

Looking for NICHES

Dave Hamilton targets different types of feeder cattle to different programs, finding the perfect markets for his Angus-cross cattle.



GETTING BUNK BROKE. *The Reed Hamilton Ranch in Nebraska weans calves on wet meadows to reduce stress. Calves are backgrounded for 45 days before placing in a custom feedlot.*



the cattle business for almost a century, the Hamilton Family knows what it takes to survive in the livestock industry. Since 1898 they have always retained ownership past the weaning phase. In fact, they've never sold a calf right off the cow.

Dave Hamilton is the fourth generation to manage Reed Hamilton Ranch. His wife, Loretta, and their four daughters play an important role in managing their 900 head of commercial females. They own and lease a continuous unit of more than 18,000 acres in the Nebraska Sandhills. All but 300 acres of center pivot irrigated alfalfa is grassland.

After acquiring more land, they are currently in an expansion phase with their cow herd. Their goal is to calve out 950 cows next spring. This past summer they took in stocker cattle to fully utilize their resources.

"Our goal is to fully stock the land we have with our own cattle," Hamilton says.

To achieve their goal of optimizing fertility and maternal characteristics and ending with a good product in the feedlot, the Hamiltons use a two-breed rotational cross system.

"With the two-breed rotational cross we can serve the maternal needs of a cow herd and still have a quality end product," Hamilton says.

They use Angus in their breeding program because of the breed's maternal value and fertility.

"Since we've been retaining ownership we've determined the versatility of the breed (Angus) with carcass traits, primarily marbling," he says.

Simmental is the other breed used in their breeding program.

Resourceful cattle management techniques are important to achieve optimum post-weaning performance. To reduce stress at weaning, the Hamiltons lock their cows in a

drylot and keep the calves on wet meadows. With this strategy calves are not traumatized by taking their mother away while at the same time changing their diets. The calves will keep full on their summer grass diet. Although this method results in a longer period to bunk break the calves, the reduced stress is worth the effort.

The calves experience little sickness at weaning because of their vaccination program. Six weeks to a month before weaning the Hamiltons round up the calves, giving their shots and taking weights. Then at weaning the calves are given booster shots to increase their immunity.

The calves are weaned at 180 days of age and backgrounded at the ranch. The calves are sorted into groups primarily by sex, age and size. This process allows Hamilton to market his cattle more effectively. Different types of feeder calves are then targeted to separate markets.

More than 45 percent of their females are kept as replacements. Hamilton says the remaining heifers are their flexibility — they can go to grass before feeding or they can go straight to the lot, depending on the year.

For the last 11 years the Hamilton Family has been retaining ownership of cattle until slaughter. Before that they retained ownership until yearling age, at that point marketing at the sale barn or private treaty to a feeder.

After four or five weeks of backgrounding, the top end of the males normally goes straight to the feedlot. But this year, because of high feed costs, they are going to utilize forage longer on the ranch.

Trying to find the most efficient end product, the Hamiltons have experimented with feeding bulls and banding them at different weights. For six years prior to 1996 they kept the top one-third of bulls intact and fed them out. Ninety-five percent of the bulls were yield grade 1's and 2's and they had a 10 percent increased average

daily gain and a similar increase in feed efficiency. Working to increase the quality grade, they have experimented with banding at 700,800 and 900 pounds. Through this test they dropped to 70 percent in yield grade 1's and 2's and picked up 15 percent more Choice cattle.

One thing the Hamiltons have determined during their tenure of feeding cattle is there is an optimum period of feedlot placement between the weaned and yearling stage.

They've found yearlings get tremendous feedlot performance but have too many heavy carcasses. In comparison, accelerated feeding of weaned calves results in feed efficiency but too few grade Choice. An additional 30 to 60 days backgrounding appears to be optimum before placing calves on a finishing ration.

Improved communication is an important part of retaining ownership. Producers retaining ownership past the weaning stage allows the flow of communication up and down the beef industry segments.

Producers who retain ownership have the information at their fingertips to make changes in their breeding program to develop a more efficient calf in the lot and on the rail.

"By retaining ownership we've added value at the production level," he says.

"When considering retaining ownership at a commercial lot you should first get acquainted with the feedlot and its personnel," Hamilton says. "Remember these are the people who are going to be caring for your animals, you must be confident in their abilities."

The availability of feed, marketing options and quality of feed are important aspects to investigate. Distance from packers is another variable to consider. He suggests asking the manager for references of customers to visit with them about their experiences with the lot. Another thing to consider is financing. A first time retained

owner is accustomed to receiving income in the fall so it's a big change. You can finance through your operating source or most feedlots offer various financing options.

When retaining ownership, it's particularly important to have a good handle on the cost of production in each phase.

"You can't improve upon what you don't measure," Hamilton says.

Hamilton cautions cattle producers to remember with more retained ownership and the continuous expansion of carcass data collection not to forget the importance of reproductive traits.

"Carcass value doesn't matter if you have open cows or fail to have a live calf at weaning," he says.

A trend in the beef industry for the last few years has been forming alliances. Ahead of the pack, the Hamilton Family has been experimenting with several branded beef programs for the last six years.

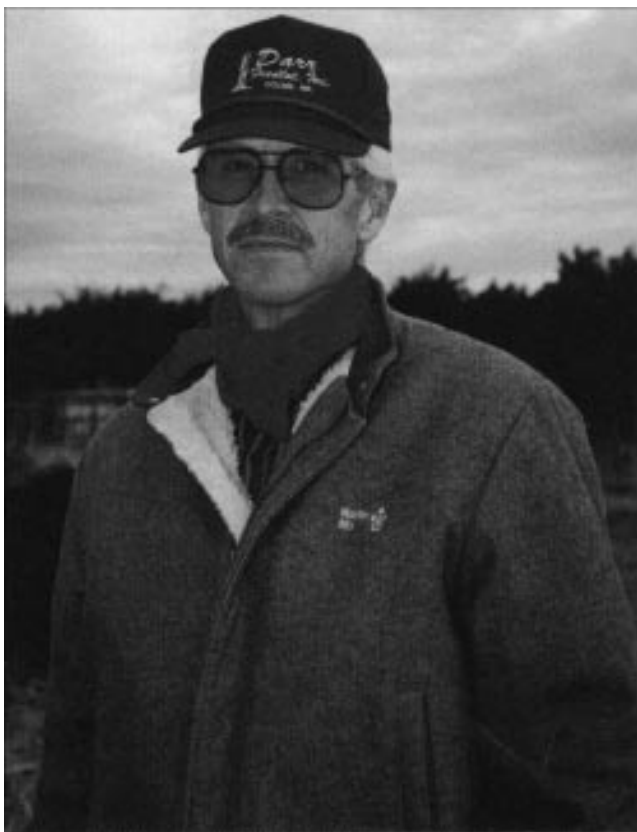
They believe there is an economic advantage to be gained by joining alliances.

Hamilton suggests you determine your goals and align yourself with groups that have similar goals. He warns one disadvantage in the beef industry is the generation interval is longer than any of our competitors. Because of this, mistakes can be costly if you align yourself with the wrong feedlot or alliance.

He suggests not putting all of your eggs in one basket. Sending only a percentage of your calf crop allows you to experiment with new programs without getting burned.

Continuously striving to find the perfect market, Hamilton fed his cattle last year at three different lots. He is upfront with the managers, telling them he is feeding in several lots. He says this creates competition and works to keep the costs of feeding down.

For the last 12 years the Hamilton Family has been using artificial insemination



ADDING VALUE TO PRODUCTION. *Dave Hamilton retains ownership of his calves through slaughter. Last year he sent potloads of cattle to three different feedlots.*

(AI) on all of their replacement females. For the last three years they've aligned with seedstock producers who want carcass data on their young sires.

"They donate semen and we furnish carcass data on the steer progeny," he says.

When the Hamilton Family considered retaining ownership past the yearling stage it was natural for them to use a commercial lot instead of finishing themselves. It's more efficient and easier for them to haul their cattle to feedstuffs. Concentrating on forage, the nearest corn to their ranch is 60 miles.

Hamilton says a tremendous advantage of custom feedlots is their marketing ability.

"They are constantly dealing with packers and have a better handle of what type of cattle the packers are in the market for," he says.

For more than seven years Hamilton has been working

with Darr Feeders. He keeps sending his cattle back to their lot in Cozad, Neb., because of the people.

"We have confidence in their ability," he says.

He also likes their attention to detail.

"In feeding and treating cattle, compared to their size, they're very conscientious to detail. They pay attention to the individual — they are very customer oriented," he says. "They are cost conscious and competitive on the bottomline in terms of cost of gain."

A progressive marketer, Hamilton uses risk management to lock in production costs. He long hedges feedstuffs and short hedges fed cattle. During this past year when the markets were extremely volatile this helped control their cost of feeding.

He encourages producers to attend educational workshops and get involved with the

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markets in an everyday setting to learn more about using risk management as a tool in their operation.

As the industry moves more towards value-based marketing the Hamiltons are looking forward to being paid for what they produce.

"More than eight years of collecting carcass data gives us a step up on the average producer," Hamilton says.

Last year through Darr Feeders they sold their cattle on a grid system and realized a \$15 to \$20 per head profit over the industry average.

"Our ultimate goal is to sell everything on individual value," he says.

Using their database of carcass merit and feedlot performance they hope to sell everything on individual value and begin to concentrate more on quality.

Along with a value-based marketing system, the future holds many steps toward producing a more quality and consistent end product. Hamilton says the industry is going to continue to move from feeding yearlings to younger backgrounders. As there is more consistency in genetics, feeders will be able to shorten the

number of days on feed.

The first step is to eliminate the outliers on a macro sense. "Our industry must eliminate the extremes," he says. "Cattle with heavy or light carcasses, cattle that don't grade Choice or Select and yield grade 4s."

As the trend in the cattle business moves towards wanting carcass data the packers are feeling overwhelmed to meet that demand.

Hamilton says the major packers are more interested in volume and are not as customer oriented. Because of this, data collection will play into hands of small and medium sized packers in the future.

Collection of carcass data is an important tool for producers to use in genetic selection. For beef to remain competitive in the marketplace, producers, feeders and packers are going to have to work together and communicate. Packers who offer carcass data collection are developing that important link.

Choosing to retain ownership is something every cattle producer should consider. If you've had one bad experience don't give up, Hamilton advises. "Retained ownership teaches you so much about your cattle and links the beef industry segments. This communication linkage will lead to a more efficient, cost competitive, consumer oriented beef industry."

Feeding Flexibility is Important Goal at DARR FEEDLOT



Feedlot manager Craig Uden says his feedlot is an extension of his customers' operations. His

customers benefit from this philosophy by obtaining feedback on how their cattle perform in the feeding phase.

Darr Feedlot Inc., Cozad, Neb., works closely with producers. With this open channel of communication between the feeder and producer, Uden hopes to improve the health, gain, conversion and carcass merit of his customers' cattle.

"The ideal calf is one that will gain more than 3 pounds per day, convert under 6 pounds of dry matter to 1 pound of gain and hang up a quality carcass around 13 months of age," Uden says.

Health is also an important issue in feeding. Ideally, they would like to see the calves weaned and preconditioned 45 days prior to arrival at the lot, but they will take them at weaning.

Uden cautions producers who do precondition their cattle not to increase the energy level of the calves' ration too fast.

"It's important in the 45 days following weaning producers don't push their calves too fast. This can lead to a reduction in overall performance in the long run through lighter weights and sub-par carcass performance," he says.

Delivering the Right Genetics

"My real big philosophy is

that cattle should be flexible," Uden says. "We should be able to have an animal you can take days off and add days on and they still fit in the parameters of carcass merit."

Producers also need to be raising functional and sound cattle that excel in a breeding program and in the feedlot. You must select for both because once you select too much for a single trait you get off track.

"We need to get more uniformity bred into our cattle," Uden says. "We need to analyze single trait selection because our cattle tend to shift in one direction too quickly. We tend to focus on previous results instead of what the future holds."

Some calves today have too high of maternal traits and need to be sold off the cow, while others need more maternal influence. Producers should optimize the cow side of their operation and then with the feedlot optimize rate of gain, efficiency and carcass merit.

Managing genetics is an important job of a feeder. Today there are more differences within breeds than between breeds.

Uden says producers and feedlot personnel have to be careful not to mismanage genetics by putting them on feed too young, carrying them too long as yearlings, feeding them too long or not feeding them long enough.

When choosing a feedlot, it's important to consider how your cattle will fit into their feeding and marketing regime.

REED HAMILTON PERFORMANCE					
	Late Castrates	2nd Steers	1st heifers	2nd heifers	3rd steers
% Choice	24	64	73	93	83
% Select	66	36	26	7	17
% Standard	10	-	-	-	-
% YG 1	5	10	4	-	-
% YG 2	70	50	37	32	9
% YG 3	25	40	59	68	84
% YG 4	-	-	-	-	7
Yield %	63.5	62.5	63.01	64.2	63.6
Sale Wt.	1179	1191	1138	1084	1295
Days on Feed	206	225	259	270	290
ADG	3.26	3.08	3.13	2.92	3.55
DM Conv.	6.23	6.32	6.78	6.56	6.11
Cost of Gain	.596	.66	.65	.65	.64
Age	13.4	13.8	15.5	15.8	16.5
Feed Cost \$	403.00	384.50	409.00	401.00	512.00

For instance, Uden or another Darr Feedlot staff member will try to figure out what program maximizes your cattle's performance. To do this, they sit down and visit with you about your herd or travel to your operation for a herd visit.

Many considering retained ownership only think about feeding out steers. Uden doesn't mind feeding heifers, but says they do require more managing by the producer and the feedlot.

Producers should develop heifers longer than steers before placing them on feed. When feedlots manage pens of heifers they consider that females mature faster than steers and they deposit internal fat quicker. Heifers also require more attention to marketing when finished. However, the positives of feeding heifers are their lighter carcass sizes and grade ability.

Traits of Economic Importance

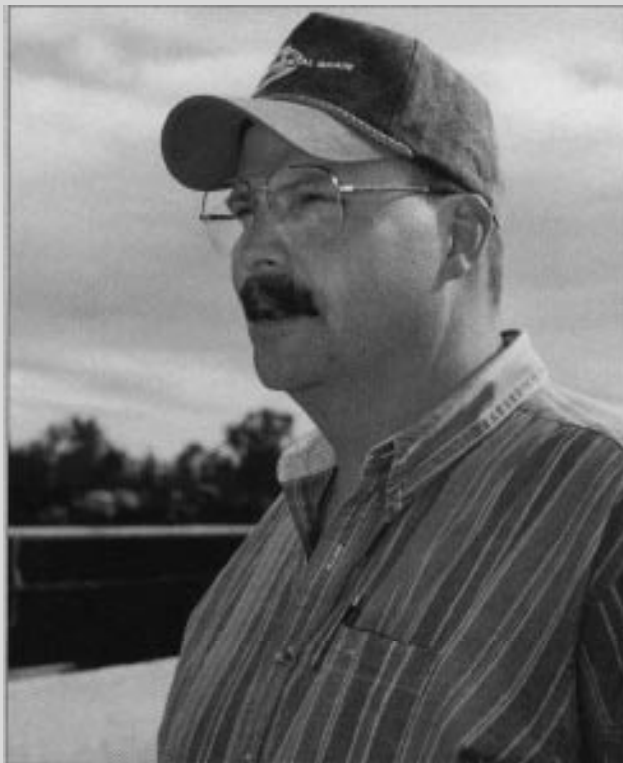
"Conversion is still the most important economical trait to consider when feeding out cattle," Uden says. "Second is rate of gain and third is carcass merit."

When asked, Uden explains feed conversion is associated with production costs; rate of gain, because we are still selling pounds; and carcass merit, even though it's important, has a target that's constantly changing because of supply and demand.

"Producers are going to be rewarded more through efficiency, by conversion and rate of gain quicker than carcass merit," he says. "Producers today are too price conscientious and not enough efficiency minded."

The Feedlot Advantage

Uden believes there is a distinct advantage of using a commercial feedlot versus finishing your cattle yourself.



"Producers have got to start managing their operations like a business rather than a tradition."

"You need to have somebody who knows what matters when marketing your cattle," he says.

Packers look for different types of cattle. Sometimes they want leaner cattle and other times they are looking for cattle that will grade Choice or better.

Uden considers these packer trends when evaluating cattle to determine if they are ready for the show list. The show list is updated weekly and provides packer buyers with information on each finished pen in a feedlot. Data provided includes pen weights, days on feed and projected weight. The buyers usually visit the lots once or twice a week to determine bids.

Knowing a herd's genetics is another factor when evaluating a pen of calves for the show list. Uden says when feeding

cattle it helps to develop a history by working with a producer year in and year out and knowing what their cattle are going to do. Using this knowledge, a feeder can better feed and market your cattle.

"Dar's ration includes dry corn, high-moisture corn, alfalfa hay, tallow and liquid supplement. After placement they gradually increase the energy level every five days. They have seven rations from start to finish.

With high corn prices this past year, they used more tallow in their ration. Tallow is a fat which is higher in energy than corn and it binds the ration together which increases efficiency

Rations and days on feed seem to be the big differences between a commercial feedlot and a producer who finishes his own cattle.

(left) After feeding cattle for 14 years, Craig Uden, Cozad Neb., believes good genetics plus marketing strategies equal profits in the beef industry

"Producers tend to feed like they like their steaks," Uden says. "Producers have got to start managing their operations like a business rather than a tradition. We need to quit targeting the price and need to concentrate on maximizing the efficiency parts of production."

The commercial feeding industry is working toward improved efficiency. It's a lot different than it used to be, it's more sophisticated and producer driven.

Feeding in the Future

"As we're heading into the future, in order to get a more consistent product we've got to get into a more value-based marketing system to identify better cattle. We're going to need to source verify cattle," Uden says.

Certain marketing programs for higher quality cattle are doing some of this today. He says they're not experiencing big windfalls of payoff, but individuals are able to get more value out of their cattle and save dollars on feed cost if they have the right type of cattle.

"We've had some producers make \$20 or \$30 more than market price by having the right cattle at the right time," he says.

He encourages producers to find their best marketing alternative. Learn what your cattle will do or not do and develop a game plan that will return the most money. You can sell your cattle on the open market by live weight or in the beef, or a value-based marketing system— whichever option fits your program the best.