



An Addiction That Pays

First commercially traded Top Dollar Angus calves pay off with \$67 per head premium.

Story & photos by **Laura Nelson**, for *Certified Angus Beef LLC*

It's an addiction he never wants to quit. Ten years of time and money have gone into it, but she fully supports his habit. They'll keep digging themselves in deeper.

That's because it pays.

This fall, the Hoot Owl Ranch showed the world, or at least the auction ring, that the infatuation with data that built up their ranch and herd also builds in profit for the next in line.

Ranch manager Kenny Stauffer and wife Misty are at the helm of the Harrisburg, Neb., operation, where he's spent the last decade meticulously tracking growth and maternal data on the commercial- and registered-Angus herd that grazes the panhandle's Wildcat Hills.

"I guess you could say I'm to the point now that it's an addiction," Kenny smiles. "I could manipulate Excel spreadsheets for hours, because once you start getting years and years of data, it's addictive to see what kinds of changes you can make."

Every calf on the place sees a scale at

birth, weaning and sale day, tracking daily gain, weaning weight and mom's percent of calf weaned. That's matched with expected progeny differences (EPDs) for three critical traits on the sire side: growth, carcass and maternal.

"From the day that female is born until she leaves the herd, we're tracking her," he says.

The Stauffers have amassed individual 10-year performance numbers on every one of more than 700 cows. They started with just 30 when Kenny first got hooked, building each year by keeping the best; selling the rest; and, depending on data and ranch performance, sorting them.

The payoff for the ranch

When the virtual gavel rang out on the 2014 calves, the Hoot Owl steers earned a \$67-per-head premium above all other cattle of the same weight and type on that day's Superior Video Auction. They were the first animals commercially traded under the new Top Dollar Angus certification program.

"It's like, 'Whew! Finally!' The years of data and recordkeeping and technology we've invested in, we really have something to show for it. It was an ease on our minds that said what we're doing is working; it's paying off."

To qualify for the program, they had to prove two generations of sires and dams with an average of at least \$80 in the Angus beef value index (\$B), the dynamic market index that reports a combined value for feedlot and carcass merit. When Kenny learned about Top Dollar Angus from founder Tom Brink, he gathered those records together and submitted them to the third-party genetic-certification program.

"We knew that with that data, he would either want to buy our cattle or he would help us figure out what we could do better," Misty says. "So there was a positive outcome for us either way."

The Stauffers got both. Not only did they discover a new buyer willing to pay — literally — top dollar, they found a new

benchmark for their herd's data. A \$B value of \$80 or more (prior to the Dec. 5 national cattle evaluation) puts animals in the top 25% of the Angus breed for gain and grade, and the Hoot Owl herd showed an \$86 average across the board.

Confidence for the feeder

It takes both marbling and growth for success on the dollar-driven journey when calves leave the ranch, Brink says. After a career of buying and tracking more than 1.6 million cattle a year for the cattle ownership arm of Five Rivers Cattle Feeding, Brink says knowing the type of cattle that will make money is easy. Identifying them, however, creates a challenge Top Dollar Angus was created to overcome.

Brink explains that cattle earning large grid premiums have a few key traits in common: "They are exceptionally high for quality grade and capture added dollars for CAB® (the *Certified Angus Beef*® brand) and Prime qualifications. Dressing percentages are above the grid base, yield grade (YG) is near industry average. Furthermore, they have very few non-conforming carcasses, like dark cutters, or carcasses that are either too heavy or too light. That's the story on how to win big on the grid."

While the Hoot Owl steers were the first auction that traded Top Dollar Angus cattle, before October came around Brink had assembled harvest data on 144 lots of cattle that tallied \$100-plus per head on various industry grids.

They show where Stauffer's ranch data will lead. The 15,080 head graded off the charts: nearly 90% Choice or higher, 43% CAB, 12% Prime. They dressed an average of 65%, and 84% of them fell in the first three categories of yield grade. All that equaled a live premium of \$125.21 per head.

Estimating more than 70% of finished cattle sell on a grid or formula, Brink says profit-minded producers must prove they deserve a piece of that pie if they want feedlots to pass some of that premium back to them.

"As a cattle feeder, you get surprises in most every group of feeder calves. You get some good surprises, you get some bad surprises, you get a lot of them in the middle, and you live on the average, okay? Well, that's just not very efficient," he says. "Certification becomes important because, well — everybody's got 'good' cattle, right? That's what they would say at least."

The day of "reputation blacks" has given way to what Brink calls "relationship cattle," those that trade based on full knowledge.

"That's the point of this whole program," he says, "to put a name brand on those high-end Angus cattle and give the cattle feeder



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more assurance in what he's getting so he's willing to pay more."

Sold directly to one of more than 35 partner feedyards, certified cattle are virtually guaranteed to get a \$50 per head premium or more. However, Brink says, as Stauffer's Superior sale shows, "We've got demand for these cattle. We've got more than a million head of demand at a premium price, and, ultimately, the market will figure out what that premium is."

Split the more profitable pie

To get those calves into an auction ring, their mamas still have to work on the ranch.

"The part that I have to be careful of is not going only on Tom's data — he is focused on growth and carcass, and I have to keep track of the other traits that are important to us, which is maternal, mothering," Kenny says. "You can have it all, absolutely."

At the Hoot Owl, that means a focus on heifer pregnancy (HP) EPDs, and being mindful of udder quality and disposition.

"You've heard this a hundred times: 'Oh, the high-end \$B cattle are too flat-sided, too big-framed, they've got too much milk, too whatever,'" Brink says.

That may have been the case at one time, he adds, but no longer. "I think it's less true every month and every year, because people are repackaging \$B with other important traits. Now, you can go get diverse pedigrees and still stack the maternal traits along

with \$B, and you can do it fairly easily. I can find more what fits me from a maternal perspective and still keep \$B in the top 25%. That's getting easier all the time."

Pounds count, too — they want quality and quantity, the Stauffers say. A decade of data tracking shows a steady 0.2-pound (lb.) increase in average daily gain each year.

"That doesn't sound like a lot, but if every year, every animal, you're gaining an extra 0.2 pounds every day — that really starts to add up," Kenny says. "You have to measure it to see it."

How to get there: genetics

His data engine went into overdrive three years ago when the Hoot Owl entered the world of genetic testing, utilizing the HD 50K and GeneSeek. The EPDs work, but the genetic tests prove it.

"It took a lot of the guesswork out of our selection," Kenny says. Again, the data tell the value story.

In the first year, they looked to see how many bulls they used would rank in the top 10%-20% of the Angus breed in those most valued traits: growth, carcass and maternal. Then, the percentage "wasn't hardly worth remembering," Kenny says.

Now, 70% of their home-raised bulls have at least one to four traits in the top 20%. Genetic testing revealed a few outliers — good and bad — that broke with EPD indicators and would have taken years of studying progeny to detect. Performance numbers sort the top 25% to keep, the middle 50% to sell, and the bottom 25% to cull.



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“The numbers still say they’re the bottom 25, but from where we were 10 years ago, the bottom 25% is really exceptional in quality,” Kenny says. “It’s more uniform, and now we’re able to make those selections based on production history and data from 10 years back from that heifer’s grandma and great-grandma.”

Today’s genetic technology makes getting in the Top Dollar Angus game much easier, too. A complete transformation can take place in two generations, Brink says, but most Angus-based cow herds are closer than that.

“This program creates a target. There will be lots of people who have herds that can qualify today, and even more who are one generation away from qualifying their calves. Probably in some cases, it would just be switching out the bull battery,” Brink says. That means bringing in higher \$B bulls that complement other genetic goals of an Angus-based cow herd.

“That’s new — to be able to have that much control, to use these tools and be able to create above-average cattle that quickly is new,” Brink says. “It’s just going to take a little bit of work and somebody that’s committed.”

Staying the course of that commitment has paid off in years past, too, Kenny says, but this is the year they were able to really verify the data addiction was worth hanging onto.

“What I found out was, whether we were all-natural, age-and-source, whatever — we had the same buyers coming back year after year to buy our calves. They couldn’t have cared less what the fad was that year. They just wanted our cattle, and it was the carcass,” he says.

Harvest data they got back a couple of years ago revealed the underlying bid driver — the Hoot Owl cattle were gaining a little more than 4 lb. per day in the feedlot, and at harvest averaged 98% Choice or better.

“It’s simple: Buy better bulls, get better heifers, get better calves,” Misty says. “The end goal is we want to have a quality product for whoever is buying our calves:

for the feedlot, for the grocery store. Either way, our end goal at the Hoot Owl Ranch is to have an extremely well-polished, quality product.”

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Editor’s Note: *Laura Nelson, a former writer for Certified Angus Beef LLC, is general manager and editor of Big Timber Pioneer, Big Timber, Mont.*



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