

President's Perspective

Jarold Callahan shares his perspective on serving on the American Angus Association Board of Directors.

Story & photos by *Shauna Rose Hermel*



►“My job at Express, and I think it is my same job on the Angus board, is to maximize the resources and assets that we have available,” says Jarold. At Express, those resources include the people, genetics, land, equipment, geographic location and customer base. At the Association, the assets are the breed, the genetics within the breed, the personnel at AAA and its subsidiaries, and the programs and services.

What motivated you to run for the Board?

I've always felt it was important to get involved in the organizations that represent the industries you are involved in. That's probably the biggest driving force.

The strength of cattle people oftentimes is their weakness as well. To survive in the cattle business you have to have a lot of courage, you have to be extremely independent, and you have to be extremely self-reliant. That makes it hard to belong to a larger group, and oftentimes cattle people aren't as involved as I think they should be.

If you're in the cow business, whether you are purebred or commercial, you need to be involved in the associations that are trying to represent your best interests.

You have several responsibilities that are time-consuming. How have you meshed that with the presidency?

It's been tough. We've got a really good crew. That's what I'm proudest of at Express. I'm proud of our cattle, but I'm probably prouder of our crew. We've got an extremely dedicated, hard-working crew that has allowed me the ability to devote time to AAA (American Angus Association) and its entities.

What drew you to the Angus business?

The thing I didn't like about production agriculture was we'd haul our wheat to town,

and they'd tell us what they would give us for it. We'd take our cattle to the sale barn, and they'd tell us what the price was going to be. I thought there was opportunity in the purebred business to establish something other than a commodity price, and I thought that if you wanted to work hard and apply the technology that you had available, there was a chance to create additional value and be rewarded for it.

I'm an Angus breeder, not because of lineage, but because I believe they have the most to offer the beef cattle industry. I've been exposed to a lot of other breeds, and Angus cattle were the most problem-free, easiest to raise and, consequently, the most profitable.

What constitutes a good bull?

A good bull is one that goes out and gets the cows bred and gives the guy no problems. If the bull gets out, if the bull scares Grandma, if the bull starts limping, then he's a bad bull because he caused that guy problems.

A real good bull is one that doesn't cause you any problems and adds value to your calves.

Too many people producing bulls, say, “Boy, he'd be a really good bull if — if he had bigger testicles ... if he weren't so crazy ... if he had better feet.” Well, if you have to put an “if” in there, he isn't a really good bull.

What most bull customers want is a problem-free product, and by problem-free, he gets their cows bred, he stays in condition and he takes minimal to no management. Problems trump any additional genetic advantage.

Is that why the Board has put more emphasis on convenience traits?

Yes. Udders. Disposition. We've discussed and cussed how we can score feet, how we can score udders and teat size. We're looking more and more at how we can get at longevity.

With feed costs the way they are now, it's expensive to develop a heifer into a productive cow. There are two years of costs from the time you wean her at 7 months of age until she weans her first calf at 30-some months of age. Whether you want to call it longevity or stayability, keeping her in production is extremely important to profitability.

The holy grail of cattle production is reproductive efficiency. At the Angus Association, I'm proud of the fact that we're working to try to get at those hard-to-measure, lowly heritable traits, because economically — in the commercial business and in the purebred business — those are the traits that really have the most economic impact.

Most research experts will say

reproductive efficiency is 10 times more important than the next most important trait, but reproductive traits are the hardest to measure, so we don't have as much applicable data. That's why we worked on heifer pregnancy. That's why we're doing all these different things to get at reproductive efficiency, and the Angus Foundation is helping fund that research.

You're turning your females by the time they are 4 years old, and many members would sell their cows by the time they are 7. How can we get a true picture of longevity?

You are going to have to look at it in a large commercial setting, because that is really the laboratory we should be looking at — and do it from the sire side. You're going to have to work with our biggest commercial customers. Let's go out there and look at their 14-year-old cows, DNA them and see what their sire is. We can figure out which bulls are producing females that stay in the herd longer.

As we get into genomics, it is so exciting because we are going to be able to link so many of these traits back on parentage through HD 50K, looking back to what bull sired that set of heifers and how they were bred.

What is the greatest challenge we face as an association?

Associations have to continually strive to be relevant to the membership.

The Angus Association has been the envy of most other cattle organizations and breed associations, not only from the standpoint of size and income level, but, as importantly, the turnaround time, the professionalism of the staff, the quality of the *Journal*, the information, the technology and the dominant role the breed plays in American beef production.

As a breeder and a member of AAA who has for the last eight years been on the Angus Board, my biggest fear is complacency, or complacency combined with arrogance. It's the attitude that we don't have to change. We've got the best product. We've got the best programs. We have the best staff. We register the most cattle. We have the biggest war chest. We have the best magazine. We have the best branded beef product. We have the biggest foundation.

To stay relevant in business you have to be looking forward and you have to be supplying your customer base with new and improved tools. If you get complacent about it, you lose your relevancy.

Agriculture has become so much more sophisticated and so much more technologically advanced. It's incumbent on AAA to continually strive to be the best

► Meshing the time demands of serving on the Board of the American Angus Association and as president of Express Ranches couldn't have been done without the dedicated, hard-working crew at Express, Jarold emphasizes. He's pictured here with (from left) Mark Squires, office administrator; Donnie Robertson, vice president of marketing; and Kevin Hafner, vice president of operations.



delivery system for the technology that's going to be made available in the beef industry. As long as they do that, then I think they stay relevant and they stay successful. If they get complacent, and if they quit being the delivery system for new technology, there is potential risk.

Is genomics one of those technologies?

I believe strongly in genomic testing. I've always been a little frustrated that the crop guys have literally kicked our rear ends the last 50 years because of what the crop geneticists have been able to do with technology. We lag so far behind in the livestock business. I've watched what the chicken and the turkey people did, and what the pork people did. They have advanced at a more rapid rate than we have.

I'm a strong believer that with genomics we can make some huge strides in selection, and not only in identifying the superior ones. If you knock off that bottom 10%-20% for a trait, your population improves

dramatically. If we can eliminate the poor performers and get a more uniform product for the commercial man — which in turn gets a more uniform, predictable product for the consumer, which in turn keeps our customers at home eating beef — then I think we need to do it.

I'm extremely proud of the small part I played in AGI. I was chairman of it the first few years of its existence. We're just scratching the surface. The genomic tools that aren't available now but will be in the future are huge. For example, all of the bulls that we market are HD 50K'ed. That's not a big deal now, but with GeneMax™, a customer who bought 20 bulls can test a calf and identify his sire. Pretty soon, they're going to identify which of those 20 bulls did a really good job and which of those 20 bulls they don't want any more of. We're going to get more feedback, which is going to further improve the selection process and the beef cattle business.

CONTINUED ON PAGE 54

► Developing an eye to evaluate cattle is an ongoing process, Jarold emphasizes. "You have to be a student. I am continually learning. If I didn't have that attitude, I'd become non-relevant pretty fast."



President's Perspective

CONTINUED FROM PAGE 53

What are some of the other things you are most proud of?

I was asked to chair all the genetic task forces in 2008 and 2009. That was one of the tougher jobs I've ever been assigned in my life — because it was also at a time the economy was being impacted, and you knew that it was economically impacting all your members. As I said at the outset of the original task force meeting, the objective was to try to protect our customers, commercial cattlemen, and at the same time provide as soft a landing as we could for our members and purebred breeders.

I'm really proud of how the Board and the staff stayed together through a tough time and a lot of criticism from a lot of avenues. It could have been a very divisive issue among the Board, but it really wasn't. We cussed it, discussed it, beat it around, and came up with policies that I think have really protected the value of cattle within the breed. I think that is demonstrated by demand for Angus bulls, which were never really penalized through that process. In fact, last spring Angus bulls enjoyed a value nationally that we've never seen before.

Because the task force made some tough decisions, which the Board approved, we helped ensure the longtime viability of the bull market and ultimately our business. It was challenging, it was heated, and you knew that — whatever happened — there were going to be economic consequences for a lot of people, including this operation.

One of the other big areas that I've emphasized is the management team concept that we began putting into place when Bryce was hired as CEO. When you use collective wisdom you'll make a lot fewer mistakes. I actually use the management team concept on an informal basis at the ranch including Kevin, Donnie and Mark. There aren't any big decisions that get made that we don't vet out. They are certainly given the freedom to disagree and encouraged to be the devil's advocate, because I think it keeps you from making lots of mistakes.

It also has the advantage that you get buy in. When people have been given the opportunity to participate in the decision-making and the thought process that goes into the decision-making, they're much more comfortable with whatever it is that you are attempting to do.

You have to have a strong CEO to utilize a management team concept, but I'm a big believer in it and in building communication between the subsidiaries (CAB, AGI, API, Angus Foundation) and the parent company.



►“Jarold is a great leader,” says Bob Funk (right), owner of Express Ranches. “He has knowledge that he is not afraid to share. Sometimes people may think he shares it too abruptly or too openly, but the cattle they get are exactly the way he describes them, and that goes back to the integrity that he has. I'd stack his knowledge up with anybody in the U.S.”

Silos are great as long as there are doors in the silos, but a silo that doesn't have a way in and a way out isn't very good in business. There are lots of people in an organization of this size that can have really good ideas. To bring those ideas to light and to avoid duplication to make AAA and its subsidiaries most efficient, you've got to have a strong functioning management team made up of the leadership of each one of those entities. Otherwise you get silos, you get turf building and you lose efficiency overall as an organization.

As president, you've asked the management team to meet with the officer team between Board meetings. Do you think that makes Board meetings more efficient?

That's one of the goals, and I hope that's been achieved.

We had one of those meetings before the February meeting, before the June meeting and now before the September meeting. The first meeting was just myself, the three officers and the management team, which would be the CEO and the presidents of the subsidiaries. At the second meeting I brought in the chairmen of the subsidiaries with the officer team, and the third one was with the Executive Committee.

What we try to do is get the Board leadership involved with the staff leadership to better prepare the Board meetings so we can drill down on the specific topics and issues a little better. We set the agenda for the full Board to look at and try to brainstorm about where we need to be heading and what we need to be doing, rather than just reacting.

I think communication and transparency have increased, and I think when you

increase communication and transparency, it's much easier to overcome the challenges that you have.

Earlier I said at Express I am proudest of our staff. I think the same thing applies to AAA. Yes, the breed of cattle is an asset; yes, our database is an asset; but the other big asset that the American Angus Association has is the people who work for it. They take a lot of ownership in the success of the organization and its members.

I've always said one of the biggest challenges I have in my job is I have to take ownership of it, but I also have to recognize I don't own Express Ranches. It's got to bother me if we have a poor sale. It's got to bother me if a set of cattle didn't perform well. I have to take ownership in the success and failure. I also have to recognize that Bob Funk owns Express Ranches, and he may want to do some things differently than I would.

As president of Express Ranches, I am left the latitude to make a lot of decisions that impact a lot of operations and a lot of people, just like the staff of the American Angus Association are. But I also have to recognize that I do have accountability for that to Bob, and if he wants to make a change, that's his prerogative.

The American Angus Association essentially is owned by all the breeders. As a Board member you are a representative of that membership. That's a tough balancing act, because if you've got the right people on staff, they're going to take ownership. All of us, at times, need to be reminded that we don't own it.

What traits does it take to be a good Board member?

You have to be, No. 1, willing to devote the time. No. 2, you need a heavy commitment and heavy involvement in the business. No. 3, you have to have an open mind. No. 4, you have to be willing to make some tough decisions. No. 5, you have to be willing to live with the decisions of the group.

As a Board member, you tend to serve three masters. You serve what's good for the breed. You serve what's good for the Association, but you also serve what's good for its present membership. It's generally easy on issues to decide what's best for the breed. It's pretty easy to decide what's best for the Association. It's harder to decide what's best for the membership, because they are diverse and pretty varied. To decide what's best overall, that is a tougher test. As a board member, you love the issues where they are in concert. You hate the issues when they are in conflict.

