

The Start of Something Good

Seeking meaningful relationship. Will share information.

by Paul Dykstra

Data can be the start of a profitable relationship. That's why Certified Angus Beef LLC (CAB) partner feedlots offer performance and carcass information, complete with consultation on what it all means.



Jim Hutchinson

they're really good, then it's going to be in his best interest to own them or partner on them with us next year," he reasons.

Information is valued

Over the last few years, most ranchers have come to realize the value of information. They have seen knowledge-based premiums paid by cattle feeders who, faced with razor-thin margins, can no longer afford to gamble on commodity cattle. Feeding and carcass data that were once a sweet bonus have become prerequisites for a growing share of direct purchases.

Likewise, the producer's decision to retain ownership

requires that knowledge. When evaluating the market for calves in the fall, he must know the potential price for his finished cattle in the spring. Looking at the futures market won't tell much about their potential value. Only historical and specific data can reveal

what he needs to know to have predictability in the feedyard and on the rail. Knowing a value-based breakeven on those cattle can mean the difference between using red or black ink at closeout.

Providing information, especially since the turn of the 21st century, has become the hottest trend in customer service. It's no wonder that few 20th century producers knew anything about their calves after weaning. When the commodity mind-set dominated, few had reason to care.

Times have changed quickly.

When the Feedlot-Licensing Program (FLP) began in 1999, very few feedlots would consider returning such information, especially to a rancher who had sold all interest in his calves. Today, 90% of the CAB-licensed feedlots will negotiate to share information with the previous owner (see Table 1, page 18).

"The cow-calf operator may not have a clue how good his calves are," says Jim Hutchinson, owner-manager of Hutchinson Livestock, Scottsbluff, Neb. "I don't mind giving him the data. If he finds out that

When a feeder did notice outstanding performance on a set of calves, he made sure the past owner didn't find out how good they were when he set about trying to buy his next set of calves.

Different paradigm

Value-based marketing has been a major driver of change. With value differences suddenly much more apparent, feeders want to procure cattle that hit the target, and to work with like-minded producers who can put those consistent cattle in the feedyard year after year. Information flow makes it happen, and feedlots are offering more services to measure the progress of their suppliers.

When 70 FLP yards were surveyed this spring, the 75% response rate showed a strong commitment to share information with current and potential customers. Any feeder who enrolls cattle in the FLP gets a report summarizing carcass data. It can easily be shared with customers.

Gathering quality grade, yield grade, carcass weight and other carcass details is a big step toward becoming an informed cow-calf operator.

One of the most difficult issues for cow-calf producers on this information seesaw has been getting data back on calves that were sold outright at the ranch or sale barn. It's still not automatic, but it's no longer impossible. Some feeders even take the initiative of contacting former owners as they move into cooperative relationships with suppliers. Only 6% of CAB feedlots said they wouldn't negotiate to

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share information with those former owners.

“Why would I want to keep it from them?” Craig Sheppard, owner-manager of CSA Cattle Co., Leoti, Kan., asks. “There are other people out there, and willingness to share is a competitive edge, not a fault.”

Indeed, Hutchinson says once he knows something good about a set of cattle, “If I have the opportunity to buy [his calves] again, then maybe they’re worth another \$10.”

That’s a refreshing new attitude for many cow-calf producers hungry for the chance to improve genetics, but not yet dedicated to entering the realm of retained ownership. Sheppard says feeders can be motivated to hoard bad news as well as good news, if they feel taken by a set of cattle that failed to perform.

“You can’t let pride get in the way,” he says, adding that it doesn’t help your stress level to keep the secret. “Let’s all go stick our heads in the sand.” How are we going to improve the industry with that cow-trader mentality?”

Earning premiums

Many feeders have established grid-marketing arrangements with packers that favor high-quality cattle, so it’s to their benefit to assist in the genetic improvement of all cattle that enter their yards.

“We need to get out of the commodity cattle business because right now they’re all

priced off of those,” Hutchinson says. “We need to get enough of the better cattle to establish that price.”

Since most grids impose larger discounts for “out” carcasses than they do premiums for the best cattle, the feeder needs to know which cattle hit the target. The data also must be tied back to a known sire and dam to make crucial culling and breeding decisions at the cow-calf level. The feedyard’s ability and willingness to identify each calf individually and arrange to track it through the packing plant is basic. Ninety-eight percent of CAB feedlots will cross-reference ranch ear tags with feedyard tags to guarantee the integrity of the calf identification (ID).

John Haverhals, owner-manager of Haverhals Feedlot Inc., Hudson, S.D., says data is worth more when it’s taken from cattle that are sorted and marketed in uniform outcome groups. “It will better reflect the carcass attributes of individuals as compared to just selling all of them at a single end date,” he says.

Industry-wide, the more aggressive value-oriented feedyards are sorting for optimum weight and level of fat deposition. Among CAB partners, 94% sort cattle that way, typically relying on weights taken at re-implanting, along with visual appraisal. A third of the CAB yards take ultrasound readings for backfat and



Craig Sheppard

marbling at varying intervals during the feeding period to aid in targeted marketing to the right grid. That can give their ranch customers a jump on implementing breeding decisions as much as a year ahead of harvest.

Interpreting data

Just getting data collected isn’t good enough. Somebody has to make sense of it all. Many feedyards now have a person on staff dedicated to the complete analysis of carcass and performance numbers of customer cattle. They know how to temper advice from the numbers with practical experience.

“If the weather is hot or it’s a long haul to the plant, you don’t want to automatically assume any dark cutters or no-roll cattle come from a poor cow,” Haverhals explains.

“Make sure you take a look at a couple of years’ carcass data from that cow’s calves and make your decision from that — and keep in mind the weaning weights and other factors that the cow contributes.”

All of the FLP partner feedlots will discuss the meaning of the data in relationship to feedlot performance in an effort to better the producer’s understanding, and they will make suggestions for improvement. That builds long-term business relationships, Hutchinson says. “One year’s data doesn’t mean a lot to me. It may have been an exceptional year for the cattle or the weather. I really need two or three years to put any faith in the numbers.”

The numbers are out there. Producers of high-quality calves need only ask to talk to their allies in the feeding segment. The question is no longer “Can I get data back?” The real question is “Are you willing to seek out the right feedyard and build a track record of data and management techniques?” If the answer is yes, you are the pilot of your own destiny in the marketing forum.



Table 1: Survey of Certified Angus Beef LLC (CAB) licensed feedlot operators (April 2002)

Which of the following services are you capable of or willing to provide to your customers/suppliers?	Yes	No	No response
Individual in-weights?	83%	17%	
Individual re-implant weights?	87%	13%	
Cross-reference ranch tags to feedlot tags?	98%	2%	
Capable of reading electronic ID tags?	33%	67%	
Feedlot performance data?	100%	0%	
Negotiate to share information on non-retained ownership cattle?	90%	6%	4%
Provide full analysis of all data?	96%	0%	4%
Sort cattle into uniform groups based on carcass merit?	94%	6%	