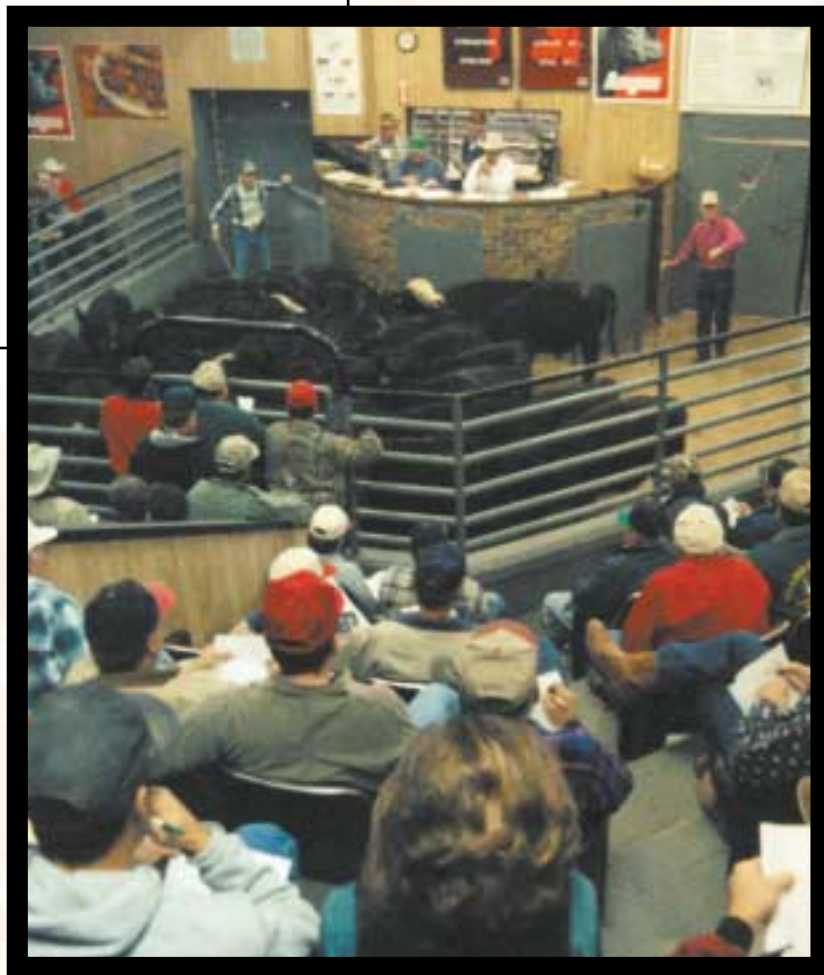
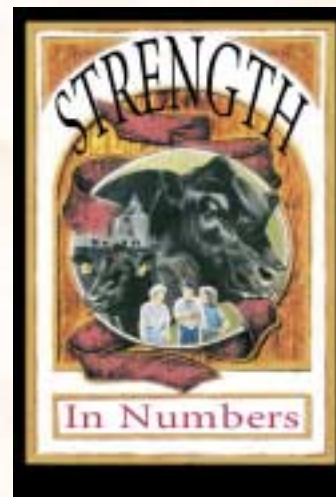


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STEVE SUTHER PHOTOS



# SHOW ME THE VALUE

*A dozen top Missouri Angus breeders team up with a top marketer to form an auction-oriented alliance.*

BY STEVE SUTHER

**T**

housands of producers truly care about the quality of calves they produce but have not found a way to discover what that is. An innovative auction market operator in the Show Me State has joined forces with area Angus seedstock producers to show the way.

The North Missouri Angus Breeders Alliance (NMoABA), based at New Cambria Livestock Auction Market, began with discussions last winter. One cold

January day, market manager Mike Kussman and area breeder David Innes of E.E. Robertson Angus, Armstrong, Mo., stood on the east ridge overlooking the auction facility. Pens of good Angus cattle had been sorted into groups of two or three based on seller, size and sex. It was a familiar — and frustrating — sight.

“It’s always a shame to see a good producer bring in his No. 1 cattle and see them stripped off into sales of ones and twos when they are worth more, all under the same health program and genetically

similar,” Kussman says. “Even Robertson’s — big as they are [200 registered and 200 commercial cows] — could rarely sell potload lots.”

“We were trying to figure out how to capture more value for these small commercial operators with 30 or 40 head to sell,” recalls Innes. “This has always been a big county for Angus genetics, with one of the better auction markets around. It seemed like there was potential to make something that would benefit everybody.”

A couple of weeks later, Kussman called a meeting of 12 invited seedstock producers. The farm names each end in the

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Above: The first outward sign of NMoABA activity was a graded feeder-calf sale the day before Thanksgiving, with subsequent sales in January and March. At these auctions, small-scale producers still sell each calf by size and sex, but individually identified and comingled in commercially attractive large lots.



Calves must bear special alliance ear tags with individual identification numbers on the front and producer codes on the back.

word "Angus": Blades Quality, Brockmere, Double Dye, Henke, Hunziker, Mauzey, Neil, Perry, R and K, E.E. Robertson, Sydenstricker and Thunder Valley.

Dan Neil, Brookfield, Mo., saw the alliance as justification for improving end-product focus. "Where Dad [Gene] and I had been trying to improve carcass quality along with lower birth weights, there wasn't much incentive for our buyers till they started getting paid for [carcass merit]. This would be a good start, showing them the value," he says. "We saw that a lot of this area's 30-cow herds just have one bull, so we could get uniform trailer loads."

Brian Brockman, Brookfield, Mo., says, "We [with father Bill] liked the idea of putting our customers with other producers of 20 to 30 calves so they could pool together. We heard about pools in other places and knew we ought to get one going, but we weren't sure how to do it for just Brockmere Farms. When the alliance idea came up, we liked it. We know the industry is going to like it."

■ An Angus breeders' alliance

Kussman had seen Phil Schooley's multibreed, graded calf sales across the state line in Bloomfield, Iowa. "The idea had worked well for him, but we have mostly Angus cattle around here. In adapting it to work here, we're just trying to get a jump on everybody else," Kussman says. He asked the group if they would commit to the hard work it would take to apply the concept to an Angus breeders' alliance.

By last March, NMoABA was born with the mission "to promote, advance, encourage, assist and support the growth and development of the cattle industry for the small producers in an ever-changing and competitive meat industry."

Specifically, the alliance serves those commercial producers who own bulls sold by its members. These seedstock producers sell about 500 registered Angus bulls a year. All calves must be home-raised or source-verified and vaccinated in accordance with the Missouri Stocker/Feeder Quality Assurance Health Program's red, white or blue tag system (see "Tagging Quality").

Calves must bear special alliance ear tags with individual identification numbers on the front and producer codes on the back. That's to facilitate tracking within the New Cambria Auction Market's computer database, which hopes to match feedlot

**Table 1: Results of Special NMoABA Feeder Calf Auctions, New Cambria Livestock Auction, New Cambria, Mo.**

Calves were sorted and pooled in uniform lots and sold on in-weights. At both sales, steers made up 64% of the run; those 600 lb. and over made up 22% of the November sale, but 48% of the January sale.



|  | Nov. 24, 1999    | Jan. 18, 2000     |
|--|------------------|-------------------|
| Total Receipts                         | 1,680 head       | 1,850 head        |
| Feeder Steers, Medium and Large No. 1  |                  |                   |
| 300-400 lb.                            | \$105.75**       | \$123.00*         |
| 400-450 lb.                            |                  | \$113.00-\$119.25 |
| 400-500 lb.                            | \$96.50-\$105.75 |                   |
| 500-550 lb.                            | \$93.50-\$104.50 |                   |
| 550-600 lb.                            | \$93.50-\$98.00  |                   |
| 500-600 lb.                            |                  | \$95.25-\$103.35  |
| 600-700 lb.                            | \$88.00-\$93.50  | \$90.00-\$99.25   |
| 700-800 lb.                            | \$88.50**        | \$86.50-\$87.50   |
| 800-850 lb.                            |                  | \$83.00-\$86.00   |
| Feeder Heifers, Medium and Large No. 1 |                  |                   |
| 350-400 lb.                            | \$85.00-\$91.00  | \$105.00**        |
| 400-500 lb.                            |                  | \$96.00-\$101.00  |
| 450-500 lb.                            | \$90.75-\$92.50  |                   |
| 500-600 lb.                            | \$88.00-\$93.50  | \$90.25-\$93.75   |
| 600-650 lb.                            | \$79.50-\$86.00  |                   |
| 600-700 lb.                            |                  | \$82.00-\$84.25   |

SOURCE: USDA Market News Service.

\*Upper half of weight bracket.

\*\*Lower half of weight bracket. Prices of fleshy, fancy or replacement lots omitted.

FUTURE sales, including the March 14, 2000, sale, will begin to track calf sales by health program, whether Missouri Stocker/Feeder QA white, red or blue tag.

## Tagging quality

Calves that go through the North Missouri Angus Breeders Alliance (NMoABA) sales have two sets of tags, one for identification and one for health. Electronic identification (EID) also is a new option for alliance participants.

As explained before the Nov. 24 sale, calves bore either the white (Show-Me Select), red (Show-Me Superior) or blue (Show-Me Supreme) ear tags associated with the Missouri Stocker/Feeder Quality Assurance Program (MS/FQAP).

Developed and certified by the Missouri Veterinary Medical Association to meet the quality-improvement needs of producers, feeders and consumers, the program educates and increases producer accountability for end-product quality.

Even at the basic white-tag level, producers must be certified and calves individually identified on tag and certificate. Parasite control, detailed individual calf treatments, timely dehorning and knife castration are verified, along with a battery of vaccinations at least 21 days prior to sale. Calves must be born on the producer's farm, and dates bulls are turned into and pulled from breeding pastures are recorded.

At the red-tag level, calves must be weaned 45 days prior to sale and receive booster shots a minimum of 21 days after the previous round of vaccinations and at least seven days prior to sale.

The highest qualifying, blue-tag calves carry genetic information as well, with sire name and registration number. NMoABA organizers hope to increase the number of these Show-Me Supreme calves in their sales.

Marcelline, Mo., veterinarian Jim Sheerman certified several alliance participants and said the Angus initiative has been positive for area herd health. "This [MS/FQAP] started in 1995 and was slowly gaining, but we speeded it up in this area because certification was required to qualify for the alliance sales."

Of course, there is resistance.

"I talked to some who said, 'I'm not going to let anybody tell me how to run my cattle,'" Sheerman reported. "But I tell them it's like a club; if you want to follow the extra steps, you can enjoy the benefits. If you don't, the other markets are still there. Hopefully, by playing by those extra rules, you get a few more dollars, and that's what it's all about."

Currently, the visual identification tags have a herd number on the back with individual calf number and the NMoABA acronym on the front. But EID is just around the corner, thanks to a state grant program.

At NMoABA members' request, Missouri state veterinarian

John Hunt says he will include the group in a \$125,000 project to study the ways and means of "preserving identity through the generic marketplace and adding safety for our end users."

"It will be up to that group, but I hope the EID will tie the quality assurance tag and participant's identification tag to one dataset," says Hunt. "Then after the sales, calves can be tracked, and data can come back from the processors."

The project just misses getting alliance members to use EID in the 2000 calf crop, but data transfer will be available this fall, and next year's calves may be able to start out with microchips. At Kussman's invitation, Hunt plans to add those tags to weaned calves at a New Cambria Livestock Auction sale this spring.

In developing the EID demonstration, Hunt says the Missouri Veterinary Medical Association first worried about how to get EID mechanical readers out at the feedlot destinations of purchased calves. "We settled on a study of the problems we face in our market structure, as it is. Our average-size-herd operators care about safe product, but they can't all get aligned in a system to get information back," Hunt comments.

"We're going to try to see where the weak information links are in our market structure so we can improve on it," he says. "Hopefully, if they [cow-calf producers] do have good-performing cattle or good-grading cattle, they can reach down the chain and their cattle will raise themselves in value as more is known."

By 2001, Hunt sees all the data being managed by some commercial firm in a way that anyone who had ownership of a calf can look up its EID number and check on progress or value of end product. "Some wouldn't get any information back, and that is part of the study. Some processors will just do it. With others we have to ask, 'Do we have to follow the cattle? Can we make some alliances to get data?'"

First-year data will include EID retention rate, program function, data storage and compatibility with other technology along the chain. "If we can get the technology companies to offer more universal products, we have accomplished something." From Hunt's perspective on alliances, "I don't think we can line up everything, but our normal marketing channels are good ones, and we'd like to have a system that works in our current system."

Kussman is excited about EID and where it leads producers. In combination with the NMoABA, he says, "There is no doubt in my mind that this will work and be for the good of producers. We are right there on the edge and leading the pack. I can't wait for the next sale — each one gets better than the last."

closeouts and carcass data with individual cow and bull genetics.

"We will put in our computer where the calf goes when sold, what the breeding is, specific sires in a pasture and health programs," Kussman explains. The return of closeout and carcass data is voluntary, but NMoABA will pay \$1/head to get it.

### ■ First fruits

The first outward sign of NMoABA activity was a graded feeder-calf sale the day before Thanksgiving, with subsequent sales

in January and March. At these auctions, small-scale producers still sell each calf by size and sex, but individually identified and comingled in commercially attractive large lots.

Kussman started the November sale, as he does all the alliance auctions, with an explanation of the program and introduction of the breeders. David Smith, Missouri Agriculture Department, reviewed the grading and sorting criteria, pointing out this was a new concept in the state.

Then it was back to Kussman: "We will

sell the best black Angus cattle that you have seen in a long time." As the first lot of graded calves came in, he added, "Everything has been done, and done right, folks. Buy the top, look into the future, there are better ways."

When the last gavel had rapped, some 1,700 head of calves had sold. The graded Angus pens went \$6/cwt. to \$8/cwt. higher than other cattle either at that sale or at regular New Cambria auctions the week before and after, Kussman reports.

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■ **Commercial reaction**

Dennis Still, Mauzey Angus cattle manager, Mendon, Mo., says his customers were more than satisfied with the outcome. "One of them drove past four other sale barns to come here, but he figures he made \$50/head," Still adds.

Brockman and Innes relate similar accounts. By January, several customers had come around to buy bulls based on the success of the alliance sales, they report.

"Our customers may have sold for a higher top price before, but never had they been able to sell 90% of their calves for the top prices," says Brockman. The market turned so bullish it may have disguised the alliance effect, however.

"Of course, everything sold well," Innes

says. "People won't see the full value in what we're doing because everything is going so well."

Martin Turner, a 200-cow commercial producer from Elmer, Mo., was happy with the price received for the 48 steers he sold at the November sale. "I like the fact that you get credit for your health program," he says. "And this gives you the uniformity you just can't get by sorting at home." The way his calves were split, perhaps 10 ways, he only recognized one as it was sold during the sale; but, Turner adds, "I would have taken a hit on those small lots at a regular sale."

The sale went according to plan, says Ben Eggers, manager of Sydenstricker Angus Farms, Mexico, Mo. "With sorting across the board into uniform lots, even your

singles ended up in a group," he says, adding that resulted in prices more like retail than wholesale.

Of course, not everyone was completely happy. One buyer was heard to grouse about the possibility that being too close to a holiday hurt buyer participation. Another counseled a friend, "You don't need help selling yours — this is just for the small producers who can't get a load together."

According to Eggers, the alliance allows for whole lots from single ranches if they can come up with that kind of volume. Still, everyone concedes, as Eggers states, "The biggest draw is smaller producers having calves sorted into groups."

Neil says he knew some sellers were apprehensive about instant buyer acceptance of something new. "Some of the guys worried that buyers wouldn't like the fact that calves are weighed on arrival, then sorted and allowed to regain condition on hay and water overnight." Uncertainty may have held back a couple of bids on the first lot of calves, but buyers quickly did the math to estimate shrink and shrugged off most of their concerns through the sale.

Eggers was on both sides that day, selling a few and also buying feeders for Farmland Supreme Beef Alliance, occasionally conferencing by cell phone. Several hundred feeder calves bought by John Gittings or Lavon Moore were bound for the Nebraska Corn Fed Beef program. And longtime local order buyer Udell Hayes, Marcelline, won the bid on nearly 200 steers for Emporia, Kan., backgrounder and feeder Dale DeLong.

"We've tried a lot of calves over the years," says the 900-head Kansas operator, "mostly from the New Cambria area." He counted the health excellent, treating only two from the two loads. "Those preweaning shots made all the difference, I guess, because these were not weaned ahead of the sale," DeLong adds.

■ **Prospects for data feedback**

Hayes was a skeptical cooperator. "When you've seen as many cattle as I have, you don't need the grading," he says, adding that time has taught him to tell genuine Angus from Continental imposters. As for the individual data, "There won't be a lot at first, and I'm not sure what it will be worth."

Turner was excited about the prospects for data — "the opportunity to learn about my calves individually" — but he shares some doubts about the voluntary system.



Top left: "I like the fact that you get credit for your health program," says Martin Turner, a commercial producer from Elmer, Mo. "And this gives you the uniformity you just can't get by sorting at home."

Top right: "With sorting across the board into uniform lots, even your singles ended up in a group," says Ben Eggers, manager of Sydenstricker Angus Farms, Mexico, Mo. The result: prices that resembled retail value vs. wholesale value.

Bottom right: Dan Neil, Marcelline, Mo., saw the alliance as justification for improving end-product focus.

Bottom left: "We're helping the breeders, too, by helping them see how well their bulls work in the commercial herds," says Mike Kussman, manager of the New Cambria Livestock Auction Market and instigator of the NMoABA. "Some will be disappointed, and some will be very happy."

"I'll be surprised if I get anything without beating the bushes for it," he says. "Nobody made any specific promises."

But Kussman says he expects data on some 700 head from the November sale, and he will personally beat those bushes. "We will almost certainly get data back from Farmland Supreme and Nebraska Corn Fed," he points out. In addition, DeLong leased U.S. Premium Beef shares for last year's cattle and may do so again, he says.

Certified Angus Beef (CAB) Program feeder-packer relations director John Stika says, "We really like to see Angus producers work together like this. There is a lot of potential for creating linkages between [NMoABA] and our network of 41 partners in the Feedlot-Licensing Program (FLP)."

Whether the calves go to a data-oriented group or not, Kussman takes the first step.

"I call the buyers and give individual tag numbers, genetic information, health, weights and prices," Kussman explains. "They enter that data, and we go along expecting to get something at the end, when the last owner or program will get \$1/head for sharing it." Each alliance calf must "check-off" \$1 for alliance promotion and data recovery, he adds.

With each producer's consignment of calves being split up into several drafts, "Everyone has an excellent chance of getting some data back," Kussman says. "We're excited about that."

He knows there are lots of critics and skeptics, and he knows this new idea isn't perfected yet. "We have to crawl before we walk, but we're getting producers a lot more than they had before. We're helping the breeders, too, by helping them see how well their bulls work in the commercial herds. Some will be disappointed, and some will be very happy."

Eggers says it will take more than one set of data "and a really big computer program" to analyze just what it means. "On a set of 70 steers out of 15 different herds and management programs, will there be enough days on feed to even them out? Also, with the differences in feeding programs, data may vary between half-siblings. One feedlot likes to harvest them at 0.4 inches of backfat and another goes to 0.5 or 0.6 inches of fat to try to increase grade. We'll have to figure out ways to tie these data together."

Most, but not all, of the cattle sold in 1999, 2000 and 2001 were or will be sired



Most, but not all, of the cattle to sell in 1999, 2000 and 2001 were or will be sired by alliance Angus bulls. Already impressive, genetic consistency at the alliance calf sales will improve as NMoABA members set EPD parameters and require exclusive use of alliance Angus bulls.

by alliance Angus bulls. By next spring, commercial producers must use only bulls from alliance members if they wish to participate in fall 2002 sales.

Brockman says alliance members considered spreading around genetics from some of the same bulls, "so many straws of each," but consensus seemed more likely to favor EPD parameters for sires of calves eligible for alliance sales. Even non-Angus calves were allowed in these first sales, Brockman says, "to help get more commercial people oriented. We were afraid that if we put too many qualifiers on the sales at the start, we wouldn't have enough interest to get it off the ground. After three years, we phase out everything else so that in the spring of 2001 [they] have to turn out alliance-sired bulls."

Eggers says there is no high degree of genetic uniformity among alliance members' cattle now, so EPD guidelines will be important. Of course, there will be debate over where to draw the lines, but NMoABA members are committed to reaching agreement. Neil says balance will be the key, because most commercial producers want the option of retaining heifers, as well as selling steers.

"The seedstock producers will be able to sell anything they want," Kussman says, "but to get calves into these sales, there will be EPD minimums." He plans to add a couple more calf sales for the next season and talks will begin on alliance heifer and bull sales.

While some of the 600-700 heifers sold last fall may have gone for replacements, Eggers says that was not the intent. "We can have a sale geared for that, with smaller groups of similar genetics and known implant status," he says. All of the NMoABA members say they are not yet ready for a heifer sale but agree it will be a good spinoff.

Brockman says there are several possibilities: "We could have a heifer sale in the spring, both bred and open, and animals from that sale could come back in the fall, or their progeny the next spring. Our customers would be the main sellers. Bull EPDs will have a big effect, but looking four or five years down the road, we need to get started on the cow herds, too."

For more information about NMoABA, contact Mike Kussman at the New Cambria Livestock Auction Market at (660) 226-5222; fax: (660) 226-5333.

