

Competition for Small Commercial Producer's Dollar

by C.J. Brown
University of Arkansas, Fayetteville, Ark.

Some become breeders of Angus cattle because of family tradition. Others elect to breed Angus cattle after considering other alternatives. Many elements enter into such decisions. Some of those elements are not profit oriented. The successful breeder, however, must be profit oriented and particularly oriented to the profitability of his customers' operations. Orientation to profit in customers' operations is a part of merchandising.

Many breeders never separate activities that contribute to improving genetic merit of their animals for performance from those activities that are related to merchandising. Improving genetic merit for performance increases efficiency and therefore profit. Merchandising efforts are focused on getting the greatest return possible for animals produced. Good breeders may fail at merchandising and good merchandisers may fail as breeders.

In the highly competitive cattle business of today, the successful purebred breeder must continue to improve genetic potential for production or he will not remain competitive. He must also effectively merchandise animals produced if he is to remain competitive. Meeting the competition is the challenge. Competition may occur within breed, between breeds or some combination of the two. The conditions and relative emphasis of these aspects of competition for each breeder will be almost unique. Opportunities to be innovative are almost limitless. There is no assurance that a program which met the competition for one breeder will be successful for another.

Perhaps the statement of two eminent historians concerning competition is worthy of repeating. According to them, the first biological lesson of history is that life is competition. They state, "Competition is not only the life of trade, it is the trade of life—peaceful when food abounds, violent when mouths outrun the food. Animals eat one another without qualm; civilized men consume one another by due process of law. Cooperation is real and increases with social development, but mostly because it is a tool of competition . . . Competing groups have the qualities of competing individuals: acquisitiveness, pugnacity, partisanship and pride."

I find an analogy to the above statement on competition if I equate commercial demand for purebred seed stock to food and hungry mouths to purebred breeders. During the expanding phase of the cattle cycle there is much demand for seed stock and purebred producers do not have to be very competitive, but during the phase of herd reductions in the cattle cycle only the most

competitive purebred herds survive. The cooperative efforts of Angus breeders in national, regional and local activities have been effective in meeting the competition but they continually need to be modified.

Meeting competition through the years

The need to modify efforts and emphasis by breeds and breeders can perhaps be il-

Table 1. Maternal Performance of F₁ Cows with 50 Percent Angus Breeding*

	N	Birth* Weight	Weaning** Weight	Grade	Condition
Angus-Brahman	68	73	511	12.1	3.8
Angus-Charolais	68	77	508	12.5	4.0
Angus-Red Poll	61	71	490	12.1	3.9
Angus-Santa Gertrudis	66	72	503	12.5	3.9
Angus-Hereford	45	69	468	12.0	3.9

*Data from Experiment at University of Arkansas Southwest Research and Extension Center, Hope.
**Records adjusted to a male, mature dam and 205 days.

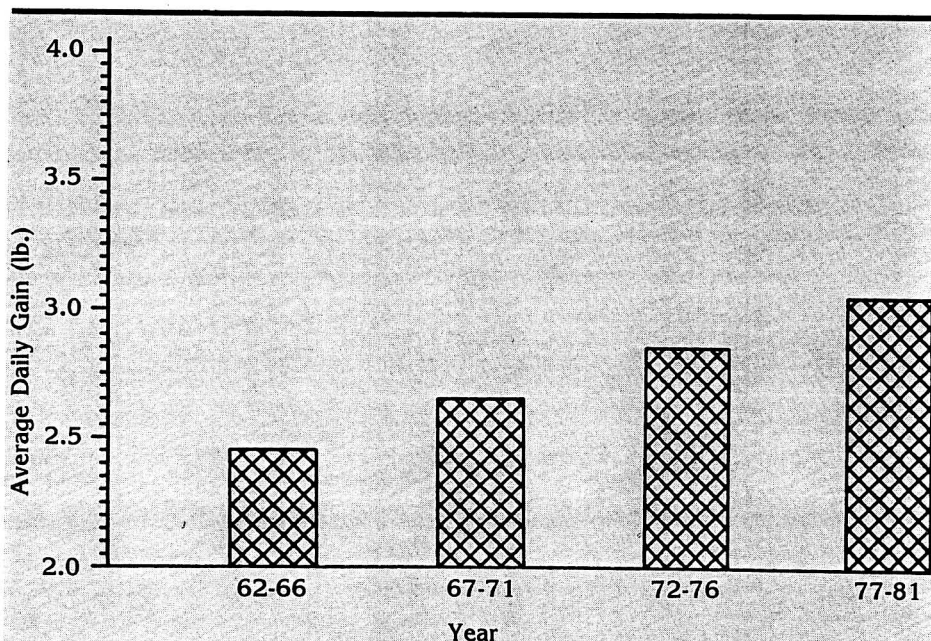


Figure 1. Trend in average daily gain of Angus bulls in University of Arkansas cooperative central bull tests over 20 years illustrates competition a breeder must meet within the breed.

illustrated by a review of how Angus breeders have competed as the cattle industry in Arkansas has developed. It has been my privilege to have watched this industry develop over the last five decades from a time when the income was less than one million dollars per year until today when the income approaches 400 million dollars. It is a dynamic industry, still growing and with much room yet to grow.

In the 1920s and 1930s there were a few isolated purebred herds, but on a drive through the countryside one could see few beef cattle that could be identified according to breed. The commercial cow herd of the area could best be described as mongrel.

When land was released for forage production as horses and mules were replaced by tractors, the cow herd began to expand and the demand for better bulls was acute. All purebred breeders flourished. The purebred Angus breeder who produced bulls of the conformation and type dictated by the show ring met the competition. Such bulls were used in commercial herds that typically followed a grading up system of breeding.

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In the 1940s, the dairy industry began to market milk by weight and more rigorous sanitary requirements for manufacturing milk were enforced. These changes forced many small dairy herds (predominately Jersey) to shift to beef production. Most did this by simply using a beef type bull (predominately Hereford) which produced a brindle, brockle-faced F_1 offspring. The brindle color pattern usually did not become evident until after weaning when steers were already in the feedlot. After trying a group of such steers, feedlot buyers would pay less for any animals that gave evidence of becoming brindle because they gained slower and finished at lighter weights that the market preferred.

Commercial producers soon learned that the use of an Angus bull would produce a solid black color and more beefiness and thus would avoid the dockage. At this point in time, the purebred Angus breeder met the competition primarily because he provided a bull that was prepotent for color and the polled condition. No doubt the three-way crossbred calf on an F_1 cow produced maximum hybrid vigor and worked to his advantage.

In the 1950s the beef industry was still much more simplistic than today, but it was becoming more complex. Only three major breeds competed. All three wrestled with the problems of dwarfism and the "gurus" of the show ring set the trends. To compete in those days, the purebred breeder needed to assure his commercial bull buyers of freedom from genetic defects and provide bulls

conforming to the type standards of the day.

Those were the days of the small, compact, early maturing types. Commercial herds were mostly straightbred being graded up to near purebred status. Early research and demonstrations of the merit of performance records were beginning to have an impact. Out of these efforts the record of performance movement gained momentum and the AHIR program was born. Arkansas breeders were beginning to use records in their selection programs.

In the 1960s competition required the purebred Angus breeder to seek larger-framed cattle and provide his customers with herd records to aid in choices of seed stock. Gain and feed conversion trends of Angus bulls at central tests in Arkansas show that breeders were making progress in improving their cattle and that a breeder had to at least improve his cattle as fast as the average of this trend line to meet within breed competition (see Figure 1 and Figure 2).

More objective measures of performance and size were demanded by commercial bull buyers. The fact that many commercial producers were crossbreeding to achieve benefits of breed complementarity and hybrid vigor added new dimensions to merchandising of purebreds. The maternal ability of the Angus cow was widely recognized and used to advantage in systematic crossbreeding programs. See Table 1 for maternal performance of various F₁ crossbred cows that are half Angus.

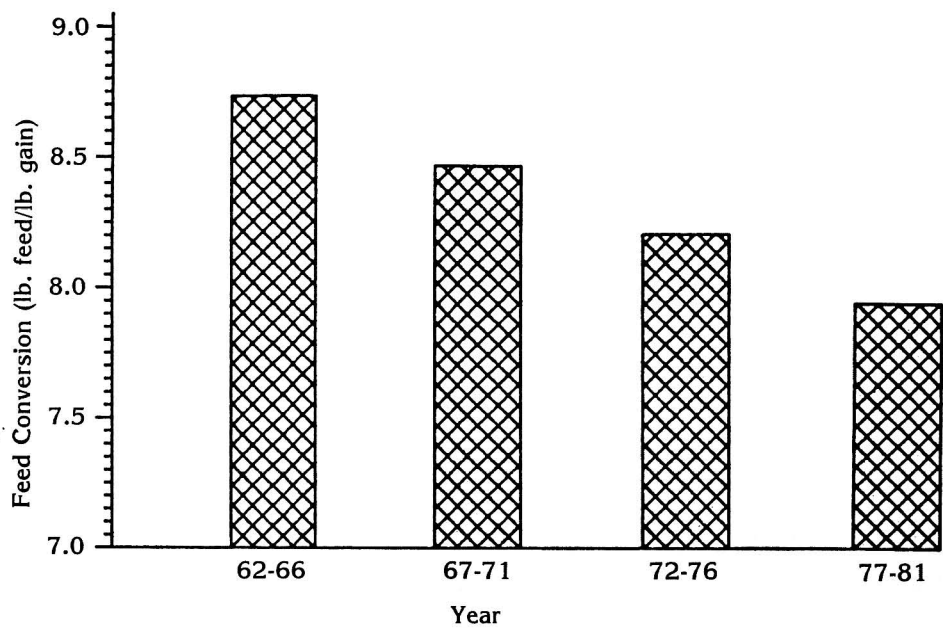


Figure 2. Trend in feed per unit of gain of Angus bulls in University of Arkansas cooperative central bull tests over 20 years illustrates competition a breeder must meet within the breed.

In the 1970s the introduction of the exotics added a great diversity of germplasm. This germplasm was largely untried under U.S. systems of production. The lure of strange sounding names from far-away places had to be countered to meet the competition.

Today's bull customer

Thus we find the purebred Angus breeder of the 1980s supplying a customer that no longer operates a commercial enterprise with limited options. In many situations the commercial beef enterprise is competing for resources (land, labor, capital, etc.) with other enterprises on the farm as never before. The commercial bull buyer is shopping for a bull or seed stock to fit a specific production situation. The commercial bull customer is somewhat like the shopper in a clothing store who now shops for a tailored suit versus formerly shopping for a suit off the rack.

The purebred breeder able to meet the needs of more demanding customers with seed stock that will be profitable to them will prosper. Those who have read the recent best seller "Megatrends" will recognize that trends toward multiple options and requirements for information to meet those options are general trends in our society.

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I believe Arkansas purebred Angus breeders will be able to meet the competition of the 1980s for several reasons. First, their location relative to the national industry is advantageous. This is true for both purebred and commercial producers. Approximately 30 percent of the nation's cow herd is within a one-day truck drive of Fayetteville. What

a market! Cornbelt feedlots and feed yards of the high plains are near enough for cattle to be moved to them from our pastures with minimum stress. Second, there is a complementary relationship between commercial cow-calf operations and poultry operations. These enterprises are complementary in terms of land, labor and capital use. Cattle operations utilize poultry litter wastes to economically produce forage. This complementary aspect of these two industries has led to densities of mother cow units greater than any other area of the United States.

In northwest Arkansas there is approximately one cow-calf unit per three acres of gross land area. As land prices increase, greater density of cattle tends to reduce investment per cow-calf unit. Greater density of cattle means that the progressive purebred Angus breeder, in the above defined market area, will likely be near his customers. He will be close enough to track calving ease, preweaning and postweaning growth and other performance of progeny of commercial bulls he sells. If the breeder does not take the time and trouble to follow up on bulls he sells to see that they have satisfactorily met the need of his customer and have been profitable, it is not likely that he will maintain a repeat customer.

One of the biggest advantages the purebred Angus breeder has is the systematic program of herd and breed improvement available through AHIR records.

A commercial producer with a one-bull unit has three options for following a crossbreeding program. First, purchase of F₁ females and use of terminal sire; second, use of A.I. or third, purchase a bull from a different breed at two-year intervals. For most small producers the first two options are the least feasible. This means the commercial producer will be in the market for an Angus bull only once each cycle if he is following a systematic rotational plan of crossbreeding. Some are using three, four or five bulls in a cycle. To serve this pattern of bull buying, reputation and customer service becomes extremely important.

One of the biggest advantages the purebred Angus breeder has is the systematic program of herd and breed improvement available through AHIR records. Use of these records to assist customers in choosing seed stock that will improve performance in their herd has been effective. Increasingly, the purebred breeder will need to use these AHIR records to match genetic potential for production to resources and needs of the customer. The breeder who gains the reputation for doing this will be blessed with repeat customers.

Building a reputation as a dependable source of commercial seed stock is a worthy and profitable goal.

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