CERTIFIED ANGUS BEEF LLC

At the Heart

The Angus breed's combination of maternal ability, exceptional carcass performance and acceptable feedyard performances provides a flexible base package for custom heifer developer Heartland Cattle Co.

BY STEVE SUTHER

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"Whether you are trying to match cow size within a particular feed-resource environment or cross with other breeds in a terminal meat-production system, Angus is a good starting point," says Patsy Houghton, manager of Heartland Cattle Co.

Heartland Cattle Co. is not in the seedstock business, but after 10 years of custom-developing heifers using an information feedback loop, it may seem like it. The McCook, Neb., enterprise has launched more than 35,000 replacement heifers for customers in 30 states. Those heifers have responded well to synchronization, with 71% of them conceiving on first service; and after returning home, they bred back at a rate 8% better than ranch averages.

Eight years ago, the first second-generation heifers came back, and the base of Heartland Cattle genetics, though owned by many individuals, has continued to grow. Representatives from eight generations of performance-proven cattle families will grow and breed at the development center this year.

Most of the heifers have been Angus-based, says manager Patsy Houghton. That's no coincidence; for one thing, most producers have Angus genetics and are interested in adding more. But it goes beyond the kind of popular demand associated with fads.

"As a breed, Angus supplies several desirable traits — maternal abilities combined with exceptional carcass performance and acceptable feedyard performance — to provide a base package that can go many different directions," she says. "Whether you are trying to match cow size within a particular feed-resource environment or cross with other breeds in a terminal meat-production system, Angus is a good starting point."

From that point on, Houghton and the Heartland staff have let performance and carcass information build the feedback loop that continually improves both

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Without considering frame, selection for mature-cow weight can lead producers astray, says Patsy Houghton. Taking both frame and weight into consideration, uniformity goals become valid.

maternal function and end-product performance for customers. The staff includes information manager Janet Lynch and feedyard division manager Cal Siegfried, who is a partner with Houghton and farmer Stuart Seidner.

Carcass insights

Feedlot and carcass performance of steer counterparts and heifers that fail to breed always have been vital to the program, Siegfried says. Because the McCook facility is strictly for weaning calves and growing and developing heifers, the company maintains a 9,000-head Certified Angus Beef LLC (CAB) licensed feedlot at Menlo, Kan. Heartland Feeders II quickly rose to top the list of licensees, achieving excellent *Certified Angus Beef®* (CAB®) acceptance rates with no discount cattle (see "Heartland, Lynch win CAB honors" on page 120). CAB quality assurance officers are Lynch, Brett Carr and Jamie Fortin.

Lynch wrote records and analysis programs for the computer to meet the considerable information demands of Houghton, Siegfried and customers. Heifers are the focus, but numbers make the steady improvement possible, Houghton says. Data on the 3,350 cattle sold on grids last year show the growing advantage for progeny of Heartland-developed females over other cattle (see Table 1). Virtually all the grid cattle were Angus, though about 10% of those were Red Angus.

With so much data gathered by the company feedlot and on customer ranches since 1990, Heartland can make a convincing case for the added value of heifers from their customers' cattle gene pool, developed in their time-proven manner (see Table 2).

"The illustration had to be simplified because there are so many factors involved in heifer profitability," Houghton says. "For example, we didn't account for salvage-value differences between groups, but neither did we account for differences in calf weaning weights."

Of course, on-ranch numbers vary with individual management, but the reproductive comparisons (ranch performance, first calf and second calf) use averages of benchmark data from Heartland's customer base prior to their involvement with the company. Feedyard and carcass performance compares progeny from Heartland females to other high-quality, retained-ownership, Angus-base calves fed by the company.

Table 1: 2000 Heartland Cattle Co. grid sales of 3,350 head — carcass data and feedyard performance summary

	Overall	Heartland	Other Angus-based
Grade:			
Prime	5.25%	9.71%	2.43%
CAB®	23.07%	31.77%	17.58%
Other premium	3.70%	5.17%	2.77%
Total premium quality	32.02%	46.65%	22.78%
Choice or better	76.13%	86.20%	69.77%
Yield Grade 1-3	96.66%	96.61%	96.69%
Total $/head	$24.41	$33.58	$18.62
Avg. daily gain	3.31 lb.	3.64 lb.	3.16 lb.
Cost/lb. gain	$0.4307	$0.4073	$0.4432

Table 2: Value difference in Heartland-developed heifers vs. others

Item	Heartland avg.	Others' avg.	Difference
Ranch performance, first calf			
Avg. cost/heifer developed, 10-year avg.	$1,000	$800	+$200
No. of head purchased/exposed[a]	100	100	0
No. of head weaning a calf	95	80[b]	+15
Total weaning wt., lb. (550 lb./head)	52,250	44,000	+8,250
Total calf value, $ ($101/cwt.)	$52,773	$44,440	+$8,333
Feedyard performance (67% of calf crop)			
ADG, lb.	3.64	3.16	+0.48
Cost of gain, $/cwt. (2000)	$40.73	$44.32	-$3.59
Feedyard performance, $/head (2000)	$17.95	par value	+$1,143
Carcass performance (67% of calf crop)			
Quality Grade:			
Low-Choice or better	86%	70%	+16%
Prime/CAB®/premium quality	47%	23%	+24%
Added value, total $	$2,137	$998	+$1,139
Added value, $/head	$33.58	$18.62	+$14.96
Ranch performance, second calf			
No. of cows rebred for second calf	88	68	
No. of cows weaning second calf	85	63	
Total weaning wt., lb. (575 lb./head)	48,875	36,225	+12,650
Total calf value, $ ($101/cwt.)	$49,364	$36,587	+$12,777
Second calf through weaning			+$23,392

[a]Heartland = 100 head of AI-bred heifers with a 30-day breeding interval; cattle delivered to rancher in August. Benchmark Ranch Avg. = 100 head of replacement heifers exposed to natural-service sires for 60 days and pregnancy-checked in October. Heartland example already has accounted for salvage value associated with prebreeding culls and open heifers, as well as a percentage of non-saleable bred heifers. The industry example does not yet account for these losses and only includes direct developmental costs of the original 100 head exposed. This comparison was constructed to illustrate the effect of indirect costs on eventual bred heifer value.

[b]Losses include prebreeding culls at 5%; open heifers at 7%; calving loss at 7%; young calf loss at 2.5%. If a rancher's management system does not include a prebreeding exam, the 5% loss as prebreeding culls will be incurred at breeding in the form of a lower pregnancy rate and at calving in the form of hard pulls, cesarean sections and heifer death loss.

Information manager Janet Lynch is charged with the task of making reports understandable and useful to Heartland customers.

Fine-tuning the herd

The numbers have more important management applications than promotion, for they permit customers to fine-tune the carcass or maternal side of their cow herd to fit specific goals, Houghton says.

"The guy taking Angus heifers home and breeding [for subsequent calves] to Charolais is aiming for the Yield Grade 1 and 2 market and not keeping replacements," she notes. "The heifers must have excellent maternal ability, but their first service may be to Angus bulls that produce more red meat yield than anything else, and we're not particularly interested in his maternal traits."

"For the guy who's trying to do it all — keep his own replacement heifers and produce CAB-quality steers — we'll take a very balanced approach," Houghton says. "To aim at the CAB target can also encourage maternal traits in the herd. So it comes down to two choices for producers: maternal and high-quality-grade cattle or terminal and red-meat yield."

Producers may choose the latter route because of "perceived efficiencies in feedlot performance," she says. "There are cattle that fit the stereotype, especially in the Continental crosses, that will exceed live-animal performance of straight-black Angus cattle. There are also, however, a lot of unknown genetics, and perception is not reality."

Ideals are perceptions. "Any breed can get off on a tangent and miss the boat, even Angus," Houghton says. "One of the things we can do to increase fertility is to maintain hybrid vigor, but as we move to more and more straightbred cattle, we're losing that."

That's not a detriment to Angus, she's quick to add. "It's just that as you get more predictability, you give up some production advantages. In well-planned and -executed crossbreeding, you can achieve a reasonable level of predictability, but it got a bad name in the 1980s when everybody jumped on every new breed that came down the pike."

Houghton reports slightly higher demand for straightbred Angus (60%-65%) compared to the second-most-popular Angus whiteface (about 35%). Whatever the goal, and whether a herd features straight- or crossbred cattle, the key is to determine which females really do perform, she explains.

The elusive ideal

After a decade in business on the Kansas-Nebraska border, no perfect heifer type has emerged. However, due partly to producer perceptions, the frame 6 cattle go to Nebraska and north, while the more moderate frames go to Kansas and south.

"We have a New Mexico customer in a challenging feed-resource environment [who] wants low-5 frame with no more than moderate milk and easy fleshing," Houghton says. "Sandhills Nebraska customers may want a 6.5 with higher milk production because the feed resources support that. If I switched those orders, both customers would be upset."

Houghton admits there's nothing wrong with running low-5-frame cows in the Sandhills, but the regional bias goes against it. "A bigger issue is knowing what you have," she notes. "When we ask for benchmark information on current mature cow size, almost all our new customers say 1,150 pounds, no matter where they're from.

"The reality may be 1,300 to 1,350 pounds, but they say 1,150 pounds because the last university discussion they heard said that's what they ought to have. Also, few of them have ways to weigh on the ranch, so they are picking up numbers from the last cull cow sales — often older, open and lighter," Houghton says.

"The problem with the 1,150-pound ideal is too many people have tried to select for weight without paying attention to frame size. Over the course of time, some producers ended up with a 6- to 6.5-frame, 1,150-pound cow. She won't breed back. She won't flesh. She won't produce enough meat — and she won't stay very long."

Aiming for consistent body weight in cows is not the way to get a uniform herd, Houghton concludes. It's just another form of single-trait selection.

"It would surprise a lot of folks to know that a 1,150-pound cow, if she's the right kind, is less than a frame 5. If she's got the right fleshing ability, bone and muscling, she's about a 4.5 frame. You can have 5.5-frame cows that are 1,275 pounds and the right kind. In a lot of cases, that may be the ideal cow," she explains.

Taking both frame and weight into consideration, uniformity goals become valid. "In a perfect world, the window of variation in cow weight at a constant frame is 100 pounds. We try to package heifers that will conceive in a short period of time that only have an inch or two hip height separating them and a close weight window," she says.

Success depends on how much is known about the genetics. "We've seen some Angus heifers go out — groups of 100 or more that conceived in three days, had no more than an inch variation in hip height — and ended

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up with a 75-pound weight window," Houghton says. "That's about as good as it gets. You can't do that all the time or get there in one year."

The producer with too much variation in cow size should work on both ends, she advises. "If you do a good job of marketing, you can package acceptable females that don't fit your herd. Direct market them to producers with higher- or lower-input feed programs. They may be perfect for somebody else."

Information core

If Heartland data says anything, it says retained ownership of good cattle pays. "Why would you want to invest in better genetics just to let somebody else take advantage of them?" Siegfried asks. He credits Lynch with developing Heartland's information advantage. "It took a lot of time and effort to streamline our reports so that numbers mean something to everyone, especially our customers."

Less service-oriented cattle companies might consider it holding the customer's hand, but Heartland calls it regular customer service. "This is what you have to do," Lynch says. "You want to make sure the customer understands the information and that it is relevant to them."

For any given customer, Lynch adds their specific data column to the carcass data and feedyard performance summary report so they can see where their cattle ranked vs. all Heartland cattle. In addition, as a CAB-licensed partner feedlot, Angus customers also can see how their cattle perform compared to the average of all 64 licensed feedlots across the United States.

Those numbers are printed in a color-keyed report and include profit or loss per head, the bottom-line criteria for retained ownership. Houghton asked Lynch to make financial effects clear because of frustration experienced in reading other feedlot closeouts. "Sometimes, it's hard to tell if you made money or lost money — no wonder ranchers are frustrated with retained-ownership programs in general," Houghton says.

As producers come to understand the genetic, management and financial sides of retained ownership, they generally convert to the practice, Siegfried adds. The last hurdle is the banker. "But when you can get 75% of your calf money in the fall and have all the feed financed, the objections don't fly," he says.

Heartland Cattle Co. custom-develops heifers using an information feedback loop. The McCook, Neb., enterprise has launched more than 35,000 replacement heifers for customers in 30 states.

Heartland, Lynch win CAB honors

Heartland Feeders II recently became the first feedlot partner licensed by Certified Angus Beef LLC (CAB) to achieve the benchmark award for harvesting a cumulative 500 head or more on-target cattle, according to John Stika, CAB director of feeder-packer relations. Qualifying groups in the Thirty-Aught (30-0) Program must achieve at least a 30% *Certified Angus Beef*® (CAB®) acceptance rate and be free of any "out" or "discount" carcasses. The program rewards high-quality cattle and management by refunding the group's enrollment fee, Stika explains.

Heartland's achievements at its yards near McCook, Neb., and Menlo, Kan., are all the more impressive because they took little more than eight months, from March to November, Stika adds. A couple of example drafts and the overall summary follow.

Feedyard	Head	Sex	%YG 1&2	%CAB®
Heartland Feeders II	81	H	50.6	30
Heartland Feeders II	81	H	75.3	46

Total qualified, no. of head	501
Total black/eligible	448
% eligible	89.4%
Total certified, no. of head	182
% CAB	40.63%
Avg. 30-0 group size, no. of head	36

CAB Quality Assurance Officer of the Month for January, Janet Lynch of Heartland, explains the yard's rapid rise to Bronze 30-0 status and overall achievement of 25.5% CAB on more than 3,000 enrolled cattle in less than a year.

"We have been working with some of our heifer-development customers for eight or nine years," Lynch says. Most of those are Angus-based ranches, and they have used a decade's worth of performance and carcass data to make steady improvements, she adds.

Candidates for Quality Assurance Officer of the Month are evaluated on their CAB focus, including attention to detail, timely enrollment of eligible cattle, accurate tracking of cattle through harvest and general commitment to the program's success. As the January winner, Lynch earned a gift package of CAB products and eligibility for the annual award featuring a trip for two to the National Finals Rodeo (NFR) in Las Vegas, Nev.