

Facts to Life

by Dave Pingrey
President, American Angus Assn.
Benton, Miss.

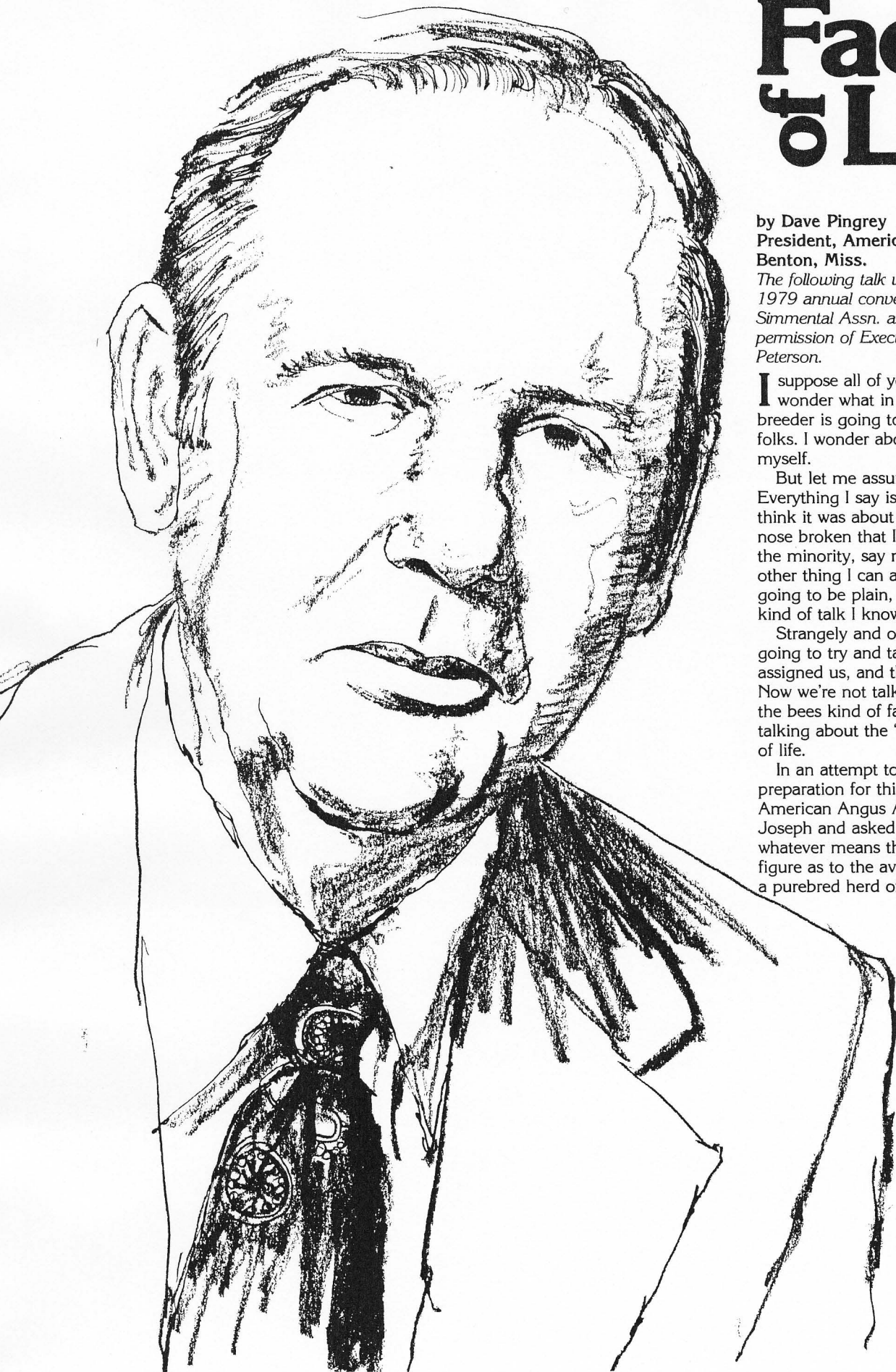
The following talk was presented at the 1979 annual convention of the American Simmental Assn. and is reprinted here with permission of Executive Secretary Dr. Earl Peterson.

I suppose all of you Simmental breeders wonder what in the world an Angus breeder is going to say to Simmental folks. I wonder about that a little bit myself.

But let me assure you of one thing: Everything I say is going to be nice. I think it was about the third time I got my nose broken that I learned, when you're in the minority, say nice things. The only other thing I can assure you is this talk is going to be plain, because that's the only kind of talk I know how to deal with.

Strangely and oddly enough, we're going to try and talk on the subject assigned us, and that is "Facts of Life." Now we're not talking about the birds and the bees kind of facts of life—we're talking about the "living and dying" facts of life.

In an attempt to make some type of preparation for this visit, I called the American Angus Assn. office in St. Joseph and asked them to please check whatever means they had and give me a figure as to the average viable life span of a purebred herd of Angus cattle.



I'm sure Simmental are going to be longer, but the figure they gave me was seven years. Now seven years from birth to death is really not a long life even for a Labrador Retriever.

Sobering Fact

It certainly must qualify us as the major production industry in the USA with the shortest life span. I'm sure this is sobering to you, just as it's sobering to me, because I have a hunch some of you Simmental people will fall by the wayside in seven years and probably for the same reasons Angus people do.

An so the next thing that crossed my mind is "why?" Why, in as short a span as seven years, does a purebred breeder (at least in the Angus breed) fold up his tent?

I can only really come up with one answer, and you may have a better one. But it would appear to me at least 95% of our new breeders either have never heard of or are totally unmindful of the one great fact of life from which all the lesser facts of life spring.

That is just simply this: That an American industry unless funded by the government—and let's add that "unless funded by the government"—to be long-term successful has to operate at a profit. That's just (to my country way of thinking) a plain fact of life.

It's the reason most of them drop out and, ironically, a high percentage of our new breeders are extremely competent and strong businessmen. They may not have that basic fact of life tattooed on their chests, but they sure have it in their brains, because it's the way they run their primary businesses.

Business Principles

These fellows have really forgotten more business principles than most of us cattle types will ever know. Yet I think we can make this statement without fear of challenge. There's no other major area in this nation's production economy that has a higher dollar investment based on less understanding of the industry in which that investment is being made.

Now these fellows I'm talking about wouldn't consider, wouldn't ever contemplate, expanding their present primary business without running a little check—let alone set up another type of business of similar nature.

First of all, they'd want to know the objective. Why were they doing it—why were they expanding the business or why were they setting up a new business? And then they'd want to know what kind of a personnel requirement they'd have to have to run the business.

What would the market potential be and what type of a sales program would they undertake to merchandise the product? Certainly everyone I know would want a projection date when they could expect to break even.

But they go into the purebred cattle business with just one objective: They want

the best damn herd of cattle of that breed in the country. Their definition of "best" is generally based on whatever area of that breed's activity attracted them, whether it was the show ring, the test station or whatever. They want the best.

Reluctantly Disperse

They never run it through the other test. They just want to go ahead. And what's the result? You've already seen it. In a relatively short period of time, either due to doctor's orders or the press of other business, they reluctantly disperse their herds and we all lose.

Now they lose something financially. But to be perfectly candid about it, with most of them, their primary business is profitable enough that they can absorb some of that loss in tax breaks. The real damage is done to their egos. They leave with no more understanding than they came with but with the assurance that, boy, this cattle business is sure different than the auto business or the lumber business or whatever.

And they never stop to realize how differently they performed in the two businesses. We lose, you in your breed will lose and we lose in our breed, because we lose what's been put together as a herd.

We lose ownership continuity. If you have ownership continuity and good management, at some point in time you hope that herd is going to be capable of some breed improvement.

Now I'll grant when a herd is dispersed, probably the highest percentage of those cattle maintain their purebred identity and the transfer fees help furnish income to run our breed association offices. But from the standpoint of incorporating the top 20% of that herd into a potential breed-improving unit, the relocation, the reidentification of those superior cattle has cost us valuable time.

Live or Die Fact

Ladies and gentlemen, in this business the one thing our breeds live or die on is the identification and multiplication of the superior animals within the breed.

Now we talked a little bit about objectives. Certainly with a breed such as yours and ours that's well-adapted climatically in every major beef-producing section of this nation and is held in every type of ownership, it's logical and healthy that we should have a similar spectrum of ownership objectives.

That's right. And we want to be sure we respect the various types of ownership and the various type of endeavors. We want to be sure we respect their objectives and don't get to believing that the place we've got hold of in our breed is where it's at. We want to be careful we don't become like the blind man examining the elephant and the part he has hold of is the only part that counts. That's the surest way to strangle a breed I know of.

But with this variety of objectives, there's one similarity that had better be included

over-all unless we're heading for a tragedy, and that's potential attainability in a time framework matching that owner's investment schedule.

That's important. Obviously, most of our objectives don't measure up. Either the objectives are unworthy or they're unattainable with the resources at hand.

Examine Objectives

So, really, I guess what we need to do is set up some system for examining our objectives early in the game to decide if they're based on "pie in the sky" or "facts of life."

We've already said there are going to be a variety of objectives and we're going to live with that. But I'm going to submit to you now five questions or five areas of examination under which you want to probe that objective to decide whether or not it's sound.

The first one of these may seem odd to you to begin with, and that's your geographical location, but it's a big one.

It's going to dictate in a large part a whole lot of your herd management systems, your nutritional programs, your breeding programs and your herd health. It's going to tell you what you can do and what you can't do so far as seasons and so forth. So many of our people overlook that no matter how grandiose your entry into this thing, live with the fact that for the first few years you're going to live or die on what you can sell your neighbors.

There's no reason for people to fly or drive thousands of miles to buy cattle from you when you're just setting up. I don't care how much you advertise or how much you promote or how much you toot your horn, you haven't got a herd of cattle until you've had them at least 10 years.

So your geographical location is going to tell you what you can expect in the way of a commercial market for your product up until that time you get fame and fortune and folks come flocking in.

Management System

Next, are you set up to give these cattle intense management? How much volume have you got? How big a herd can you handle? Have you got highly skilled competent labor or do you just have some people walking around? All of us have some of both kinds—some of us more of one kind than the other—but it's important when you're planning what you're going to do.

How are you going to have the grand champion at whatever your big deal is if you haven't got anybody there who can halter break a bull? It's all-important in analyzing your objectives: Attainability. These are basic things that'll decide whether you can make it or not.

Then the third question, and I think this is where a lot of us drop the ball before we ever get to take a step, is what kind of a selection basis are we going to use for our breeding stock both from the standpoint of out-of-herd purchases and replacements?

Here again, you'd better think back on

who's going to buy these cattle. Before you buy a \$20,000 cow, you'd better see if you have somebody who might buy a \$5,000 bull from you unless you have Uncle Sam helping or a way into Ft. Knox.

A lot of people sign their death certificate when they make their first purchase, because they buy in a league they can't possibly live in long enough to receive the benefits.

Selections

And in your own herd, how are you going to make your selections? Are you going to have some formal means of identifying genuine superiority in the areas you consider important or are you just going to eyeball?

A lot of these new people are real good cattlemen and they can just eyeball them—and they're still good at eyeballing when they tell you goodbye. Isn't that sad?

Now we're getting down to the nitty-gritty: How are you going to sell these cattle? What's your sales program going to be?

And number four: How are you going to get the people to your place? How are you going to convince somebody it's really worthwhile to drive 100 miles and drive past three or four other breeders who have the same breed of cattle you have and come to your place?

I don't say I have the answers to all of these questions, because I'm busy trying to find them for myself. But let me tell you something. How you answer these questions in the light of your preliminary and primary objectives constitutes your facts of life.

I said at the outset there were a lot of different answers for all these questions. What's best for you may not be best for me and vice-versa. If you'll permit me, I'll tell you how we've answered these questions, because it's the one I know most about.

Some Answers

First of all, we're located over in the western part of the state of Mississippi. It's good cow-calf country. I skipped the most important thing, our objective, and that won't take long to state.

We had only one objective: To stay fiscally and financially alive in the role of purebred Angus breeders. That was it. Period. It takes care of our objective.

All right then, now to the geographic area. Well, we had good news and we had bad news.

The good news: We were sitting pretty much centrally located in one of the best cow-calf areas in the southeast. That meant a couple of things. There was a market there for commercial bulls if we produced commercial bulls that would suit the people, present them to them in a form that was satisfactory at a cost that would enable men to be able to buy them and us stay in business. That was the good news.

The bad news was we were way off the main track for the carriage trade in the Angus business. You read about them and I read about them—\$3000, \$4,000 female

sale averages. It makes good reading. But from the standpoint of attainability for us, at least in the first several years, we might just as well be reading fairy tales. In fact, we'd be better off reading GRIMM'S FAIRYTALES so it wouldn't confuse us.

Confusion

So many people get confused and get discouraged because they believe all of that stuff. Now I'm not saying it doesn't happen. I'm not saying those cattle don't sell and the money doesn't change hands. But when some poor little schnook down in Benton, Miss., thinks he can take three pages in the ANGUS JOURNAL or put on a cocktail party at the show and have people come down and buy his cattle, he's just fooling himself.

They'll sure drink his whiskey and the ANGUS JOURNAL will take his advertising.

But so far as the breeders coming down—really, folks, why should they? Why should they if you've only been in business for a little while? You haven't really identified the superior strains in your herd, let alone being able to offer them for sale.

So that was the good news and the bad news. If we did it right, we could probably sell bulls to commercial men. No matter what we did, we were a long ways from getting those big prices.

What about physical plant and personnel? This is an area of windblown soil. If you stick a plow in it, next spring it's down in New Orleans. That means it's a grassland

farm. We grow grass successfully, "soft" grass. Don't confuse it with your "hard" grass. You have more nutrients in a hat full of your grass that we have in a washtub full of ours. But we grow lots of it and we have good rainfall.

Wrong Time

This year, unfortunately, it came in January, which is really not the time for it. Generally speaking, we can grow grass. We don't grow much grain crop.

So what did that say? That said if we were going to set up the program that was based on our physical plant, we were going to have to be roughage-oriented in our cattle development, and our performance program had to be based on a roughage-oriented nutritional regime. There weren't going to be any 140-day high-energy feed tests and no creep feeding of calves. We were going to make it or not make it on grass and hay with a little supplemental grain.

So far as labor—average except for the top people—we didn't have a vast labor force of knowledgeable cattlemen. That meant no halter-breaking, no foot-trimming, no combing, no curling and no shows.

All right, selection. We believe our association-sponsored AHIR program is an excellent one. You ASA people are to be congratulated on having one at least equal. We felt there were more answers to be gained by enrolling our cattle in this program and basing our decisions on it.

Crossbreeding

People who run around and say, "Our breed is best for everything," if they want to say it, that's fine, they can say it. I don't want to argue with this whole group. But I know good and well that Angus cattle aren't the best in every area. I know one other thing. Anybody who argues against crossbreeding cattle has got his head in the sand. Crossbreeding is going to increase in this nation in direct proportion to industry education. You can't argue against it. It's going to be there.

So what we wanted to do was concentrate our selection decisions in the trait areas in which our breed had clear-cut superiority. That meant ease of calving, maternal traits and carcass quality coupled with adequate performance in the growth trait areas. That's the way we set our performance programs and made our selections.

As to purchases, to this date we've sold one \$5,000 bull, the most money we've ever received. Most of our bulls go to commercial men. We have some of the best cattle people in the southeast buy bulls from us. They know what they can pay based on what they get for their calves.

So when we went out to buy breeding stock, we knew what we could reasonably expect to get from their progeny and produce and we didn't want to buy anything we had to marry. We didn't want to have enough money in any one of them so that the day we said this one won't do, we could

say goodbye and nobody had to shave their head or slash their wrists or roll in the ashes.

Selling

So far as selling goes, well, I've already told you, our long suit was commercial men. We have one formal sale a year that has the unique name of "Bull Day," because that's the day we sell bulls. We offer these people what we know they want.

They want service-ready, strong, pasture-conditioned bulls ready to go to work. In all our time in business, we've never trimmed a bull's foot. These bulls are hard and they're rough and these boys buy them.

How do we get the people to the place? The most organized advertising was

*There's no other major area
in this nation's production
economy that has a higher
dollar investment based on less
understanding of the industry
in which that investment is made.*

through our state cattlemen's association magazine. We contracted for the inside front cover when we went into business and we've kept it ever since. We concentrate our advertising on practical things. Things we

know will mean something to these men. These guys don't care who had the grand champion bull in Denver or who leads the National Sire Evaluation thing.

They want to know first of all that we're breeding good cattle and the genetic input is good. Then they want to know if our program is nearly enough like theirs that they can buy bulls from us that'll work when they take them home. We concentrate on the fact we grow these bulls on grass. The bulls are sound and ready to go to work.

Superior Genetics

We also advertise the fact we're using what we think are superior genetics. Here's something I've never heard a college prof say: We talk about the genetic input and how important it is. But did you ever stop to think when you sell a man a bull, it's 18 months before he can honestly have any basis for deciding whether the genetics in that bull are doing him any good or not. I can guarantee he'll tell you within one year if he likes the bull or not.

Now before someone says I didn't say anything about selling females, I'm going to beat you to the punch. For a long time we didn't have any females to sell. We made a solemn pact that we wouldn't sell a heifer until we had a dispersal sale, hopefully a long time away. When people sell their heifers, they sell their future. It's just that simple. They let some high-speed sale manager come in and talk them into taking the top cut of the heifers and selling them. In three years he'll be back there to sell them out.

If your heifers aren't better than your cows, you're doing something wrong. So why sell tomorrow to stay alive today?

First Female Sale

We didn't sell any females the first several years. When we did feel we were a little bit ready, the times were so bad we were scared to have a sale, just to be honest about it. This last year, however, we had our first female sale and we called it, uniquely enough, "Ladies Day" because we didn't sell anything but females.

We sold them with a formula: Cow five years old or older with a heifer calf at side and at least one daughter in the herd. We stuck to it. Would you believe, people did come from quite a long ways away—eight states, as a matter of fact—and bought those cattle and bought them successfully.

Maybe it was too early for this type of sale. But we needed some money and it worked so well we're going to do it again this year.

I told you at the outset I didn't set this up as a model. There's probably not one thing in here you want to do. I just want to show you how we analyzed what our long suits were, what our short suits were and tried to come up with a program that would keep us alive.

It's kept us going longer than seven years, so we're above the average. I think these last two years should count double!

