

An Angus

Oklahoma hosts 2008 National Angus Conference & Tour.

Story by **Shauna Rose Hermel, Tosha Powell & Troy Smith**

Photos by **Tosha Powell, Troy Smith & Crystal Young**



► Participants were welcomed with a reception Monday evening.



► About 400 cattle producers from across the U.S. joined together in Oklahoma City for the 2008 National Angus Conference & Tour for "An Angus Gathering."



► CAB Supply Development Marketing Manager Lance Zimmerman shares with conference guests an opportunity for some great CAB prizes.

Angus breeders from across the country journeyed to the nation's heartland of Oklahoma for this year's National Angus Conference & Tour (NAC&T), appropriately themed "An Angus Gathering." Sponsored by Purina Mills LLC and Alpharma Animal Health, the conference was conducted Oct. 7 at the Clarion Meridian Convention Center in Oklahoma City.

Breeders joined together Monday evening for hors d'oeuvres and fellowship to kick off the event. More than 365 Angus enthusiasts participated in the event.

Association Regional Manager Matt Caldwell welcomed producers to the conference Tuesday morning, recognizing conference sponsors, as well as Association staff and Board members. He introduced Paul Hill, American Angus Association president and chairman of the Board, who also welcomed the group.

"The Angus breed has attracted many, many excellent people over the years," said the Bidwell, Ohio, manager and partner in Champion Hill. "The people are as important as the cattle." Hill recognized among the audience guests attending from Canada, Australia and Colombia.

Kicking off the informational program, Iowa State University Agricultural Economist John Lawrence presented "Challenge of the Decade: A State of the Industry." Lawrence was joined on the morning program by William Herring, Smithfield Pork; Mark Allan, U.S. Meat Animal Research Center; Paul Roach, Reasor's; and Rod Nulik, Purina Mills LLC.

The afternoon's session featured a panel of producers including Don Meador, Dreamcatcher Ranch, Leo McDonnell, Midland Bull Test and Dick Beck Jr., Three Trees Ranch.

Association Chief Executive Officer (CEO) Bryce Schumann wrapped up the conference program, revisiting highlights of the program and inviting conferees to participate in an evening at the National Cowboy and Western Heritage Center and the following two days of tours.

Following are summaries of the conference presentations. Visit the Newsroom at www.nationalangusconference.com for more detailed summaries, PowerPoints and audios for the individual presentations, as well as photo galleries of the tour. This API meeting site is provided through sponsorship of conference sponsors Purina Mills LLC and Alpharma Animal Health.

— by *Shauna Rose Hermel*

Conference summaries:

Challenge of the decade

The time has come to re-think business models built on cheap fuel and fertilizer. That was the warning issued by John Lawrence. "The world in which you operate is fundamentally different. Have you changed your business?" Lawrence asked conferees.

He called agriculture's position strong, even during this time of economic turmoil. Commodity prices are good, particularly for grain. However, the tight credit situation is beginning to bleed over into production agriculture. Costs for inputs are climbing, and Lawrence said he foresees continued increases in production costs for beef producers.

In the decade ahead, Lawrence said he expects the economic situation to put pressure on beef prices. Domestic demand has weakened a little already, as aging baby-

boomers are eating less beef. However, beef exports are increasing and are expected to continue, particularly in Asian markets and European countries unable to produce enough beef of their own.

While the Choice-Select spread has been narrow in recent months, Lawrence said he looks for the spread to widen long term. He said he also expects respectable premiums for high-Choice and Prime product, saying, "There definitely is value in quality."

Lawrence said the effect of cattle health on carcass quality grade is becoming increasingly clear. While buyers of feeder cattle will be willing to pay more for cattle of known health history, the premiums won't come without proof of how cattle were managed. The most significant premiums will be paid for cattle backed by vaccination programs certified by veterinarians.

s Gathering

While the U.S. beef industry has returned to a liquidation phase, Lawrence said he does not look for a drastic reduction in total beef production. Finishing periods will probably be shorter, on average, but cattle will undergo longer backgrounding periods and enter feedyards at heavier weights. For that reason, as well as increased use of performance-enhancing beta agonists, carcass weights are likely to trend higher. But there will be greater emphasis on lean meat yield, because putting on fat is too costly.

While livestock feeders must compete with ethanol production for grain stocks, the price of corn will be tied to that of oil, Lawrence said. Prices for other grains will be relatively high, too, and Lawrence predicted continued increases in prices of hay and pasture.

Therefore, said Lawrence, producers must strive for optimal production from their resources. Production efficiency will be increasingly important.

"The U.S. niche is grain-fed beef, but how producers accomplish that will change," he said, noting how more weight must be put on cattle outside of finishing lots. "We have to find out what is the least amount of corn we have to put in a steer to meet targets for quality."

— by Troy Smith

A performance parallel

Georgia native, William Herring, Smithfield Pork technical operations manager, paralleled the successes and tribulations of the pork industry with those of the beef industry.

Smithfield Pork Group consists of 1.1 million sows, representing 18% of the U.S. sow herd and ranking first in number of pigs harvested. Smithfield Premium Genetics is the internal genetics provider for Smithfield Pork, with staff specialized in genetics, information technology and production.

"Very much like it is within the beef industry, the swine industry knows that heterosis has a huge impact on how we do things," Herring said, describing the company's breeding program. "The pork industry uses a pig that has 100% heterosis — the terminal is basically unrelated to the commercial sow. We know that with this hybrid vigor, pigs grow more robustly, much like a feedlot steer would in that same scenario. We've not found a business solution saying to not use heterosis."



►Angus enthusiasts heard from a full slate of speakers Tuesday, Oct. 7, on topics such as genetic selection, team building and cattle marketing.

Herring said the pork industry, just as the cattle industry, knows the importance of identifying the right breeds and lineages to get efficiency.

"The U.S. cow herd is certainly getting blacker, and has been for quite some time," Herring said, "which we know is key to identifying the right breeds and lines to get efficiency."

Not all pigs are equal, and there is no perfect pig, Herring said. Identification of terminal and maternal strengths is of vast importance, as is trait selection. Cattlemen know that these points are true within the cattle industry as well.

An advantage the pork industry may have over the cattle industry is the more widespread use of artificial insemination (AI), Herring said. Sows are inseminated with two to three semen tubes each — all tracked through with the use of barcodes, another advantage the pork industry uses.

A barcode tag is placed in each live piglet's ear at birth, the pig's registration period. Registration is close to paperless at Smithfield. Using barcodes and radio frequency identification (RFID), animals are easily tracked through the company's data system.

Similar to the beef industry, pork has selection tools for growth and finish traits, as well as feed intake and efficiency, Herring said. He warned breeders, "don't select for reduced appetite — animals have to have the desire to eat and grow."

Pork producers are facing the same issues with production efficiency as cattle producers are: feed costs at an all-time high, added capital costs, additional regulations and access to cash. "COOL (country-of-origin labeling) just went into place, and none of this is free," Herring said. "Producers are struggling to come up with the cash to adapt. This is important to all of us."

Where Herring sees the most need for improvement in both industries is in the ability to convert feed to food.

"With a growing world population and the increase in grain cost, what is the most efficient way to use that grain?" he asks. "I'm surprised the consumer hasn't asked, 'Is it more important to feed cattle and pigs, or the growing human population?'"

— by Tosha Powell

Vision of new selection tools

Genome analysis and the resulting DNA testing procedures have been around awhile. Yet, according to U.S. Meat Animal Research Center geneticist Mark Allan, they represent a young and changing technology. Scientists are still learning how this technology can complement more traditional tools for genetic selection.

"And yes, we have oversold it to producers. The genome is highly complex, and we oversimplified it," Allan told the NAC&T audience. Still, he added, DNA marker-assisted technology holds great

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promise for improving the accuracy of selection for economically important traits.

Allan said phenotypic information remains the key to using genetic information. The traditional tools still work well, he added, citing visual appraisal, performance data, expected progeny differences (EPDs) and selection indices as important to advancing breed improvement.

DNA testing has been used successfully for parentage identification and to test for the presence of “gene markers” associated with traits such as coat color. Allan said the technology has led to “minor success” in identifying markers explaining variation for

carcass traits, but known markers don’t necessarily explain all of the variation for certain traits. Other genes, for which markers have not yet been identified, may also influence expression of traits.

While DNA testing still has the greatest effect at the seedstock level, there is potential for practical application in commercial breeding herds. It will play a role, Allan said, in improving the accuracy of multi-trait selection.

The technology has advanced from testing for a few specific markers to panels including markers for several traits. Allan predicted greater success will come from larger panels

of markers that explain greater portions of genetic variation for traits. It will come, but it will take time.

To affect implementation by the industry, Allan said marker data needs to be added to the national genetic evaluation system already in place. Breed associations and their database structures will be important to the process.

“Very intriguing is the potential for commercialized marker-assisted management,” Allan added.

Marker-assisted management will allow both commercial cow-calf and feeding

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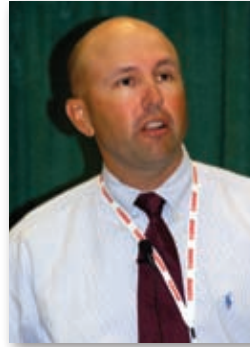
►Matt Caldwell welcomed guests to Oklahoma City for the NAC&T Tuesday morning, Oct. 7.



►“The Angus breed has attracted many, many excellent people over the years,” said Paul Hill, American Angus Association president and chairman of the Board. “The people are as important as the cattle.”



►Aging Baby Boomers eat less meat, John Lawrence said as he looked at the decade ahead for the beef industry. Lawrence predicted this could have a negative effect on beef demand in the years ahead.



►William Herring, technical operations manager for Smithfield Pork, paralleled the techniques he and others in Smithfield Premium Genetics Group use with the selection strategies of the commercial cattle industry.



►“Phenotypes are gold,” Mark Allan told participants Tuesday morning. Allan discussed tools available for genetic selection — those available now and what will be available in the future.

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operations to evaluate cattle and design management strategies that target specific markets.

— by Troy Smith

Branded beef in the future

How does a smaller retail grocery chain compete with the retail giants? An Oklahoma-based grocery chain has held onto its market share, and grown in number of retail outlets, largely through its branded beef marketing strategies.

“We couldn’t match the big chains for price. We had to beat them on quality,” claimed veteran meat marketer Paul Roach. “We believe serving a niche market brought us to where we are.”

Roach is director of meat for Reasor’s Stores, which operates 15 upscale food stores in northeastern Oklahoma. Reasor’s carries *Certified Angus Beef*® (CAB®) brand beef, exclusively, and has received numerous CAB awards for retail sales volume. Each Reasor’s store markets more than 32,000 pounds of CAB product per month, with the chain totaling well more than 5 million pounds per year.

Roach says the company pushes CAB Prime beef, and a key to its record sales volume has been “Primal Sales.” Twice each year, Reasor’s features its beef loins, rounds and chucks, offering free cutting and wrapping. Customers stand in line to buy beef cut to their own specifications. Those not wanting to wait can purchase bags of pre-cut CAB beef. During these events, sales volume has been as high as half a million pounds during the course of three days.

Roach says increasing numbers of patrons are expressing interest in knowing where the beef they buy is grown and how it is produced. To answer the call, Reasor’s is exploring partnerships with beef producers to maintain links between the high-quality product and the people who produced it.

— by Troy Smith

Partnering through progress

When going into a partnership, too many ask the question, “What’s in it for me?” said Rod Nulik, cattle marketing manager, Purina Mills LLC. He advised attendees that to create a positive, long-term partnership we should be asking, “What do I have to give?”

“Purina Mills has had a great partnership with the American Angus Association, Alpharma Animal Health, the Youth Beef Improvement Conference, Cattlemen to Cattlemen and many others,” said Nulik, noting that a great partnership takes the three P’s — products, programs and, most importantly, people.

Purina’s mission to its customers is industry viability.

“If you’re not in business, we’re not in business,” Nulik said. “Industry viability is truly the future of beef production.” Purina also is dedicated to customer profitability, and the ability to use the surrounding resources such as land, labor, capitol and management.

“We at Purina are interested in a long-term relationship with you,” Nulik said. “We know we need a price/value relationship. We know you look at Purina Mills for knowledge and information, to create the best answers for you and your needs.”

Comparing the current economy situation to the use of an almost empty tube of toothpaste, Nulik asked producers if they have ever really run out of toothpaste, noting that we will continue to squeeze the tube dry until



► *Certified Angus Beef*® and CAB® Prime are a major part of Reasor's success as a retailer, Paul Roach, director of meat, shared with national conference attendees. Reasor's sold 5,853,000 lb. of CAB brand product last year.



► For any partnership to be successful, it has to be long-term, said Rod Nulik, marketing manager for Purina Mills LLC, and that means participants have to look at what they give to the partnership as well as what they get from it.



► Customers buy Angus cattle for birth weight, milk and mothering ability, and carcass quality, but they sell their calves by the pound, said Dick Beck, a panelist in Tuesday afternoon's producer marketing panel.



► "If you have good cattle and good people, good things happen in life," Leo McDonnell Jr. told those gathered for the producer marketing panel Tuesday afternoon. "Marketing is an attitude. You'd better have the right attitude."



► Association CEO Bryce Schumann recapped the day's activities before conference attendees shuttled to the first stop on the tour: the National Cowboy and Western Heritage Museum.

we break down and purchase a new tube.

In the cattle business Nulik said breeders can be this way, too.

"There are times when things get tough economically in the cattle business, and we have to be more creative to figure out how to make more," Nulik said. "And then there are times when we are riding the 'Crest' of marketing, when things are going right, then we get a little bit sloppy and wasteful.

Nulik explained to producers how they could use Purina products, especially those containing the IM Technology™ (intake-modifying technology), to help make the most of their resources.

— by *Tosha Powell*

Marketing in the future

To close out the 2008 National Angus Conference, three producers shared their

views on what comprises a successful marketing plan to carry a seedstock operation into the future.

Leading off was Dick Beck, general manager of Georgia-based Three Trees Ranch, who advised producers to re-think the common view of "selling" as unsavory. Everyone, stated Beck, is a salesman.

"Selling is not a bad thing," Beck said. "We

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all do it every day. You sell yourself in everything you do.”

He cited three key elements to marketing seedstock — a good product, standing behind it, and knowing what the customer really wants. He stressed the importance of backing the product with a guarantee.

Montana’s Leo McDonnell, owner/manager of Midland Bull Test and a seedstock breeder, called marketing “an attitude” — an extension of who you are. He

urged breeders in the audience to face their problems and manage them. McDonnell also stressed the importance of understanding the economy of the industry to know what keeps your customer in business. Know what you need to do to help them make money year-in and year-out, he said.

“Make passion your driver — not emotion. There is a big difference. People who love what they do will do it well,”

McDonnell stated. “And have discipline. Be consistent. Adhere to your values. Don’t jump on every gimmick that comes along, but don’t be a naysayer to everything new, either.”

Texan Don Meador, owner of Dreamcatcher Ranch, said product quality should be designed to meet customer needs.

“It should be measurable, repeatable and relevant. Always be improving. If you’re standing still, you’re backing up,” Meador

said. “And providing customer service is critical. The customer should be satisfied with every animal or you make it right.”

Panel moderator Deb Norton, president and creative director of Graphic Arts of Topeka Inc., summed up a simple, successful marketing strategy as one that addresses people, product and perception of the customer.

“Address those issues with integrity,” she advised, “and never let the chain break down.”

— *by Troy Smith*



► Marketing panel members (from left) Don Meador, Dreamcatcher Ranch; Leo McDonnell, Midland Bull Test; and Dick Beck Jr., Three Trees Ranch, shared their marketing philosophies Tuesday afternoon.