, Northcutt says. “It is designed as a tool — a within herd, individual educational module — that can be lined up or geared toward a particular grid of interest by allowing you to change those quality and yield grade assumptions.”

Safeguards

Custom \$Values were not created to allow seedstock producers to make their favorite bulls look good on paper, Bowman says. While the potential for misuse accompanies any tool, the Association staff and Board have instituted some safeguards to prevent misuse of this educational module.

▶ As shown in Fig. 1, industry-relevant minimums and maximums for each customizable input have been established. “Our industry consultants and advisors helped us to keep them within a reasonable range,” Northcutt says. “We’re trying to keep people honed in on the relevance of it, instead of getting in there and running scenarios that aren’t industry-

Fig. 1: Assumptions page

Interactive Custom \$Values (\$F, \$G, \$B)
as of 4/28/2004 Introduction Instructions

Feedlot Assumptions:		Valid Range		Base
		Min	Max	Default
Days on Feed (days)	160	100	200	160
Ration Cost (dry ton)	\$ 150	\$100	\$200	\$ 150
Fed Market (cwt. live)	\$ 75	\$60	\$100	\$ 75
Quality Grade Assumptions:				
Prime (above Choice)	\$ 5.00	\$2.00	\$20.00	\$6.00
CAB (above Choice)	\$ 3.00	\$0.00	\$10.00	\$3.00
Choice-Select Spread	\$ 10.00	\$0.00	\$30.00	\$10.00
Standard Discount	\$ -15.00	\$-20.00	\$0.00	\$-15.00
Yield Grade Assumptions:				
YG 1 Premium	\$ 3.00	\$0.00	\$6.00	\$3.00
YG 2 Premium	\$ 1.50	\$0.00	\$6.00	\$1.50
YG 3 Discount	\$ 0.00	\$-6.00	\$0.00	\$0.00
YG 4 & 5 Discount	\$ -25.00	\$-30.00	\$-15.00	\$-25.00
Average Carcass Weight (lb.)	816	700	850	816

Custom Registration Lookup Custom Within Herd
Reset Defaults

Fig. 2: Herd sorts screen

Interactive Custom \$Value (\$F, \$G, \$B)
as of 4/28/2004

Feedlot Assumptions		Quality Grade Schedule		Yield Grade Schedule	
Days on Feed	160	Prime (above Choice)	\$6.00	YG 1 Premium	\$5.00
Ration Cost	\$150.00	CAB (above Choice)	\$3.00	YG 2 Premium	\$3.00
Fed Market	\$75.00	Choice-Select Spread	\$10.00	YG 3 Discount	\$0.00
		Standard Discount	\$-15.00	YG 4 & 5 Discount	\$-25.00
				Average Carcass Weight	816

If more than 700 animals are returned you will have to narrow down the animals returned by supplying a birth year range. If you wish to change the criteria click [here](#).

Include Secondaries: [Redacted]
Sex: Bull [up/down]
Beginning Birth Year: 2003 [up/down]
Ending Birth Year: 2003 [up/down]
Sort By: Registration Number [up/down]

Excel Spreadsheet
Search Clear

practical for postweaning merit and carcass.”

- ▶ Just as interim EPDs are denoted with an “I,” Custom \$Values are flagged with a “C.” For buyers, that C should spur you to find out how the underlying assumptions have been changed by the breeder and why, she adds.

The AAA Login reports generated through a customized registration lookup or a within-herd search show the assumptions used to create the Custom \$Values, Northcutt adds. And the reports carry a paragraph at the top to stress that Custom \$Values are for individual use only.

- ▶ The only values Angus Productions Inc. (API) will publish — in sale books and advertising — are the original, base \$F, \$G and \$B values.

“To publish custom values could be misleading, as you really need to know all those underlying assumptions for it to mean anything,” Bowman explains.

“It’s really a one-on-one seedstock provider-customer tool,” Northcutt adds. “It’s geared toward letting seedstock producers work with their customers.”

- ▶ Breed averages and percentile rankings are not available for Custom \$Values, nor do the existing base \$Value averages or rankings apply.

The whole picture

And just as it wouldn’t commonly be recommended to run a marathon with the right shoes but without accompanying athletic gear, producers should remember that feedlot and carcass characteristics contribute only part of an animal’s overall value.

While \$F, \$G and \$B can simplify evaluation for traits for feedlot performance and carcass merit, reproductive and preweaning traits, as well as

Fig. 3: Within-herd custom sort

Interactive Custom \$Value (\$F, \$G, \$B)

Custom \$Values are for individual use only and are not intended for use in advertising, sale catalogs, or other promotional materials. Custom \$Values will not be included in any materials produced by Angus Productions Inc.

Feedlot Assumptions		Quality Grade Schedule		Yield Grade Schedule	
Days on Feed	160	Prime (above Choice)	\$6.00	YG 1 Premium	\$5.00
Ration Cost	\$150.00	CAB (above Choice)	\$3.00	YG 2 Premium	\$3.00
Fed Market	\$75.00	Choice-Select Spread	\$10.00	YG 3 Discount	\$0.00
		Standard Discount	\$-15.00	YG 4 & 5 Discount	\$-25.00
				Average Carcass Weight	816

The following 50 animals were returned. If you wish to change the criteria click [here](#).

Animal Identification				Custom \$Values			
Reg No.	Name	Birth Dt	Tag	Tattoo	Custom \$F	Custom \$G	Custom \$B
		01/28/2003	314	M314	C +21.82	C +20.08	C +41.74
		09/16/2003	364	M364	C +25.74	C +19.70	C +39.08
		09/19/2003	372	M372	C +33.85	C +15.72	C +38.42
		09/19/2003	371	M371	C +28.25	C +15.72	C +37.85
		09/24/2003	374	M374	C +14.38	C +19.11	C +35.58
		02/24/2003	325	M325	C +16.77	C +15.70	C +34.15
		09/22/2003	373	M373	C +18.25	C +15.51	C +32.10
		01/07/2003	301	M301	C +16.35	C +16.88	C +30.81
		09/09/2003	362	M362	C +14.52	C +16.67	C +30.03
		01/20/2003	307	M307	C +9.16	C +17.43	C +29.35
		09/11/2003	363	M363	C +11.91	C +16.48	C +29.04
		09/18/2003	368	M368	C +18.25	C +11.75	C +28.35

structural soundness and disposition, are still of paramount importance.

“Most of our customers would like to have a more comprehensive \$Value system that includes all economically important traits — from reproduction to preweaning to postweaning to end product,” says Association Board member Bill Davis of Sydney, Mont. The Board has directed staff to continue to work on a weaned calf index and a maternal reproductive index.

“When the \$Value system is complete, it will be as important a selection tool as we have ever had,” Davis says. “You will be able to group heritable traits into a common denominator value and still have the ability to customize it to fit your individual operation by using the interactive capabilities. This system will make it a lot easier to make selection decisions based on multiple traits and not single traits.”



Want to know more?

For more on basic information on \$Value Indexes, see “Association Presents Tools” on page 86 of the January 2004 *Angus Journal* and “Introducing \$F, \$G and \$B” on page 18 of the January 2004 *Angus Beef Bulletin*. The articles are available online via a back-issue search at either www.angusjournal.com or www.angusbeefbulletin.com.

These resources are available online from the American Angus Association:

- ▶ Access breed averages for expected progeny differences (EPDs) and \$Values at www.angus.org/sireeval/breed_avg_epd.html.
- ▶ Access EPD percentile rankings at www.angus.org/sireeval/breakdown.html.
- ▶ Access a two-page handout explaining \$Values at www.angus.org/performance/beefvalue/bv_more_info.html.
- ▶ Access the screen to look up \$Values on up to 12 animals at www.angus.org/performance/beefvalue/index.html.
- ▶ Access an example of the report from an animal lookup at www.angus.org/performance/beefvalue/ex_search.html.
- ▶ Access full-page and half-page sale book inserts created by the Association explaining \$Values at www.angus.org/pubs/sale_book_inserts.html.
- ▶ If you have broadband access, you can download the audio and PowerPoint® presentation of an outreach seminar explaining \$Values at www.angus.org/performance/audiofiles/DollarValueIndexes.exe. If you have dial-up access, download www.angus.org/performance/audiofiles/DollarValueIndexes.rm.