

# Commanding Top Dollars

*Producers can profit from Angus genetics by retaining ownership through programs such as the Farmland Supreme Beef Alliance.*

BY ANGIE STUMP DENTON



Located near Liberal, Kan., Supreme Feeders was started in 1969 as a 10,000-head, family-owned feedlot. Today the 70,000-head lot is owned by Agri Beef Company and National Beef L.P. More than 100,000 head of Angus-based calves have been fed at Supreme through the Farmland Supreme Beef Alliance (FSBA).

It's almost weaning time — what marketing options are you and your commercial bull buyers considering? Today producers have more options than selling at the local sale barn. To capture the added value of good genetics and management practices, producers should consider retaining ownership through the finishing stage. It's alarming the number of producers who have never fed out cattle and don't know what type of end product they are producing.

To help producers, several feedlot and agribusinesses have developed alliances or programs dedicated to collecting and providing feedlot performance and carcass data.

With more than 30 programs in existence today, each with different specifications and options, producers can find one that fits their breeding and management goals. Through these programs producers can determine if what they are producing has carcass merit and deserves a premium.

Alliances bridge the gaps within the beef industry linking the consumer to the gene pool. They guide producers through retained ownership and act as the liaison with the feedlot and packing plant.

**A program dedicated to turning beef quality into top dollars is the Farmland Supreme Beef Alliance FSBA.**

Three leading agribusinesses have combined to form (FSBA) including Farmland Industries Inc., Agri Beef Company and National Beef Packing Co. L.P. The first cattle entered the program in September 1995.

Calves enrolled in the FSBA program are fed at Supreme Feeders near Liberal, Kan. Currently 50 percent of the 70,000-head capacity lot is alliance cattle.

To qualify for the alliance each calf must be at least 50 percent Angus. John Oringderff, manager of Supreme Feeders, says he likes feeding Angus because they are readily accepted by the packer and consumer.

**All English crossbreeds are** allowed, but only Charolais, Simmental and Gelbvieh continental crosses, and no Brahman or dairy influence.

The FSBA staff realizes the average producer does not have the numbers to deliver a full load or 50,000 pounds, so they allow the mixing of sexes and pooling of neighbors with similar cattle. The cattle will be fed together but carcass data and premiums will be paid to each owner.

Because everyone's situation is different, producers have three ownership options including:

1. Retaining ownership and earning marketing premiums;
2. Partnering with FSBA and earning a portion of both marketing and feeder calf purchase premiums; or
3. Earning feeder calf purchase premiums by selling to FSBA.

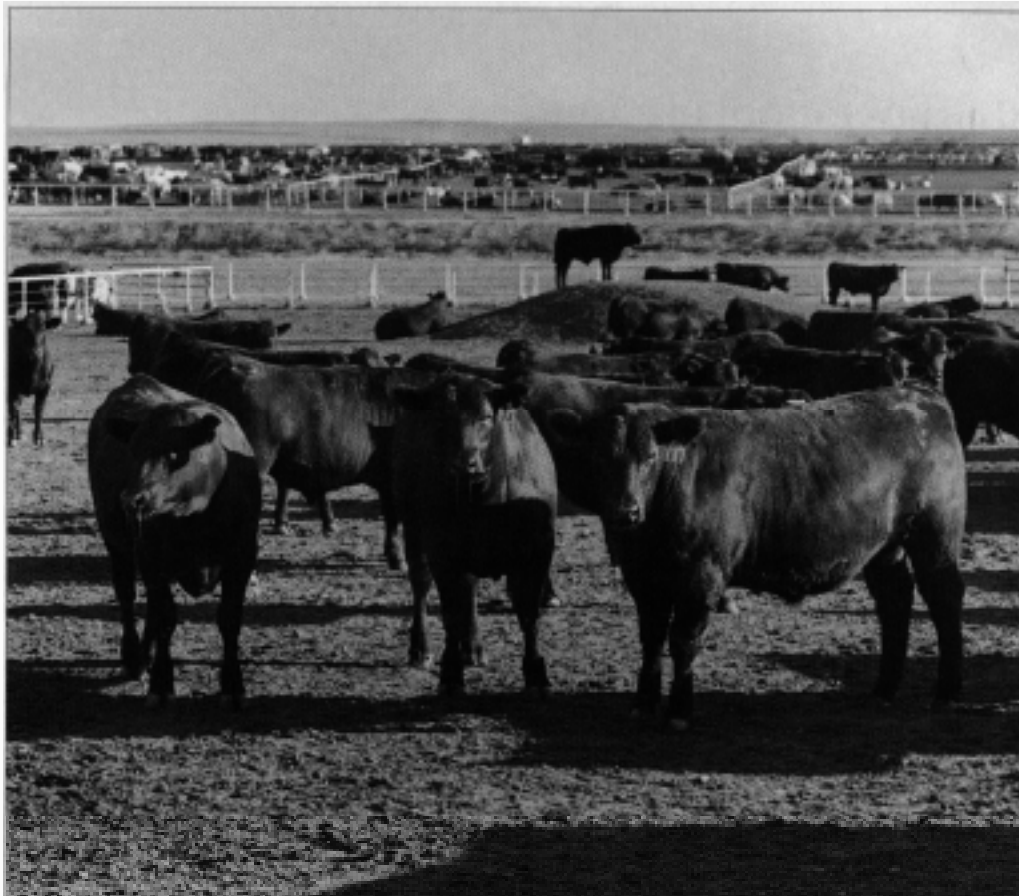
**Jim Norwood**, chief executive officer of FSBA, recommends first-time participants retain 10 to 20 percent of ownership. This option allows the producer to put some money in the bank and minimize exposure.

He says historically the beef industry has been operating by the model — “you buy your profit.” Buyers knew more about the product than the owners and the information wasn't shared up and down the line.

A top priority of FSBA is the exchange of information from the feedlot and packing plant to the producer. “If we can't do that we've failed,” Oringerderrf says.

Although collecting and reporting the data is a challenge, the FSBA staff is dedicated to the practice. No matter which ownership option a producer takes, if the calves have eartags they will be tracked through the system, both in the feedlot and on the rail. Carcass data collected includes quality grade, yield grades and hot carcass weight.

To participate in the program there is a \$2.50 per head



**Farmland beef specialists work with producers to identify cattle for the Farmland Supreme Beef Alliance. After a producer's cattle have been through the program, a beef specialist or FSBA staff person will evaluate data with the customer and help suggest management decisions.**

enrollment fee. This fee guarantees getting in the program, premiums and feedlot and carcass information feedback. Marbling score, ribeye area and backfat measurements are an extra \$1.50.

**Although FSBA doesn't** require a preconditioning program, they would rather receive calves that were backgrounded after weaning for 45 days.

“If the calves are weaned and vaccinated they will not go through as much stress when placed at the feedlot,” Oringerderrf says.

He recommends an initial vaccination prior to weaning and encourages producers to provide the feedlot staff with a vaccination record to reduce duplication. A good health program is extremely important. When a calf gets sick it directly affects its marbling,

grading and performance in the feedlot.

“In the industry there is a concern that you don't get paid a premium for preconditioning,” Norwood says. “But that's how you get paid especially in a retained ownership program.”

FSBA's feeder calf premiums are based on a regional Cattle-Fax base price plus premiums for post-weaning health programs and incentives for retaining one-half or higher percent ownership. Producers can get as high as a \$5 per hundredweight premium using a preconditioning program.

FSBA allows producers to find out what they are raising without experiencing discounts in a formula. Participants are guaranteed a cash floor—western Kansas practical top of the week with a carcass base point of Select, Yield Grade 3.

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Premiums are paid for higher quality carcasses that grade Prime or Choice and meet *Certified Angus Beef*<sup>™</sup> product qualifications. Carcasses meeting *Certified Angus Beef* qualifications can earn a \$3.50 per hundredweight premium.

"Our responsibility is to optimize their cattle — not to market them too soon or too late," Oringerdoff says. "Getting valuable data that is of utmost accuracy is important."

To improve uniformity the staff at Supreme sorts the cattle. They try to get sets of cattle that are finishing uniformly.

Other options provided by Agri Beef Company, the managing partner of Supreme Feeders, are financing and risk management services.

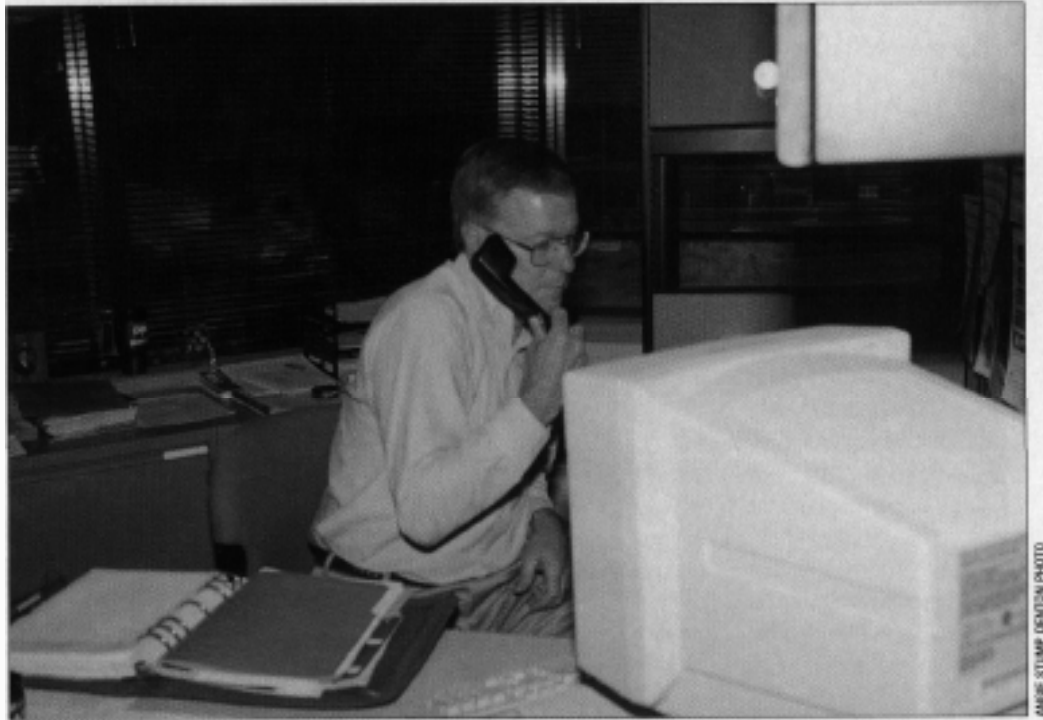
Producers can finance cattle, freight and feed through Agri Beef. They also have an in-house commodity broker who can place or suggest risk management strategies — calls, puts or options.

**Genetics are important** to the cattle feeding industry. A calf's genetics determines the consistency and quality of the end product.

"None of us are capable of feeding into cattle what is not there genetically," says Oringerdoff, who's managed Supreme Feeders for 13 years. "You can't feed in quality grade — it's either there or it's not."

The source of genetics in the beef industry is seedstock producers. So it's logical for them to help their customers get involved in retaining ownership programs. A seedstock producer can help their customer find value in their genetics.

Soon after FSBA was initiated the staff started receiving phone calls regarding where to buy bulls or what genetics would excel in the program. As the number of cattle increased that went



**Jim Norwood chief executive officer of the Farmland Supreme Beef Alliance, visits with producers interested in the alliance.**

through the program the staff realized there was a difference.

After evaluating Angus Sire Evaluation carcass data, FSBA staff identified 11 seedstock producers whose breeding programs promoted quality carcass genetics. The 11 seedstock producers include: Aristocrat Angus Ranch, Platteville, Colo.; Weaver Ranch Inc., Fort Collins, Colo.; Bar S Ranch, Paradise, Kan.; Dalebanks Angus Inc.; Fink Beef Genetics, Manhattan, Kan.; Gardiner Angus Ranch, Ashland, Kan.; Green Garden Angus Farm, Ellsworth, Kan.; Sydenstricker Angus Farms, Mexico, Mo.; N-Bar Land & Cattle Company, Grass Range, Mont.; Performance Breeders Inc., Sidney, Mont.; and Sitz Angus Ranch, Harrison, Mont.

Producers do not have to buy bulls from those 11 breeders to participate in the FSBA but data from more than 70,000 head indicates the premium received is doubled if they do.

FSBA's seedstock partners act

as genetic consultants to FSBA commercial producers. They help producers identify what to improve while keeping their traits balanced for their local environment. The seedstock partners also help FSBA grow by making their customers aware of the opportunity and helping them into the program.

**During the next five** years the beef industry is going to experience some huge changes. These changes need to be made in the cow-calf segment or we won't need half the cows we have right now, Oringerdoff says.

In the future calves will be born destined for a specific end-product program. Breeding programs will need to focus on meeting the specifications consumers are demanding — consistency, high-quality and convenience.

Oringerdoff says to meet these demands the beef industry needs to develop an instrument that will quality grade and test tenderness at chain speed and

do away with the human element.

Although carcass quality is important in retaining ownership, Norwood cautions producers not to just focus on carcass traits. "A \$20 carcass premium is not worth it if it takes \$40 more to feed the calf. Before going to the feedlot fertility and maternal traits can't be sacrificed," he says.

With programs like FSBA and the movement toward more branded beef programs the beef industry won't have to make sacrifices. It will be able to recapture market share producing more predictable cattle with known genetics.

**Editors Note: Cow-calf producers interested in the Farmland Supreme Beef Alliance can contact their local Farmland beef specialist one of the 11 FSBA seedstock partners or the FSBA office at PO Box 7305, Dept. 200, Kansas City, MO 64116-0005 or 1-800-843-6603 ext. 3644.**