

Partnering for Profit

McGinley-Schilz Feedyard stands out as CAB 2003 Progressive Partner.

by Troy Smith

Feedlot manager Ken Schilz looks for opportunities to work more closely with suppliers and customers. Success usually hinges on the willingness of all parties to share information, a concept that is much talked about but not widely embraced. However, at McGinley-Schilz Feedyard Ltd., a Certified Angus Beef LLC (CAB)-licensed partner near Brule, Neb., innovative management is building trust to create promising partnerships.

“Ken brings a cutting-edge focus to the business that shows in his personal style,” says Turk Stovall, CAB assistant supply development director. “He’s always on a quest for information, whether it’s carcass data or dinner conversation. It shows in his feedlot management. He is not just converting corn into pounds of beef, but making the most of each animal, as if putting puzzles together.”

With the comprehensive electronic identification (EID) system he makes available to customers, it’s no wonder there’s a waiting list of Angus producers who would like to feed with McGinley-Schilz, Stovall says.

For their use of innovative strategies to build a partnership with CAB, and an overall focus on quality beef production and marketing, McGinley-Schilz Feedyard was honored with the 2003 Progressive Partner Award at the CAB annual conference in Cleveland, Ohio, Aug. 23.

Defining an industry

Innovation is not new to this western Nebraska operation. In 1924, long before the terms “retained ownership” and “added value” were coined, George McGinley built his first feeding pens on a farm in the South Platte River valley, near Brule. The savvy cattleman reckoned a feeding enterprise would complement his extensive ranching business. He realized that feeding his range-



PHOTOS BY ERIC GRANT

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raised cattle long enough to put on more weight would yield more profit. So, cattle from McGinley’s six Sandhills ranches were funneled through the feedlot prior to shipment to market terminals in Omaha, Neb.; Denver, Colo.; and Saint Joseph, Mo.

Ken Schilz’s grandfather, Leo, hired on with McGinley in 1939 and went to work on the farm. In little more than a decade, he advanced from laboring with a shovel to a managing partnership with McGinley. In 1967 Dennis Schilz followed his father at the helm of the 4,000-head McGinley-Schilz Feedyard, eventually guiding a buyout of the late McGinley’s heirs. The company’s name remained unchanged out of respect for the founder. Custom feeding services were added and feeding capacity was expanded to nearly 18,000 head.

“Dad always wanted us to come back after college to join the operation, and we did, too,” Schilz says. He returned in 1992 and became feedlot manager. His brother, Steven, assumed management of the crop-farming enterprises in 1996. Under the brothers’ leadership, the company continues to evolve and adapt to changes in the beef industry. Partnerships are becoming

increasingly important to the quest for profitability.

A key partnership involves five ranchers from Wyoming, Montana and Minnesota, who have joined the Schilz family as co-owners of the feedlot. That lets them feed their own cattle while eliminating inefficiencies, including some of the costs associated with commissions, freight and shrink. Opportunities for financing and risk management are enhanced, and they have direct input into how cattle are managed.

All parties may benefit

The arrangement is helping to create a reliable supply of source- and process-verified feeder cattle, Schilz says. All partners and their personnel are trained and certified in the application of beef quality assurance (BQA) practices. With regard to genetics and production management, including vaccinations

and other health treatments, the cattle come to the feedlot with a documented history. Schilz says it makes for a more predictable future.

“The more we know about the cattle, the better job we can do of optimizing animal performance and producing high-quality, safe beef,” Schilz says. “Our partners also help us source additional cattle from other ranchers who put the same kind of emphasis on quality genetics and management. And several ranchers are willing to adapt their production systems to help develop a year-round supply of cattle with information behind them.”

The exchange of information goes both ways. Analyses of performance and carcass data collected on cattle fed at McGinley-Schilz are returned to ranchers in a timely fashion and in a form that is useful to genetic selection and fine-tuning of management.

“Our partnership with CAB has helped by providing reports (for carcass merit) on individual animals, as well as collectively, in a standardized format,” Schilz says. “That helps define the market target, and some ranchers never really focused on a specific target before.”

“When we have cattle that were bred and handled with that target in mind, we can



provide the nutrition, continued emphasis on health, and an implant regimen that maximizes performance and quality grade to enhance CAB acceptance,” he explains.

To improve process verification and information management, Schilz plans to implement a computerized identification (ID) system whereby data collected during each stage of production and processing are stored in each individual animal’s ear tag. Schilz says management software for cow-calf producers has been developed, while software for the feedlot, packers and processors is yet to come.

“When information carried in a tag can follow each animal throughout production and on through processing, and it is cost-effective, we’ll have real individual animal identification,” Schilz says. “Ultimately, we want the capability to track animals all the way through every process to say that beef from specific animals sold through specific retailers at specific prices.”

Just as McGinley-Schilz uses supply chain partnerships to secure more predictable



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cattle, it has sourced corn from a network of suppliers. Schilz knows where and how the grain was grown and handled, which allows for quality control.

He advises foodservice and restaurant managers to seek supply chain partnerships to increase the predictability of the beef they

serve. Such partnerships would focus on the goal of delivering the best possible product to consumers. Sharing that common goal can turn relationships among producers, processors and service providers into partnerships for profit.

