



Building Relationships

Alliances between Angus seedstock producers, feeders and customers continue to expand and add value to the industry.

by Kindra Gordon

A decade ago, *alliance* was little more than a buzzword in the beef industry, with many producers wary of the word's meaning. But today, alliances have become synonymous with partnerships and have proven that working together can bring more dollars back into cow-calf producers' pockets.

Alliances of all sizes have emerged — from large, integrated programs to smaller-scale relationships where a seedstock breeder helps customers market their calves. Among the Angus breed, examples of all types of these partnerships can be found, and it is likely more of them will develop in the future. Here, three programs with Angus ties share their partnership experiences and highlight the benefits they've seen from building relationships with customers.

Angus America (formerly Scotch Cap Angus Alliance) Bison, S.D.

Doug and Molly Hoff of Scotch Cap Angus Ranch in South Dakota were among the trailblazers in initiating alliances with their customers back in the early 1990s.

"In the beginning it was just a trial effort to see if we could help put larger numbers of similar genetics together to market through sale barns, video auctions or on grids. The goal was for more numbers and marketing power for our commercial cow-calf

customers," says Hoff of the early formation of Scotch Cap Angus Alliance.

As the program grew, a successful partnership was forged with Beef America, the fifth-largest packer at that time. Through the arrangement, carcass information was provided back to cattlemen to help them improve genetics in their herds, and grid premiums were offered for high-quality calves. Hoff says the system worked well, and adds, "Beef America had a lot of consideration for the rancher."

But, unfortunately, the arrangement ended when Beef America went bankrupt due to unfounded *E. coli* scares that hurt the company's earnings. A new partnership, Angus America, was established with Excel Corp. and has continued to evolve.

While the partners have somewhat changed, the program is still designed to help commercial cow-calf producers and feedlots garner premium prices for their cattle. Today, Angus America is billed as a "total service company" that aims to assist producer partners with genetic improvement, management, marketing and a flow of information between all those involved in the beef production chain.

The program is available to any producer or feeder with 50% or more black or red Angus cattle. Participants can receive carcass data on their cattle, management and genetic assistance, semen, and commercial bull discounts through a select group of purebred Angus breeders. They can also access an exclusive carcass-merit pricing formula through Excel aimed toward rewarding high-quality beef.

The program also offers assistance in marketing replacement females and maintains a network with feedyards that may have an interest in buying, partnering or custom-feeding members' calves.

As of recently, Hoff no longer owns any portion of Angus America. It is now entirely an entity of Excel. However, he reports he still works hand-in-hand with the company and hopes the effort will continue to bring the beef industry together and increase consumer demand for beef by supplying safe, superior products.

Looking at the past decade, he admits alliances can be a challenging concept. "It's not easy to get producers to change marketing patterns, and it can be challenging to work with huge packing companies."

But Hoff adds, "One thing I hoped to accomplish was to bring more unity to the industry and have everyone — packers, feeders, geneticists, commercial and seedstock producers — working toward common goals. I hope that this has helped and that we are beginning to see more cooperation between segments of the industry."

Schiefelbein Farms Kimball, Minn.

Since 1992, Schiefelbein Farms has been partnering with its customers through a unique calf buy-back program. The program allows the Schiefelbeins to track the performance of the seedstock genetics they offer and, in turn, has created more demand and premiums for customers' calves.

"We saw the direction the beef industry was heading and realized if we wanted to succeed in the seedstock business, we needed to know how our genetics would perform both on the rail and in the feedyard," says Don Schiefelbein of their partnership with customers established more than a decade ago.

The family-operated farm in central Minnesota was established in 1955 and has grown to include 650 registered Angus cows, 4,000 acres

of grass and cropland, and several thousand cattle on feed each year. Today, the operation is run by patriarch Frank, nine of his sons and two grandsons.

They host an annual bull sale in Faith, S.D., each March.

Annually, the Schiefelbeins buy back anywhere from 2,500 to 5,000 calves sired by Schiefelbein Angus and Black Balancer genetics, with calves being fed at Kjerstad Feeders near Wall, S.D.; Circle Five Feed Yards Inc. in Nebraska; Bezner Beef of Texas or at a feedlot they operate near their Minnesota headquarters. Feedlot performance is tracked, animals are marketed on a grid, and carcass data is collected. All of that information is shared with customers and is used by the Schiefelbeins to make future genetic selection decisions.

While Schiefelbein Farms works hard to ensure that their genetics produce high-performing cattle with outstanding carcass traits, they've also put emphasis on the maternal side. Schiefelbein is quick



CONTINUED ON PAGE 90

Building Relationships CONTINUED FROM PAGE 89

to point out that these genetics must be produced from a cow that is fertile, easy-fleshing and capable of maintaining herself with minimal assistance.

Through that process, he reports, they've been able to develop a performance-based seedstock herd. And, as a result, customers with known genetics in their cow herds can utilize Schiefelbein sires to consistently produce cattle that earn premiums — from an extra \$10 to \$40 per head — on various grids.

That reputation of premium performance by Schiefelbein-sired calves has also added value at the feeder-calf market. The Schiefelbeins are able to pay better-than-market prices for customers' calves because they know those animals earn more on the grid. In fact, Schiefelbein says, "In the last few years, it's been harder for us to own calves sired by our genetics because other buyers want to own them, too, and are bidding more for them."

Of the buy-back program, Schiefelbein says, "It's the best thing we've ever done. It keeps us well-rooted in reality when we are evaluating bulls and genetics. During that process we always ask ourselves, 'Are these the kind of genetics we want to market?' because we know we will be feeding calves produced from them someday."

Snake Creek Ranch **Morrill, Neb.**

As a feedlot operator, order buyer and seedstock Angus breeder, Larry Rice has a unique insight into the beef industry. The longtime cattle feeder feeds 35,000-40,000 head annually at his four lots in western Nebraska. Based on that experience, he says, "I know the kind

of cattle I like and what makes them work for us in our operation."

He and his son Lance now aim to produce those genetics and offer them to customers through the registered Angus herd they began building six years ago. Rice purchased his first registered Angus female for Lance to be involved in junior show activities, and their herd has since grown to 600 registered Angus cows.

Through their annual production sale they've begun offering those genetics to customers, and, in turn, are buying back calves sired by those genetics to feed in their feedlots.

"The bottom line is that we raise the type of Angus cattle we want to feed," Rice says. "We don't care what the latest genetic fad is. We want Angus cattle with more growth and performance, and that's what we raise. Our knowledge and experience in the cattle feeding industry allows us to supply bulls that produce the type of animal that will perform and bring a premium. It means added value for us and more money back to producers."

He adds, "Our years of experience making a living feeding cattle puts us in a position to help our customers from one end of the spectrum to the other. That's what makes us different. We may buy their cattle for our operation or place their cattle in other feedlots for whom we buy feeders. If they want to retain ownership and get information themselves, we can help do that, too, through our CAB-licensed commercial feedlot."

He concludes, "If a customer would like to reduce his market risk, we are happy to partner with him and help share that risk."

