

Unlocking The Data Stronghold

Reputation Cattle

Want access to the competitive value-based market of the future?
Better start by getting together a résumé for your cattle.

BY JOHN STIKA

Most producers have probably heard the term “reputation calves” used to describe a group of feeder cattle going through an auction ring. This label is verbally stamped on cattle originating from a producer who is thought to have better-than-average cattle and management, and it is used to insinuate quality and predictability.

Unfortunately, the term alone does not necessarily translate into added value when tossed upon the ears of feedlot operators and their buyers. Why not? Primarily because all cattle that move through the production chain arrive at the feedlot with a reputation. It may be positive or negative, justified through past experience or merely preconceived. It may be independent of fact or due to stereotypes generated on the basis of geographic origin, assumed health and nutritional management, or genetic composition.

What is the key to assuring that your cattle have the reputation they deserve — a reputation that can aid you in discovering their true value when selling through an auction market? Or even more importantly, when directly negotiating with a feedlot on the price that should be paid to “partner on” or to procure your cattle?

The answer is a cattle résumé: a record of the genetic influences and management history that ultimately will dictate the value

of your cattle to the industry. The transition is well underway to the point where the availability of accurate and reliable information can affect the price that you are paid for your cattle.

Tom Field, associate professor of animal science at Colorado State University, and Ken Conway, president of Angus GeneNet, surveyed feedlot operators in attendance at this year’s Peak Performance conference for Certified Angus Beef LLC (CAB) licensed feedlots.

The purpose was to pinpoint the type of information considered valuable to cattle feeders. Licensees were asked to respond to questions aimed at identifying key pieces of



“The chance of being subjected to market discounts or premiums as a result of information on your cattle is a reality of the Information Age. Somebody is keeping track,” says John Stika, director of feeder-packer relations for the CAB Supply Development Team.

information to which they would like to have access prior to procuring a group of feeder cattle and the economic significance of having access to such data. The results of the survey are shown in Table 1.

Genetics

Breed composition, sire performance data and the name of the seedstock supplier were each identified by more than 83% of respondents as items they would like to know prior to buying a group of feeder cattle.

With respect to calf value, more than 70% of the feedlot operators indicated they would pay more for feeder cattle when available information [that is, percentage Angus genetics, sire’s expected progeny differences (EPDs), etc.] suggests they are predisposed to more rapid growth or greater carcass merit.

Note that this is independent of the specific seedstock producer or ranch from which the genetics originated. That means calves of similar genetics but from different regions of the country could be priced comparably if they have the necessary information and other key variables, such as health, are similar.

The ability to provide this information to a buyer is typically simple compared to other information that might be requested. A wealth of genetic information pertaining to the sire of your calves, including growth and carcass EPDs, can often be extracted from the bull’s

performance or registration certificate. If you do not have a registration certificate on your current herd sire, this may be a marketing resource you still want to acquire. And be sure to obtain the performance registration certificate (PRC) on your next bull purchase.

Health and management

More than 90% of those surveyed listed the cattle’s prior vaccination program, including the brand names of the products used, as a key piece of information, with 83.3% willing to pay higher prices for cattle that have been through a properly implemented vaccination and backgrounding program.

The importance of having this information made available as a reference when selling feeder cattle should come as no surprise. Studies like those associated with the Texas A&M Ranch to Rail program clearly have indicated the importance of good health on a calf’s ability to grow and to grade alongside its contemporaries.

Information, such as prior health management, can offer feedlots greater insight into developing a program that adequately protects the calves from sickness and disease while minimizing duplication of immunizations.

The survey suggests only moderate opportunities to realize premiums on the basis of information pertaining to implant history and prior nutrition. However, with more than half of CAB licensed feedlots indicating the information is economically important, there still remains an opportunity to realize additional value in your feeder cattle.

As is the case with genetics, a majority of the health and management information necessary to realize added value in your feeder cattle already may be documented and in your possession. However, to use this data as a value determinant, it must accompany the cattle beyond the ranch of origin and

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be made available to those who would buy and ultimately feed your cattle.

Feedlot and carcass history

As the profitability of feeding cattle continues to be dramatically affected by feedlot performance, and as value-based marketing continues to develop into an industry standard, the importance of being able to accurately predict both growth and carcass merit never has been greater.

More than 95% of respondents to the survey indicated a desire to know the average daily gain (ADG), feed efficiency (FE), and quality and yield grades of cattle from previous calf crops. More than 70% of them indicated a willingness to discuss premiums for feeder cattle accompanied by favorable feedlot and carcass information.

Not many feeder cattle and calves today have a known history of feedlot performance or carcass merit. Considering the importance placed on such information by licensed feedlots,

this could be another producer opportunity for true value discovery. The ability to provide potential buyers with accurate and reliable feedlot-performance and carcass-merit information in the form of an actual feedlot closeout and plant kill sheet will speak volumes about what your feeder cattle may or may not be worth.

Acquiring this information requires a strong dedication to value discovery in order to accumulate a meaningful resource to share with potential buyers. Yet this history is perhaps the single, most important piece of information that will tell if you are realizing the true value of your feeder cattle. It also will provide feedlot operators with a tool that reduces the risk associated with procuring and feeding your calves.

This is one of those win-win deals for all parties concerned with producing, procuring and marketing cattle. You may think ignorance is bliss, but the chance of being subjected to market discounts or premiums as a result of information on your cattle is a reality of the



Certified Angus Beef LLC (CAB) feedlot licensees indicated they are willing to pay more for calves that are accompanied by a résumé containing pertinent genetic, health, management, feedlot and carcass histories.

PHOTO BY STEVE SUTHER

Information Age. Somebody is keeping track.

By accumulating and building on this information, the entire beef industry gets a chance, finally, to manage specific groups of cattle for a predetermined target so as to reduce discounts and to preserve profitability. Today more than ever, there are opportunities and programs available to assist producers in beginning to gather feedlot and carcass information.

As the industry continues to move toward a market where calf value is information-driven,

there are more and more reasons to participate in these programs. If you want your “reputation cattle” to top the market, you need to be prepared to meet the industry’s demand for accurate and reliable information. Gather data today to identify what your cattle are really worth.

In the future, all cattle will still sell with a reputation. The most sought-after ones will have a reputation based on fact. The rest will have a reputation based on a lack of information.



Table 1: Survey of Certified Angus Beef LLC licensed feedlot operators

Question	Would you like to have this information prior to buying a group of feeder cattle?			Would you pay more if this information were known and fit your criteria?			You currently know this information on what % of cattle you feed
	Yes %	No %	Maybe %	Yes %	No %	Maybe %	
GENETICS							
Breed composition	93.5	6.5	0.0	72.4	20.7	6.9	49.3
Sire & associated performance data	87.1	12.9	0.0	79.3	17.2	3.5	31.1
Seedstock supplier	83.9	16.1	0.0	34.5	62.0	3.5	31.5
HEALTH/MANAGEMENT							
Vaccination schedule	93.5	6.5	0.0	83.3	13.4	3.3	55.5
Products used (brands)	90.3	9.7	0.0	40.0	56.7	3.3	45.3
Implant history	93.5	6.5	0.0	53.4	43.3	3.3	48.7
Age at castration	66.7	30.0	3.3	17.8	79.3	6.9	31.8
Single vs. multiple herd	80.7	19.3	0.0	36.7	56.7	6.6	50.8
Weaning age	74.2	22.6	3.2	23.3	70.0	6.7	37.7
Nutritional management	96.8	3.2	0.0	53.3	46.7	0.0	46.0
FEEDLOT/CARCASS HISTORY							
Feedlot gain	96.8	3.2	0.0	76.7	20.0	3.3	36.6
Morbidity/mortality	90.3	9.7	0.0	66.7	30.0	3.3	25.1
Cost of gain	74.2	25.8	0.0	40.0	53.3	6.7	29.9
Quality grade	96.8	3.2	0.0	80.0	13.3	6.7	29.5
Yield grade	100.0	0.0	0.0	70.0	23.3	6.7	30.1
Dressing %	83.3	16.7	0.0	44.8	51.7	3.5	29.7
Outs	90.0	10.0	0.0	44.4	51.9	3.7	28.8

Source: This survey was conducted by Tom Field, Colorado State University, and Ken Conway, Angus GeneNet, during the CAB Peak Performance conference, April 6, 2000.