

Members Elect Officers,

Members of the National Cattlemen's Beef Association (NCBA) conducted their board of directors meeting and annual membership meeting Jan. 31 as the 2009 Cattle Industry Annual Convention concluded in Phoenix. This year's convention and trade show was attended by approximately 5,300 people.

Angus breeder Gary Voogt of Michigan was officially elected to succeed Andy Groseta as NCBA president for the coming year.

Voogt praised members for a successful conference. "I'm so pleased with the high level of participation we've had this week," he said. "Our discussions have been extremely

productive and will no doubt set us on a path for success in 2009 and beyond."

Cattle producer discussions during the convention resulted in a number of policy directives and recommendations for 2009.

In the area of cattle health and well-being, members engaged in a productive conversation with the U.S. Department of Agriculture (USDA) Animal and Plant Health Inspection Service (APHIS) regarding an updated and workable approach to animal disease programs, particularly bovine tuberculosis and brucellosis. They also discussed the severe exacerbation of disposal issues producers are already experiencing

due to the enhanced feed ban, months before it even goes into effect. Finally, members reaffirmed the industry's commitment to humane care and handling of cattle.

Federal Lands Committee members resolved to encourage local, state and federal agencies to consider livestock grazing as the first solution for fuel load reduction in order to reduce wildfire potential and improve livestock and wildlife habitat.

Agricultural Policy members resolved to oppose the Employee Free Choice Act and any other effort that would take away an employee's right to privacy. Specifically, the resolution expresses opposition to: allowing a Card Check system instead of secret ballot voting to organize a union; forcing collective bargaining upon businesses and their employees; and requiring forced arbitration to determine wages and benefits without ratification vote by employees.

Also under agriculture policy, members voted to amend current policy with respect to the Beef Checkoff Program to allow promotion of U.S. beef and ensure the program remains fair, cost-efficient, and coordinated in order to achieve long-range goals.

With regard to international markets policy, members resolved to increase the age restriction for trade with Japan from 20 months to 30 months. The current age restriction into Japan is limiting American producers to about 25% of our potential sales there, which means U.S. beef producers are still missing out on \$1 billion in exports annually.

All policies adopted are now subject



PHOTO BY TOSHIA POWELL

► American Angus Association, Certified Angus Beef LLC (CAB) and Angus Productions Inc. (API) staff manned the Angus booth to inform producers and industry of Association programs and services.

Association Structure Discussed in Leadership Forum

Potential changes to the National Cattlemen's Beef Association (NCBA) governance structure were discussed during the 2009 Cattle Industry Convention in Phoenix, Ariz. A year ago, NCBA members shared concerns related to the association structure with members of a Governance Task Force co-chaired by past presidents Jan Lyons and John Queen. Presented at this year's Leadership Forum were results of an analysis of NCBA structure by a professional consulting firm.

OPIS LLC, which specializes in association management issues, was engaged to assist the task force with identifying shortcomings of the current association structure and developing solutions.

According to Michael Gallery of OPIS, the current NCBA structure is cumbersome and may even perpetuate divisiveness among the membership. Gallery referred specifically to the separatist nature of the association's Policy Division, which deals with legislative issues, and the Federation of State Beef Councils, which develops and implements beef promotion programs funded by beef checkoff funds provided by the Cattlemen's Beef Promotion and Research Board.

Originally, the purpose of the two separate divisions was to maintain a "firewall" to ensure that lobbying efforts directed by the

Policy Division were funded only through membership dues, while checkoff dollars were used only to fund programs for beef promotion and research. Legislation that authorized the mandatory dollar-a-head checkoff prohibits use of collections for lobbying efforts.

"We believe the current governance creates a firewall to communication," Gallery stated. "We're not suggesting you should relax the required separation of dollars, but there are other ways to do it than the way you are trying to do it now."

OPIS will assist the Task Force in identifying specific problems with the current governance structure and development of solution alternatives. Pending approval by the NCBA Board of Directors, the Task Force will then propose a plan, including timelines, for implementing a new structure. The plan will be brought before the membership for final approval.

"The devil is in the details," said Task Force co-chair Jan Lyons, of Manhattan, Kan. "We want and expect members to provide input to help direct this process."

— by **Troy Smith**

Direct Policy

to approval by more than 30,000 NCBA members nationwide. Convention results will become official after a mail-in ballot process concludes in March.

Members also voted on new officers for the upcoming year.

In addition to Voogt's election as president, Steve Fogelson of Illinois was chosen as NCBA president-elect, and Bill Donald of Montana was elected as NCBA's Vice President.

Newly-elected officials to the NCBA Executive Committee include: J.D. Alexander (Nebraska), Chairman, Federation Division; Scott George (Wyoming), Vice Chairman, Federation Division; Eric Smith (Alabama), Chairman, Policy Division; and Tracy Brunner (Kansas), Vice Chairman, Policy Division.

The following individuals were elected as Federation Division Representatives to the Beef Promotions Operating Committee: David Dick (Missouri), Becky Walth (South Dakota), Linda Joy Stovall (Texas), Tamara Ogilvie (New Mexico), Craig Uden (Nebraska), David Hamilton (Nebraska), Helen Weise (Iowa), and Chuck Adami (Wisconsin).

NCBA members also honored two industry leaders who passed away in 2008, Lynn Cornwell and Steve Hailey. Their lives have touched many people in the beef industry, and they will be greatly missed by all who knew them.

Members bid farewell to Terry Stokes and celebrated his distinguished career as NCBA CEO. Stokes recently stepped down after 13

years of service, handing over the reins to Forrest Roberts.

"While we will all miss Terry greatly, we're looking forward to a new and exciting chapter with Forrest at the helm," Groseta

continued. "I'm confident that Forrest's wealth of experience, fresh ideas and intense passion for the industry will raise this organization to even new heights."

Roberts laid out some of his priorities for the coming year, including his commitment to growing domestic beef demand,

expanding access to foreign markets, and protecting the U.S. beef industry from actions that could impede a favorable business climate.

Voogt closed the convention with his outlook for 2009.

"These are challenging times, but now is not the time to change course," he said. He cited recent successes, including a 6.7% increase in membership over the past year, as well as the approval by the board of directors of a new and improved governance structure for NCBA.

"Our association is the oldest, largest and most successful national organization of cattle producers," Voogt said. "By continuing to speak with a unified voice and our mutual goal of increasing profitability, the U.S. beef industry is sure to continue prospering for years to come."

— by NCBA staff



Editor's Note: More than 70 articles and several photo galleries covering the convention are available at www.4cattlemen.com, the meeting coverage site provided by Angus Productions Inc.

All policies adopted are now subject to approval by more than 30,000 NCBA members nationwide.



► Yon Family Farms of Ridge Spring, S.C., was named the national Environmental Stewardship Award Program (ESAP) winner. For more, visit the newsroom at www.4cattlemen.com.

Behavior and Grazing Management

Why do grazing animals choose to eat certain plant species and shun others? For 35 years, Utah State University researcher Fred Provenza has looked for answers, hoping they would help ranchers better manage their animals and landscapes. During a Cattlemen's College session Wednesday at the 2009 Cattle Industry Convention, Provenza told his audience that palatability of plants is more than a matter of taste.

"It is the relationship between flavor and post-ingestive feedback from cells and organs in response to compounds in the forage," Provenza explained.

The primary compounds contained in a food source include nutrients like energy, protein and minerals. There are secondary compounds, too, like alkaloids, terpenes and

tannins — substances once thought to be toxins. Provenza said even required nutrients can be toxic when consumed in sufficient excess, and under certain circumstances the secondary compounds can be beneficial to the animal.

"It is the relationships and concentrations of any and all compounds that influence palatability," he added.

Provenza said research results of actual ranch management practices have demonstrated that learned behavior influences forage choices. Offspring learn to eat the same plants grazed by their mothers. They also gain "nutritional wisdom" by



Fred Provenza

PHOTO BY TROY SMITH

sampling different plants on their own. Animals may also choose to eat plants containing certain compounds, in order to correct a chemical imbalance in their regular diet. Providing animals with feed supplements containing certain compounds may also encourage animals to choose plants thought to be unpalatable. And genetics play a role as well.

"But genes do not equal destiny. The environment can turn genetic influences on and off," Provenza insisted. "Animals learn. They adjust and adapt to the environment. They are more flexible than we give them credit for."

Provenza and his colleagues are researching methods of managing cattle to broaden their diets to include sage brush, leafy spurge and other "weedy" species.

"There is potential for turning cows into weed managers by utilizing a more broad variety of plants. We believe we can increase animal performance, better utilize available forage and increase biodiversity of landscapes," Provenza said. "To me, it makes sense ecologically and economically."

— by **Troy Smith**

Attitude is Greatest Challenge

The thing I'd like to challenge you with is our attitudes," Cattle-Fax Chief Executive Officer (CEO) Randy Blach said as he opened the long-term outlook portion of the Cattle-Fax Outlook Seminar Thursday during the 2009 Cattle Industry Annual Convention in Phoenix. "We've had hard times before. This is a difficult time, but we'll get through it.

"The lion's share of the factors are really quite friendly," Blach continued. Packer and retail margins are actually quite good today, he explained. Production costs, while remaining elevated in 2009, will moderate compared to last year. Long-term, prices are testing the uptrend, and a decline in meat supply in 2008 should support higher prices.

Fed-cattle prices are expected to average in the low 90s in 2009, ranging from the low 80s to near \$100 per hundredweight (cwt.) by late in the year. Stocker profitability is expected to remain positive in 2009. Calf prices have snapped back up from their December lows. Now at \$100-\$105 per cwt., Blach said he doesn't think they'll go any cheaper.

Blach was quick to point out that demand is the real wild card of 2009-2010. He projected demand to remain soft in 2009. If the price uptrend fails to hold, downside risk is very possible, he said, which would indicate beef demand is contracting further. However, he said opportunities exist to increase demand by expanding access to export markets.

Blach said expanding Japanese market access could increase prices by up to \$50-\$60 per head.

"If we had a single issue we were focusing on as an industry, that'd be my pick," he said.

He added that Mexico and Canada are two of the largest export customers of U.S. beef, which makes mandatory country-of-origin labeling (mCOOL) a concern as it functions as a nontariff trade barrier. Maintaining access to Mexico and Canada, as well as expanding access in Japan, are key to the success of the U.S. beef industry.

"We are in extremely dynamic times," Blach said. "Global markets open up opportunities, but also present changes." He advised producers to remain adaptable.

"The markets have changed," Blach said, citing as an example that feeder prices are no longer tied to corn prices the way they once were. "If you're still using the old playbook



Randy Blach

from 10 to 15 years ago, you're going to be frustrated," Blach stressed.

No doubt today's economic recession is on the top of most people's minds when they think of changing markets. A loss of U.S. household equity of \$800 million has been tremendous, Blach said, especially for those who haven't been managing risk. The packing industry has downsized, but it's still overbuilt. The feedlot sector is overbuilt as well, and that excess capacity, aggravated by other factors, is what has led to the current situation of the most severe feeding losses in more than 30 years. In 2008, average fed-cattle losses neared \$130 per head.

Long term, fewer feeding companies will finish a higher percentage of cattle, and the average size of operations will continue to grow, Blach said. He encouraged producers to ask themselves what they need to do in order to remain competitive.

"Are you making changes in business practices to ensure you can survive?" Blach asked.

Index, hedge and managed funds are going to continue to be part of the agriculture commodity market, he noted.

Assuming no hedging, cattle tend to make money when basis is strong and lose money when basis is weak. When the cash market is trading above futures, cattle are bought at breakeven levels that are much more attractive compared to weak basis times. While Blach said the basis move of

2008 — with record-large premiums in futures above cash — won't be seen again, it provides a good example of opportunity for success for those people willing to focus on the margin.

"Too many people worry about picking highs and lows on the market instead of focusing on the margin," Blach said. "Maintaining that concentration is imperative, because, as we've seen, so much can change so fast."

Ending on a positive note, Blach projected that the recession is more than halfway through. He said he hopes to see the economy begin to turn around by mid-2009 and expects it should certainly happen by the end of the year. Producers who manage risk and focus on the margins set themselves up to make it out of the recession just like they've made it through hard times in the past.

— by *Chelsea Good*



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"We've had hard times before. This is a difficult time, but we'll get through it."

— Randy Blach

Message to Farm Families: Communicate

Communication is the key to intergenerational farm family success, University of Nebraska professor Ron Hanson emphasized as he addressed attendees of the Cattlemen's College session Wednesday, Jan. 28. Hanson has worked with farm families in Nebraska on the subject of ranch estate planning and transfer for more than 30 years.

Hanson shared that when multiple generations of a family are working together in business, there are typically different views about decision-making, setting goals and priorities, financial priorities and even time off for vacations. All of these differences — if not addressed by communicating — can lead to family conflicts.

Hanson gave the following list of common mistakes to avoid because they contribute to “family failures:”

► Don't let a father-son relationship turn into a parent-child relationship. In

A strong family relationship is fostered by spending time together as a family to build that bond of being a team.

parent-child relationships, the parent makes all the decisions and this leaves no sense of “partnership” for the younger generation in the family business, Hanson said.

► Don't do family gossip. If you can't tell someone face-to-face what you are thinking, don't tell anyone else, Hanson said. “Gossip leads to misunderstanding and that leads to conflict.”

► Don't carry a personal grudge. “Tell the person you are angry and the reason why. Get it out and then let it go,” Hanson suggested.

► Don't let arguments get beyond the boiling point. “Every family has its moments of disagreement,” Hanson said, but “it's how you deal with those moments that determine if you have a family in harmony or a family in conflict.”

Hanson concluded saying that a strong family relationship is fostered by spending time together as a family to build that bond of being a team. “Strong families have a sense of commitment to each other and are proud of what they've accomplished,” he said.

— by **Kindra Gordon**



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