

Industry Leaders Speak Out in Louisville



During the recent North American International held in Louisville, Ky., around 400 Angus enthusiasts gathered to hear five industry leaders express their views on the future of the Angus breed. Dave Nichols, Bridgewater, Iowa; Jim Baldrige, North Platte, Neb.; Steve Radakovich, Earlham, Iowa; Merlyn Carlson, Lodgepole, Neb.; and Roy Wallace, Plain City, Ohio, each gave short presentations which were followed by a spirited panel discussion. Joe Reznicek, American Angus Assn. board member from Valentine, Neb., moderated the question and answer session.

The speakers echoed one another with many thoughts, while taking somewhat divergent paths on other thoughts. Excerpts from the session are presented here. This was the fourth year for the Association to sponsor an open committee session in conjunction with the annual meeting.

An Overview of the Beef Industry

Roy Wallace is director of beef programs for Select Sires Inc. He gives many lectures to beef groups throughout the country as well as serves as a consultant for various beef breed organizations.

by Roy Wallace, Plain City, Ohio

We have many different kinds and types of operations making up this total industry.

One of the most shocking things is that 20 percent of the beef production in the United States is a by-product of the dairy industry. A large supply of the feeder calf production is done as secondary or third enterprises on operations that put no economical input into those particular enterprises. A very small percentage of beef cattle are raised in operations that totally require beef cattle to make the net profits.

Yes, we all realize the cow-calf industry

is in trouble today. I recently picked up a piece of literature that said the average cow-calf operator in the state of Missouri last year lost \$95 a head on every animal that he marketed. That cannot be healthy for an industry. We look at today's beef steer as he reaches the market and we estimate that someone within the chain is losing well over \$100 per head. Now this doesn't sound good.

However, there is always one good thing

to come out of problems and economic pressures. And that is change. If we are going to survive in the production of beef, to be competitive with the chicken, the pig and other protein sources, I think our industry is going to go through some very dramatic changes that will affect each and every one of us sitting here in this room.

There isn't any question that because of the advantages of crossbreeding we are going to be working with crossbred cattle in the '80s and '90s.

I get a little upset when I realize some of you are thinking maybe Angus cattle are big enough. I guess I have a real problem with that today. Yes, the ones within these particular confines (the Louisville Exposition Center) are probably big enough. But you still have a population problem. Your cattle, as far as I'm concerned, need additional growth and need additional frame size. Because, we are working with not the 200 head of cattle that are exhibited here today, but we are working with 200,000 head of registered Angus cattle. We are working with population genetics, and we must move the population.

I think some of the technologies that we are going to see in not the next 100 years, but rather the next 10 to 15 years, will blow the minds of most of us sitting here. Within 10 years we'll be able to inseminate cows with semen that will last at least 10 days

within the cow and maybe longer. I think it's very much on the horizon and I don't think it's very far off. The whole area of embryo transplants and embryo banks brings a whole new kind and type of purebred operation.

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As economic conditions become better I think we are going to see more embryos and it is going to affect you as purebred breeders. I can become exceptionally competitive with you very quickly. The biggest problem in an embryo program is not the cost. It is the fact that, at this point in time, we do not have the accuracy of evaluating the genetic merit of the female as we do of the bulls. If we could ever evaluate her with the same kinds of accuracy that we evaluate

the bulls, watch out.

The mating decisions you make in 1984 will produce a lot of the genetics the commercial industry is going to be working with in 1994, because generation turnover is slow, especially in the commercial industry. I think you need to emphasize and realize where your Angus cow fits in the scheme. I think you need to emphasize calving ease, growth and maternal traits. And also cutability.

Your future lies in deciding what direction you want to go, then sampling the population of young bulls made available to you and utilizing those young bulls in your program as soon as you have accurate data. In your sire summary you currently are getting around 30 to 40 young bulls sampled and into that summary each year. For a breed of your size, you need to be sampling at least 200 young bulls a year to go into that sire summary.

The future is up to you. When you decide which direction you would like to go, your major emphasis is to put together the right young bulls, get those bulls widely sampled, collect and use those bulls to the maximum and utilize sons of those bulls in the next population. If you do that one particular thing, you will make as much or more genetic advancement than any other breed of cattle, and it will keep you strong through the next decade.

Performance: Where to From Here?

Dave Nichols, an Angus, Simmental and Polled Hereford breeder, has long been a proponent of performance programs. He has the distinction of having raised bulls in all three breeds that rank high in national sire summaries.

by Dave Nichols, Bridgewater, Iowa

I'm going to first tell you the things I'm pretty sure we will not be doing in the future: We will not be gathering here in Louisville 100 years from now to have our national show. Sire evaluation is not going to be as we know it with just maybe a few more columns added on. I suggest that 100 years from now none of the ancestors of our cattle will be here because there may be no need for registered cattle. I'm suggesting that through genetic engineering and gene splicing that this may in fact be done in the laboratory.

We may see synthetic hormones evolve to the point where they control some of the things we think are so important relative to growth, composition, frame size, etc. The things such as calving ease and fertility may be the very things we have to select for.

We may very well have to select for these animals knowing full well the only market we have for our germ plasm is the A.I. studs. Because, we may in effect have dried semen in a time-release capsule that we can im-

plant in a heifer to last her entire life. These are things that could very well happen in the future.

I think we as cattle breeders must keep our operations at the leading edge of technological change. We have to keep our operations solvent. A single stroke of the pen by politicians can change our tax laws in minutes. If we are depending on outside capital or some things like this we are indeed breeding cattle at the mercy of the elected politicians.

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In the future we will see sire summaries expanded beyond simply growth. We're going to be looking at cattle longevity, reproductive efficiency and some things that relate to specific environments.

The future isn't going to be as much fun as it used to be back when we didn't even keep calf records. It used to be that we just went to Chicago and we knew that J. Garrett Tolan was going to win most of the classes but a few of the rest of us would sneak in there occasionally and win a class. I think those days are over. We've got to prepare ourselves mentally, we've got to prepare ourselves financially to get on the leading edge of technology.

The worst thing we can do is adapt this John Wayne cowboy philosophy that somehow everything is going to work out all right in the end because it always has before. It hasn't always turned out all right before and as you look around this room today you will see a very different set of faces than you would have seen 10 years ago. So, obviously, there are a lot of people that 10 years ago became discouraged or broke and they are not here today.

For the near term, the future lies in collecting solid, statistically sound data and using it in our herds. We have to make our cattle breeding business a business. We have to enjoy the good things about breeding cattle—the fellowship, the social things like the show ring—but if there is not black ink on the last line of the last page, we are not going to be in the cattle breeding business.

The poultry industry is controlled by

about three breeding establishments, the seedcorn business is controlled by about seven or eight companies and the dairy business for all practical purposes is con-

trolled by about three A.I. studs. The beef business is one of the last vestiges where genetic decisions are made around kitchen tables instead of in corporate boardrooms.

And it will remain that way if we are innovative, adopt technology and do a good job. The day we stop doing this is the day the seed stock business will leave us.

Survival of the Fittest: Commercial and Feedlot Outlook

Merlyn Carlson's cattle enterprise is strictly commercial. He runs a cow-calf, grower and finishing operation in the heart of cattle country. Carlson is a former president of the American National Cattlemen's Assn.

by Merlyn Carlson, Lodgepole, Neb.

We're in some unplowed ground. We've never had to deal with some of these changes confronting us. And perhaps we have not seen anything yet. If we do not change, the cattle business could be on a slow evolutionary course of self destruction.

We are in a protein war. Our competition, primarily pork and poultry, has outpriced us, has outpaced us, has outprocessed us and has outpromoted us. This may sound somewhat negative, but I do think we have a silver lining.

I'm convinced we are entering an era of scientific and technological advances we have never seen before. We've made strides in animal health and reproduction. We're going to see a great deal more advances in feed conversion and in rumen manipulation. We're going to be learning how to better financially manage our operations. Marketing is going to take a front burner.

We are going to have to look at short terms: Are we doing things right? And then long term: Are we doing the right things?

Efficiency is the key word. The No. 1 challenge as we talk about efficiency is that we have to reduce our costs.

In our business where we have cow-calves, a growing and feedlot operation, there's been only two years since 1974 that we couldn't buy the calves and yearlings cheaper than we could raise them. That's a tough business to be in.

I think it's time for us to return back to the basics and to get more businesslike in our business. I think we are going to have

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continued volatility in our grain markets, and in our economy. As we talk about increased cost of gain in our feedlots I'm just wondering now if we haven't reached the size of cattle we need. Certainly, I don't think the large-framed, slow-maturing steer is the steer we want in our feedlots. As you look to the last 15 years, the size of our cattle has consistently increased. But calf pound

production per cow has reached a plateau. So again, that might suggest they are big enough.

To reach the efficiency that we need now, we just need to refine and perfect what we are doing.

We are going to have to have a program of educating our retailers on carcass value. We are going to have to appeal to processors to be more innovative. And, we are going to have to develop some new markets in this country as well as across into foreign lands.

I think the feedlot is now a positive part of our industry. I think our outlook is very good for the beef business. I think in the last half of 1984 and particularly in 1985 and 1986 we are going to have some good times back in our cattle industry. I think our economy is going to strengthen and our demand will strengthen as a result. Our dollar will probably weaken so we can restore some of our world trade. Again, I think it will be an era of marketing of prudent management and efficiency as we go into the next decade as well as the next 100 years.

I think retained ownership is a must in our industry. We need to retain ownership just as far upstream as we can, or as our banker will allow us. I think it should be mandatory that seed stock producers get feedback from commercial cattlemen using their cattle.

Impact of Cattle Shows on the Future

A registered Hereford and Angus breeder, Steve Radakovich is the immediate past president of the Beef Improvement Federation. He is a staunch supporter of performance programs as well as a noted judge of cattle at major shows.

by Steve Radakovich, Earlham, Iowa

I have the opportunity to see a lot of different breeds, different breed problems and to meet a lot of breeders of different breeds. What I'm finding is a lot of disillusionment about the show ring.

It is all the same song, same tune. We're talking about maximum single trait selection. People are saying, "I've been trying to catch up with the show ring and I've been trying to make my cattle competitive in the show ring and now I'm finding out buyers feel my cattle are too large, or they're too tall, or they have too high maintenance

costs, or the birth weights are killing me. What am I going to do? How can I be competitive in both fields?"

Number one, I think we have to ask ourselves, "What is the purpose of the Angus breed, or Hereford breed, or Brahman breed? We've been guilty of selecting all cattle pretty much the same. We judge the Chi show pretty much the same as we judge the Angus show, the Hereford show and the Simmental show. Basically, we're selecting for high management cattle down to low management cattle. In other words, we're selecting from large to small.

Your 1,800-lb. cow will more likely come out of your first place heifer. She's also the cow that is going to have the most management expense and the most total input.

What is the purpose of the Angus breed? We have 50 some odd breeds plus synthetics to choose from. The commercial

man has never been in better condition. He can design any type cow or any type female to fit any type of environment by the use of several breeds, or two breeds or whatever fits his situation for the most net profit.

He is not going to choose an Angus bull for maximum height or for maximum gain. What is he going to choose an Angus bull for? Why does he need an Angus bull in his operation? I think very seriously if I were buying stock in an association, the American Angus Assn. would be the first one I would buy stock in. They have a tremendous amount to offer rotational crossbreeding programs from a maternal longevity side.

But I think also, very constructively, that the Angus breed can vary further from the purpose than any breed I am familiar with.

Our Angus bull market has been really good on a commercial basis in Iowa. The

things they look for are No. 1, birth weight, then fleshing ability, high fertility, longevity and moderate size. The commercial industry is very conscious of calving difficulty and its effects on net profit. Can we tell this visually in the show ring? Or are we hiding unseeable important economic traits in the show ring? Or are we overpowering them by the glamour of visual appraisal?

We selected cattle by the eye of the masters 30 years ago when it was the only tool we had available. Then we developed performance testing programs and we selected by growth and by ratios. Now we have sire summaries, which are not complete. There is not a mention of reproduction in the sire summary. Reproduction is the most important economic trait the industry has to work with. And there is no mention of longevity or absence of problems. But the sire summary is a tool that can guide us where we want to go with a certain amount of accuracy.

I think you'll see a small segment of the industry that is going to show cattle very similar to the way we show quarter horses and dogs today.

It's these unseeable traits that concern me. The longevity, the fertility . . . traits that are unseeable, invisible by show ring standards. I think the future of the show ring in the next decade or the next two decades is going to be very simple. I think you are going to have it; I think it is going to continue to exist. But I think they are going to be breeding specifically for it. I think you'll see a small segment of the industry that is going to show cattle very similar to the way we show quarter horses and dogs today. Very honestly, I think the rest of the industry is going to breed large volumed, predictable bulls for net profit to merchandise to their commercial customers. You are not going to do both.

I think we each have to decide where we want to go in our operation and how we are going to do it. And you're going to have to merchandise your program. People are relying on the show ring and central test stations for a spin off of merchandising. It's an excuse for not developing a sound, independent merchandising program of their own operation.

The commercial man is not going to be in the seats at your national Angus show. Let's face it—he's not there. And he's not in the Denver yards much anymore, either. The commercial man is going to be at the farm progress show in Iowa; he's going to be in the machinery display here in Louisville and in Denver looking at the latest round baler. He's very basic. He works on dollars and cents. He doesn't work on glamour and prestige. I think we have to face this fact.

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Marketing in the Future

As a former sales manager, former Angus Journal representative and now auctioneer and Angus breeder, Jim Baldrige is a respected authority on merchandising purebred seed stock.

by Jim Baldrige, North Platte, Neb.

For Angus breeders, a successful marketing plan will determine the success of the breeding venture. The competition for our share of the total market is greater today than it ever has been. Just a few years ago, there were three breeds. But for the most part, there were just two—Herefords and Angus. And they controlled most of the beef breeding market. Today, more than a dozen breeds are competing for a market share and some of them are doing quite well. We must accept the fact that there is only one beef market and Angus cattle are only a part of that market.

We can obtain a larger market share by building a program that fits into as many crossbreeding plans as possible and by promoting the word optimum instead of maximum. Today, there is virtually no difference in what any one breed is trying to do as far as body type of cattle goes. I suggest to you

that as Angus breeders we have to drop out of the longer, taller, bigger race. We must realize that no one can be all things to all people in all areas.

In the future we will see emphasis on what each breed does best. Reputation, integrity and soundness of breeding programs will be prerequisites to marketing success.

There are a few things basic to promoting and selling a product. First of all, you have to have a sound product. You have to have adequate information about the product.

I suggest that in the future the successful operations are going to spend at least 25 percent of their time and effort in marketing.

You have to identify the market potential. You fully present the product. You promote it. And you have integrity that is above reproach.

Computer and video equipment are going to play a big part in marketing in the future, but no one scheme of merchandis-

ing or marketing will prevail.

In a tradition bound industry you can rest assured that marketing changes won't come quickly. But our ability to maintain the best of traditional methods and add innovative new ones will determine how much of a market share of this beef cattle market we get.

Today's total agricultural community is bent upon production. Production technology and production efficiency. I suggest that in the future the successful operations are going to spend at least 25 percent of their time and effort in marketing.

Breeders will need to develop a clientele and maintain personal contact with his customers to assure that the competition doesn't steal him away. The breeder must listen to his customers, to his needs, his goals and constantly try to stay at least one step ahead of his customer's demands.

The future marketing for Angus breeders will depend upon their building a better product. A product that fits into more and more schemes and more and more places than our competition does. Finally, the most successful marketers in the future will be the ones that buy cheap and sell high! **AJ**