



Full-Throttle Flexibility

Panhandle Feeders wins CAB Quality Focus Award with pedal to the metal.

by *Steve Suther*

If you can't find the type of cattle you want to feed, create them, share the genetics and buy back the progeny to feed. Monitor your feeding and carcass results and keep improving performance over time.

It's all part of the plan at Panhandle Feeders, a 20,000-head Certified Angus Beef LLC (CAB) partner yard at Morrill, Neb. But the plan, unlike that of any other CAB feedlot, delivers performance and quality on a grand scale.

The CAB Quality Focus Award (QFA) for feedlots larger than 15,000 head often features a *Certified Angus Beef*® (CAB®) brand acceptance rate in the neighborhood of 30%, but typically on no more than two or three thousand enrolled cattle, sorted for the premium grids.

Panhandle enrolled nearly 20,000 head June 2008 through May 2009, sold them on the live market and achieved 28.2% CAB and Prime. More than three-quarters of those in the 121 pens enrolled, or 16,540 head, were eligible for the brand.

Winning the QFA was kind of a coincidence, but certainly an outward sign of an integrated performance program that hits the quality target. Manager and co-owner Chris Melson accepted the award at the CAB annual conference in Scottsdale, Ariz., Sept. 18.

After the information

"We're not in this for recognition, but



because we want the information," Melson says. "We don't try to guess which ones are good. We enroll every pen we can — that's how it got up to 20,000 head this year — and they were all good. We'll use the data to improve performance and reduce discounts."

Success is a team effort — from Larry Rice, who first bought the yard in 1994, to Melson and assistant manager Steve True, cattle clerk Diane Ulrich and a crew of 20 other dedicated employees who share in the vision. Ulrich enrolls the cattle and keeps in close contact with Melson and True as they put together weekly show lists.

The program was built on a broad base of experience. Rice has been a stocker operator and order buyer for 30 years, and Melson was a Cargill order buyer for 21 years, buying into Panhandle in 2003. Between them, they bought and sold many thousands of cattle, studying closeouts to track dollars. True worked at Continental Grain and Horton Cattle Co. feedlots on grid marketing programs before signing on with Panhandle.

"As we think about where the money comes from in feeding," Rice says, "it's still a combination that has more to do with performance than carcass. For years, we fed more Continentals than Angus because we couldn't count on finding that performance in a lot of Angus cattle."

When he started Snake Creek Angus 10 years ago in trust for his son Lance's future junior Angus project, Rice knew what he wanted, but not how many cows.

"We didn't find profit in buying the cattle that matured and then marbled, finishing too light," he says. "So we started with Angus outliers that had the genetics to marble early in that growth curve."

The seedstock herd exhibited a steep growth curve in numbers when Rice realized it could form the nucleus for an extended network with commercial customers. Its 1,000-cow dispersal last year was part of a reorganization as the family bought another ranch, sold its Snake Creek property and registered a new "flag" brand. Flag Ranch will continue registered bull sales and maintain the rapid genetic turnover that calves hundreds of commercial heifers each year and sells 3-year-olds.

The sphere of influence continues to expand.

Customer support

"Having developed those cattle, it's a no-brainer to support our customers that

► **Above:** Panhandle Feeders enrolled nearly 20,000 head June 2008 through May 2009, sold them on the live market and achieved 28.2% CAB and Prime. More than three-quarters of those in the 121 pens enrolled, or 16,540 head, were eligible for the brand.



want to produce our kind of cattle,” Rice says. “That’s the kind of cattle we want to feed.” That’s the reason behind the extensive customer buy-back program that bought more than 10,000 calves last year and continues to build an intensely performance-oriented commercial Angus base.

“We always have some Flag Ranch customer calf crops on feed,” True says. “Especially near bull sale time, we get a lot of them and other producer referrals stopping in to tour the yard and look at the cattle.”

Rice, Melson and a small group of other commercial feeders make up 90% of the customer base at Panhandle, which owns no cattle. “The integration through our core group is fairly significant in a three- or four-state area,” Melson says.

Their common goals are profit and the flexibility to achieve it. That’s why there are few grid sales, he explains. “With the volatility and capacity issues in this industry, we want to market based on our opinions rather than commitment to the grid systems.”

CAB acceptance is much higher than average, and Melson says they aim for that level of quality to keep the cash sale option. “We get our premiums from the way our cattle feed,” he says. “We’re marketing cattle while they are still going up on the efficiency curve.” They hit the show list the day they

plateau and win in what is still a “yield-driven system.”

Yet marbling is a key. “We keep records of how every pen feeds and grades,” Melson says. “Anything that is high- or low-CAB gets talked about, because they point to cattle that work or don’t work. We want the ones that can do it all under constant pressure to perform.”

That pressure can produce diamonds. Last year, the calves from Rice’s commercial heifers were implanted three times before they were a year old, yet they finished with 7% Prime, 88% Choice and less than 5% Yield Grade (YG) 4s at 13.5 months. Yes, they were sold live, without grid premiums. But they hit a home run.

“CAB helps us define our product, but it’s not a premium market for us,” Melson says. “Having that acceptable quality helps us get cattle sold when we don’t have heavies or YG 4s. If you don’t have the quality, then you can’t get them sold and you are forced to grid them.”

Neither Continentals nor yesterday’s Angus cattle will do. “But you take the right black steer, high-percentage or straight-Angus, and he will eat the ration more consistently and on a better consumption curve than the Continental,” he says.

“We couldn’t find those cattle 10 years ago, but our group has been able to bring all that to the table, along with the product attributes Angus cattle are known for, the marbling and the CAB brand of steak,” Melson says.



► “We get our premiums from the way our cattle feed,” says Chris Melson (left), manager and co-owner of Panhandle Feeders. “We’re marketing cattle while they are still going up on the efficiency curve.” Also pictured is assistant manager Steve True.