

ADDING VALUE TO YOUR

Seedstock producers can enhance the value of their customers' cattle through several opportunities.

Story & photo by **Kasey Brown**, associate editor

“Seedstock producers create opportunity for themselves by creating opportunity for their customers,” notes Ginette Gottswiller, American Angus Association director of commercial programs. To illustrate this point, she was joined by seedstock breeder Art Butler, Spring Cove Ranch, Bliss, Idaho, and commercial breeder Dave Rutan, Morgan Ranches, Jordan Valley, Ore.

The trio spoke as part of Angus University Wednesday afternoon during the Angus Means Business National Convention & Trade Show in Overland Park, Kan., Nov. 3-5, 2015.

To begin, Gottswiller explained three Association value-added programs designed to help market Angus-sired commercial calves. AngusSource® is a USDA Process-Verified Program (PVP) that verifies source, group age and genetics. Gateway is a second-tier program in the USDA PVP that verifies only source and group age. AngusSource Genetic provides genetic verification, but it is not a PVP.

Butler shared that he started incorporating AngusSource in his relationship with his commercial customers when the program started in 2003. Spring Cove Ranch paid for their commercial customers' AngusSource tags. Butler also hosted an AngusSource informational meeting at the ranch for his progressive customers. Before AngusSource, Spring Cove contacted potential buyers for calves out of Spring Cove bulls. However, with AngusSource, he gets help doing that.

AngusSource sends an email each Sunday and Tuesday to a list of about 600 buyers who want to know where AngusSource and AngusSource Genetic calves are selling. This email includes the number and type of head, location of sale, any special type of programs the calves fit [like natural or non-hormone-treated cattle (NHTC)], and average weaning dollar values (\$W) as an indicator of replacement female value and beef dollar value (\$B) as an indicator of feeder carcass value. Additionally, it lists



► Dave Rutan (left) and Art Butler (center) explained how they use Association programs to create value for commercial cattle. The panel was moderated by Ginette Gottswiller.

contact information for the seller should buyers have questions and the type of tags used in the calves for the potential to get carcass data back.

Additionally, AngusSource provides a Marketing Document for enrolled calves. In addition to the data listed on the email to interested buyers, the Marketing Document lists genetic information, including EPDs of sires used in the group enrolled. Breeders can add comments to the marketing document describing vaccinations and boosters used, herd management information, additional phone numbers, and even tolerance to high elevation.

Premiums paid

In 2015, Gottswiller reported, 17,000 head of AngusSource and AngusSource Genetic calves, weighing an average of 650 pounds (lb.), were reported as sold. The highest steer premium for AngusSource-enrolled video-sold calves that averaged 450 lb. in the natural program was \$58 per hundredweight (cwt.), and the highest AngusSource-enrolled heifer premium for calves averaging 420 lb. was \$48.50 per cwt. The average overall premium on all groups reported was \$5.16.

For the 5,250 calves enrolled in two additional value-added programs, NHTC and global animal partnership (GAP) level 4, brought \$8.05 per cwt. on average. The 1,684 calves enrolled in NHTC earned a \$0.04

per cwt. Additionally, the 8,716 calves not enrolled in any other programs than AngusSource earned a \$3.67 per cwt.

premium, Gottswiller reported.

Gottswiller crunched the numbers for Rutan's ranch since 2008. She shared previous harvest data for three groups of his cattle. Group 1 consisted of 63 head and achieved 94% Prime and Choice, 4% Select. Seventy-four percent of them had yield grades (YG) 1 and 2, and 26% were YG 3s. Group 2 consisted of 124 head, with 92% Prime and Choice, 8% Select, 65% YG 1 and 2, and 35% YG 3.

The total amount of AngusSource premiums paid to Morgan Ranches from 2008-2015 was \$181,901.95. Steers earned \$145,851.81 in premiums and heifers earned \$34,940.14. During the 8-year period, she reported, the per-head premium was \$66.72, with premiums of \$72.78 per steer and \$48.39 per heifer. He sold 2,726 calves with an average weight of 680 lb. in those eight years.

“The premiums don't follow the cash market or video markets. The AngusSource program is not a 'jump-in, jump-out' kind of program. It takes commitment, but the premiums are there,” Gottswiller explained (see Figs. 1, 2 and 3).

Butler added, “It's important to represent good cattle and to represent them correctly.”

Rutan admitted he was skeptical at first, but he has since embraced the program after seeing the benefits early on. He said the program is user-friendly, and the bookkeeping is not difficult.

Tips to earning premiums

Earning those premiums isn't by luck; Rutan and Butler work together to make smart management and genetic decisions. Rutan said that in 1993 he started using bulls for two seasons. He always buys yearling bulls, and has for 20 years, because he said it decreased bull injuries and the bulls stay in better condition.

He partners with another producer who has the same philosophy and shares bulls.

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He uses a ratio of 35 cows to each bull, and they breed in meadows. He semen-tests his bulls yearly and tests twice a year for trichomoniasis. He gathers as much information as he can, though he admits it is almost to the point of being overwhelming. However, more information helps make better decisions.

By using more information to choose better genetics, Rutan was able to increase the weaning weights of his calves without any changes in management. In 1989, he started purchasing Butler's Spring Cove bulls, and his weaning weights averaged 412 lb. He decided to increase his bull budget by \$1,000 per bull, which at the time increased his purchases from \$2,500 to \$3,500. He purchased seven to 10 bulls per year for his 500 spring-calving females and 500 fall-calving females.

Progress didn't occur overnight, but in 1996 his calves' weaning weights averaged 620 lb., he shared, clarifying, "This wasn't from feed or supplement changes, it was strictly genetics that drove the increase." The emphasis on better genetics improved his cow herd, as well.

Gottswiller again crunched the numbers and reported that from 1989 to 1996 weaning weights increased by 208 lb. per calf during a seven-year period, which equates to a 30-lb. increase per calf each year. The genetic investments increased by \$10,000 each year, but the return was almost double for Rutan. Verifying those improved genetics he used garnered more dollars at sale time.

As a seedstock producer, Butler says his role is verifying that his program and cattle will work for his customers' specific goals. He does this by inviting customers to his ranch before his sale to establish a relationship and build trust. He also knows his commercial customers' programs, and he's sure to tell them when a specific animal won't work for their program. Additionally, he is able to tailor genetic selection for his customers' environment and objectives.

"Stand behind what you say, integrity is key as a seedstock producer," Butler adds. "It is important as the market gets saturated with black cattle to verify that your customers' cattle are Angus-sired. Good verified cattle bring more than commodity cattle."

For more information on enrolling in AngusSource, AngusSource Genetic or Gateway, call the Commercial Services Department at 816-383-5100.

Fig. 1: Premiums on all steer calves enrolled in AngusSource selling on Western Video

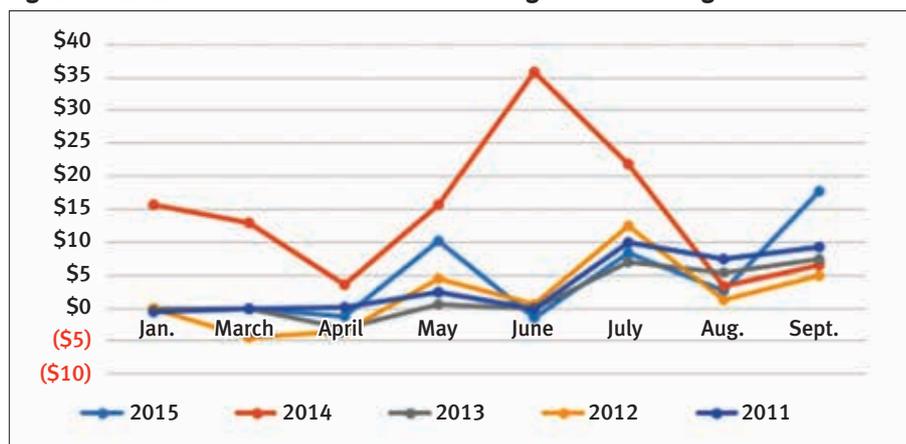


Fig. 2: Premiums on all heifer calves enrolled in AngusSource selling on Western Video

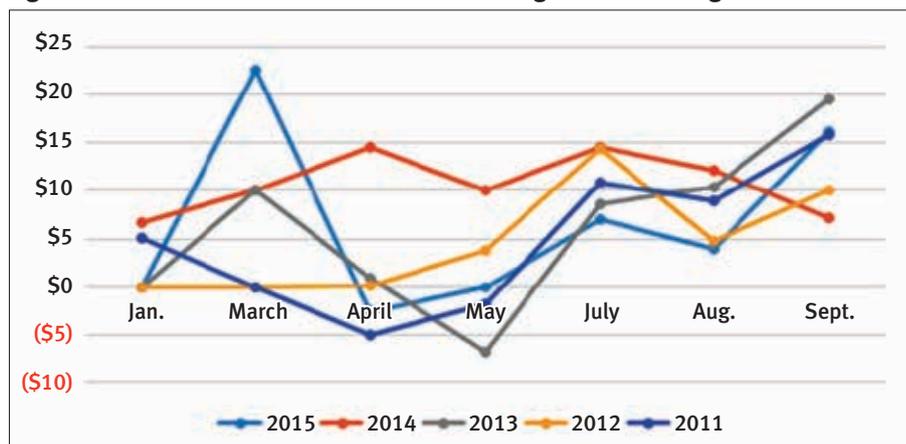


Fig. 3: AngusSource premiums 2013-2015 vs. cash market

