

Freedom of Information

Harnessing the market with ropes of knowledge wins McGinley-Schilz CAB Partner of the Year honors.

Story & photos by Lance Zimmerman

Politicians want control of the purse strings, armchair quarterbacks want the ball, and ranchers want information. When it comes to feedlots, they want one that is data-friendly. McGinley-Schilz Feedyard Ltd. (MSFY) is information central for cattle producers, because the Brule, Neb., feedlot gives producers what they want.

General manager Ken Schilz realizes cattlemen need data's competitive edge to earn higher profits. Partnering with Certified Angus Beef LLC (CAB) as a licensee empowers the yard to gather dependable information and get it in all the right hands.

Improving data flow was a goal at MSFY when it received the CAB Progressive Partner of the Year Award in 2003. It achieved that goal, proving that customer service and data follow-up are linked priorities and earning the 2005 CAB Feedlot Partner of the Year Award among yards with more than 15,000-head capacity.

Schilz accepted the award Aug. 20 at the CAB annual conference in Baltimore, Md.

"We are in big trouble when a producer gives up his rights to information, because there will be no way to make a premium — or premium product — in the future," Schilz says. "The only way to advance and get more

money is to leverage and use that data to move forward."

It's an article of faith at MSFY that everyone deserves feedback on how cattle perform.

"When the feedlot purchases a group of cattle, we believe that the information still belongs to the producer, too," Schilz says. "We are checking not only with the producers, but also with our investors to see what information they want."

Schilz recognizes this is a minority approach among the many feedlot managers who insist producers own the cattle to receive data. The distinction provides MSFY with "an opportunity to find customers who didn't know they were customers yet."

The yard's CAB enrollments have doubled in three years while maintaining a 26.8% acceptance rate across the board. Producing for the *Certified Angus Beef*® (CAB®) Natural brand helps hit the high-quality target, but enrolling the right cattle and marketing them correctly makes the difference.

"Obviously, it is our goal to have producers retain ownership in their calves," Schilz says. "That is not always the case, but as we go along and give them that information, it becomes more appealing for them to retain ownership."

The MSFY team approaches procurement as a two-step process, Schilz adds. First, feed the cattle and show producers how they perform in the yard and in the packing plant. Follow up with customer service and "provide everyone with the right information in a timely fashion."

Background is as important as backgrounding for cattle today, and Schilz sees the feedlot's approach as an advantage to sourcing cattle that come with records.

"We try to help our producers be competitive. That is going to be the future," he says. "As a cattle feeder, you will have groups that you want to go back to every year; otherwise, it will be impossible to keep track of everything people are going to ask you for."

The extra mile

"Going the extra mile" isn't just a cliché at the 18,000-head-capacity feedlot. Schilz has worked with producers on 3,500-head deals, while at the same time developing a health program for a producer with six head.

It's all part of a philosophy that depends on data flow to build relationships based on



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► Maintaining retained-ownership customer levels during high cattle prices is challenging, making customer service all the more important, Schilz says.



“real calf value in the feedlot,” says Kelly Crymble, CAB Quality Assurance (QA) officer at MSFY. “It’s all about knowing the cattle you want, and even the ones to avoid.”

Knowing the feeding potential of cattle up front puts most of the cards on the table. When auction markets seem to give producers top dollar at the sacrifice of receiving data, Schilz works with all parties to create a fair value with data to follow.

“Every animal has a value,” he says. “The key is finding what that value is. There are some cattle a feedlot might not want — and that generally means a discount — but depending on the available options, we might pay the price they want.

“Information on purchased cattle allows us to lessen our cost coming in. That’s because producers are finding more value in their calves than just the dollars they put in their pocket at the end of the year,” Schilz adds.

Crymble gives producers all the information they need to make herd decisions. In addition to typical carcass and performance data, she provides returning customers with reports that show data from multiple years. She says long-term data helps producers assess genetic progress.

Schilz credits Crymble with bolstering the feedlot’s customer service efforts.

“It is a challenge maintaining customer levels during a time when cattle prices are so high,” he says. “That makes customer service all the more important, and hiring Kelly has been the best move we have made at improving our information-gathering and delivery system.”

Crymble received the 2005 CAB Runner-up QA Officer of the Year Award for her work (see “Redefining Quality Service,” page 105 of the September 2005 *Angus Journal*).

More than 50% of MSFY’s annual marketings are Angus-influenced. With nearly 5,000 CAB enrollments this year, the feedlot’s participation in the Feedlot-Licensing Program (FLP) provides an accurate data source from which producers can make herd decisions.

“Bull prices and other inputs cost too much to make a mistake on the information you deliver to producers,” Schilz says. “No information is better than misinformation as far as we are concerned, and we do not see any problems with the CAB data.”

The feedlot uses CAB’s data system to manage records more efficiently. Schilz has even partnered with a retail supermarket

employee to develop a third-party verification system that can ensure everyone receives accurate information no matter the source. He says the system will serve as a checks-and-balances system for information flow.

“Verification will become more valuable in the future,” Schilz says. “If a rancher with 2,000 cows is making breeding decisions with the data I am handing back, I do not want to make the mistake of getting it wrong.” CAB does more than help manage data, he adds, because it makes sure it is correct before it ever gets to the ranch.

Once Crymble delivers data to the ranch, it is up to the producer to take action. Helping him or her understand it can benefit the feedlot, however, and that is another opportunity, she says.

Profitable arrangements

Electronic identification (EID) is one area where producers turn to Schilz for guidance. He suggests they develop a data collection system and learn as much as possible about their cattle before using tools meant to pass the information on to others.

“It’s like riding a bike or driving a car. Which one would you want to learn first?” Schilz says. “It is the same way with information. Let’s figure out how to identify cattle and how to make it through the system profitably before we spend money on gadgets and toys to deliver information.

“Producers have the opportunity to learn more about their cattle than anyone else in the industry,” he continues. “They can have control over that information, and that is the goal we are talking about here.”

Harold Johnson, Hyannis, Neb., fed cattle elsewhere for two years, but after missed opportunities in data capture, he turned to McGinley-Schilz Feedyard last year.

“The biggest reason I started feeding was to get carcass data back,” Johnson says. “I found out you could make a few bucks doing it, too.”

The first year’s results provided a foothold for what is turning out to be a long-term partnership. With his steers earning a \$100-per-head profit and heifers bringing in a \$77-per-head profit, Johnson says he did better than expected.

“Going into last year with the high calf prices, I was a little nervous retaining



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ownership on them,” Johnson says. “Heck, I was just hoping to break even.”

Johnson retained 25% ownership on those cattle, and next year he will increase that percentage. Depending on market conditions, he hopes to develop a 50:50 ownership scheme for the future.

Schilz says it is the perfect example of a profitable business arrangement.

“Last year we offered him the price he gave us because he was willing to invest in his product,” Schilz says. “The investment put more money in his pocket and provided the data he wanted to apply to the next generation.”

While Johnson’s association with MSFY is the ideal, Schilz says producers can have it all without owning an animal.

“In the past, guys would say, ‘Hey, if you want your carcass data, you are gonna have to own them.’ That’s just wrong. It sets you up against the producer right from the beginning.

“If we do things right, we should be able to have our cake and eat it, too,” Schilz adds. “Even though they say you can’t, I think you can. You just need to make two cakes.”

