



For Granted

► by *Eric Grant*, freelance writer

The contrarian mind-set

John Hill raised cattle through some of the toughest times in history. All told, he survived the cattle business for nearly seven decades.

Three keys

He and his wife, Jo, scraped together enough cash to buy land during the Great Depression. And they continuously converted marginal land into productive pastures and hayfields.

Even though competitive forces worked against him for most of his life — the cattle cycle, high interest rates and spiraling beef demands — he managed to be optimistic, forward-looking and professional until the day he died. Among the lessons I learned from him about the cattle business, three things were key.

First, debt management — or managing to stay out of debt — is fundamental to your long-term survival. “Interest is ruthless,” he told me. “It works against you all the time. Even when you’re sleeping.”

Second, you should never sell something when you have to sell something. The markets are simply too ruthless, and they can detect your willingness or eagerness to sell and use it as leverage against you. “There are times,” he said, “that the markets are nothing but a license to steal.”

Third, a contrarian mind-set — particularly in a commodity business — will serve you well. “About the time everybody’s sitting down, I reckon it’s time for me to be standing up,” he would say. In other words, the crowd is almost always wrong.

Against the grain

Admittedly, the latter of the three has stayed with me more than the other two. I’ve made mistakes with debt, and it seems I’m almost always selling cattle when I shouldn’t be.

But the third principle — to stand up when others are sitting down — is especially relevant to seedstock producers.

How many of our businesses would have been well-served to have produced bigger-framed, higher-performing bulls when the industry took the plunge in the 1950s for smaller and smaller cattle? How many of our

businesses would have been well-served to have produced moderate-framed cattle when everyone was producing taller and taller cattle in the late 1980s?

Where is the crowd wrong today? And how can you align your business and breeding program to correct the mistakes that everyone else is making?

Back in the early 1990s, I worked for a breed of cattle that was growing by leaps and bounds each year. They had everything working in their favor — calving ease,

rangeability and forage utilization, excellent maternal traits and superior carcass characteristics.

The market for these cattle was hot, so the breeders didn’t do their homework. They didn’t cull the bad ones — and there were lots of them — before they sold them for premium dollars to customers across the country.

The end result was a perpetuation of mistakes, a declining market share, a poor and sometimes undeserved reputation among potential buyers, and resistance from feedlot and packer buyers.

Planning for the future

Today, Angus breeders have a tremendous amount of control over the cattle industry. Not since the Herefords of the 1940s — when the American Hereford Association registered more than 1 million head of cattle a year — has a single breed enjoyed a greater percentage of the market.

I have often written that the rise of the Angus breed during the last 25 years of the 20th century is one of the greatest success stories of the last 100 years. Lessons of history, however, teach us that no matter how strong a particular breed may be, if the breeders themselves are not disciplined in their culling and breeding decisions, someone else will gladly take away their market share.

There’s no doubt that the crowd has moved to embrace Angus genetics.

Now, the challenge for Angus breeders is to be diligent in identifying their weaknesses and correcting their problems to secure their continued growth into the future.

In other words, they should stand up before everybody else sits down.

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Editor’s Note: “For Granted” is a monthly column written for the Angus Journal by Colorado-based freelance writer Eric Grant. The column focuses on marketing beef, the beef industry and seedstock in particular — aspects of the business that are often taken for granted as day-to-day tasks take center stage.