Organizing for Quality

Missouri effort builds on heifer program, branches out to feedyards and packers to provide cow-calf producers a system to capitalize on quality beef focus.

*by **Shauna Rose Hermel***

With a proven track record for offering a recipe to hit the quality beef target with its Show-Me Select Replacement Heifer Program, the University of Missouri (MU) Aug. 30 announced a new initiative to help producers take the next step. The "Quality Beef by the Numbers" program seeks to help cow-calf producers of any scale follow their calves through the feeding phase, access marketing grids that reward a quality focus, and obtain data feedback from the feeding and packing sectors to continually improve herd management and genetics.

The industry faces a number of challenges, said Dave Patterson, MU beef reproduction specialist, explaining the impetus behind the program. Industry segmentation, rising input costs, the decline in the U.S. cattle inventory, increasing global competition and a "perceived" lack of incentives have been further complicated this summer by the extreme drought.

There are opportunities, however, he added.

"We really do have a lot of technology that does work," said Patterson, offering as an example the use of timed artificial insemination (TAI), which has made AI to highly proven sires more feasible.

Domestic and global demand for high-quality beef is increasing, and there are marketing opportunities that can help cattlemen capture value for reaching high-quality targets, he noted.

When asked in the 2011 National Beef Quality Audit how the industry could make beef better, consumers ranked eating satisfaction second only to food safety, shared Missouri Beef Industry Council Executive Director John Kleiboeker. "Consumers are saying we want to eat your product, but we want to be satisfied every time we do."

The audit also evaluated where opportunities are lost in this business. "The amount of money lost due to nonconformance of ideal targets for quality on a per head basis last year was determined to be an average of $43.66," Kleiboeker said. Quality grade accounted for $25.25 per head.

"The question becomes," said Patterson, "how can we use existing technologies to supply the growing demand for high-quality beef?"

Heifer program laid foundation

The first step in the plan to do just that, the Show-Me Select program first sought to create an understanding of the importance of heifer development based on reproductive success, Patterson explained. As participants saw the advantages of improved reproductive management of their heifers, those management changes spilled over to the cow herd.

"You begin to have an opportunity then to focus more on the genetics of your program," he added. "When you actually get to this step, you then realize the fact that you have a different product, and because you've created a different product, you have to have an opportunity to take advantage financially from those steps that led to that."

Patterson used Table 1 to visualize the added value of using and stacking proven genetics for calving ease, growth and carcass quality through the Show-Me Select program. Tier One heifers represent those heifers developed and bred according to the protocol to sell in Show-Me Select sales hosted across the state. Tier Two heifers are the resulting progeny of those Tier One heifers mated to proven sires.

Tier One heifers bred to natural-service sires averaged $1,549 in Show-Me Select sales hosted in fall 2010-spring 2012. Breeding to an AI sire added $146 to the average value of a Tier One heifer. Tier Two heifers bred by natural service to bulls qualifying for the program averaged $1,786, or $237 more than Tier One heifers bred the same way, while Tier Two heifers bred to high-accuracy AI sires captured a $357 premium.

The next step

Data from the MU Thompson Research Center near Spickard, Mo., has documented the carcass premiums that can be gained by this same stacking of high-accuracy genetics for carcass merit to increase the number of cattle grading USDA Choice and Prime.

The Quality Beef by the Numbers program will utilize Extension outreach to help producers incorporate technologies such as TAI, expected progeny differences (EPDs), dollar value indices ($Values), and preweaning and weaning management protocols to increase the percentage of calves reaching quality grades that garner premiums.

For cow-calf producers, capturing those premiums means owning the cattle through the next stage of production, which means learning more about the feeding phase and the marketing of a harvest-ready animal rather than a weaned calf.

Working with industry partners such as Irsik and Doll Feed Yard, Garden City, Kan.; Pratt Feeders LLC, Pratt, Kan.; and Certified Angus Beef LLC (CAB), Wooster, Ohio, the Quality Beef program will track steers through feedyards to packing plants, allowing owners to receive premiums.

With current high consumer demand for beef, cattle that grade Prime add $450-$500 per head over average market price, said Scott Brown, MU beef economist. Beef processing plants now buy on market grids to attract high-quality cattle.

"There are many more premiums than grading USDA Prime," he added.

CAB's Larry Corah shared that more than 800 million pounds (lb.) of *Certified Angus Beef®* (CAB®) brand product will be sold this year. Among the brand's specifications, carcasses must grade in the upper two-thirds of Choice or Prime to qualify.

"Missouri supplies 10% of our product," Corah said. "That can be doubled."

Table 1: Value of Show-Me Select bred heifers, fall 2010-spring 2012

Tier	Service	Avg. value	Premium
One	Natural	$1,549	Base
One	AI	$1,695	+$146
Two	Natural	$1,786	+$237
Two	AI	$1,906	+$357

Success story

Mike Kasten, who was hired to direct the Quality Beef effort, is a poster child for what can be achieved. A founding member of Show-Me Select and an early adopter of selling steer mates on premium grids, he shared some of his experiences with the audience.

Kasten said his premiums have grown with each successive generation of highly proven genetics for carcass merit. Carcass weights and ribeye areas have increased, and marbling scores have improved. In fact, 49% of steers descending from two generations of highly proven sires graded USDA Prime, and another 47% qualified for CAB. The "bottom" 4% graded low-Choice. He compared that to progeny of unproven matings, which posted 0% Prime, 59% CAB, 37.5% low-Choice and 3.5% Select. On a national level, only 3% of cattle harvested grade Prime.

Not just coffee shop bragging rights, Kasten showed how those statistics put dollars in his pocket. Compared to a base value of $1,266.59 per head, using one generation of highly proven sires provided an increased value difference of $124.59 per head, while using two generations of highly proven sires increased the average value $177.48 per head.

Kasten also used data feedback from the feedlot and packer to evaluate his cow herd. Until he studied his data on carcass cutouts and prices paid, Kasten said, he had no idea which cows in his herd were most profitable.

"I couldn't identify my best cow," he said. "I'd have to put dollar signs on her side to tell her from other cows in the herd."

Participants of the Quality Beef program will receive carcass cutout sheets on each calf, a key to making herd-improvement decisions. In addition, an MU data bank will give individual rankings of all cows in a herd. Additionally, it will give owners a report of where their herd ranks in the program.

Every producer has access to data on the best sires in their breed, Patterson said. "Look in the sire catalogs from the AI cooperatives." The Quality Beef data bank will give records on cows and their calves.

Time ripe for herd improvement

This year's drought has taken its toll on the livestock industry, which has sold off thousands of animals because feed supplies are scarce and costly. The U.S. cow inventory is at its lowest level since the 1950s and is shrinking.

"This is the perfect opportunity for producers who have been affected by the drought to tap into the latest technologies and the strongest markets as they rebuild their herds," said Kasten.

"With very tight supplies, beef prices will move higher," Brown said. At a time when cattle numbers are shrinking, we are in position to take advantage of premium-quality market grids to boost returns, he added.

In the past, producers may not have had access to marketing grids or premiums, but through industry collaboration, Quality Beef by the Numbers provides access to even small-scale herds by linking participants to partners who specialize in quality cattle and marketing of high-quality beef. Cooperators include Irsik and Doll, Pratt Feeders, Accelerated Genetics, Genex and Select Sires, as well as CAB.

Quality Beef members will pay an annual farm fee plus a per-head fee for calves sent to the feedyards.

The program is not limited to producers from Missouri nor to any one breed. AI providers from the AI cooperatives will serve as contacts for out-of-state participants, while regional MU Extension livestock specialists serve as local contacts within the state of Missouri.

As the program continues to unfold, more information can be found online at *www.quality-beef.com.*

Editor's Note: *This article includes information pulled from two news releases written by Duane Dailey for the MU Cooperative Media Group.*

A collaborative effort

If the number of institutions collaborating and/or supporting a project is any indication of its likely success, the Quality Beef by the Numbers program stands a good chance.

"The cattle industry in this state represents half of our ag industry, which is the largest industry in the state," noted Tom Payne, vice chancellor and dean of the University of Missouri (MU) College of Agriculture, Food and Natural Resources (CAFNR). The cattle industry contributes $1.5 billion to Missouri's economy.

"The University of Missouri for the last near two decades has been a leader in reproductive physiology and genetics in cattle in this state. You're here testimony to that," he said. "It hasn't been done easily. It's been done through partnerships and it's been done by inspired, outstanding faculty like you see here today."

Joining Payne in support of the program and speaking to the importance of the Quality Beef By the Numbers initiative to the university, the state and Missouri cattlemen were:

▶Brady Deaton, chancellor, MU

▶Tim Wolfe, president, MU System

▶Roy Blunt, U.S. Senate

▶Jon Hagler, director, Missouri Department of Agriculture

▶Blake Hurst, president, Missouri Farm Bureau

▶Sonny Ramaswamy, director, USDA National Institute of Food and Agriculture

▶John Kleiboeker, executive director, Missouri Beef Industry Council

▶Dave Patterson, beef reproduction specialist, CAFNR

▶Mike Kasten, 4M Ranch and director, Quality Beef by the Numbers

▶Mark Mirando, national program leader, animal nutrition, growth and reproduction, USDA-NIFA

▶Scott Brown, agricultural economist, CAFNR

▶Larry Corah, vice president, Certified Angus Beef LLC

▶Craig Huffhines, executive vice president, American Hereford Association and Certified Hereford Beef LLC

▶Dennis Herl, area supervisor, cattle procurement, Tyson Foods

▶Kent McClary, area supervisor, cattle procurement, Tyson Foods

▶Robert Turbow, vice president, specialty meat group contracting team, Sysco

▶Jerry Taylor, CAFNR

▶Rick Pinkerman, regional sales manager, Accelerated Genetics

▶Don Trimmer, director of beef programs, Accelerated Genetics

▶Willie Altenburg, associate vice president, beef marketing, Genex Cooperative

▶Stan Lock, area sales manager, Genex Cooperative

▶Dan Busch, beef specialist, Select Sires

▶Brian House, vice president and beef program manager, Select Sires

▶Craig Payne, MU College of Veterinary Medicine

▶Justin Sexten, CAFNR

▶Mark Sebranek, general manager, Irsik and Doll Feed Yard

▶Jon Heiman, cattle risk manager, Irsik and Doll Feed Services Inc.

▶Jerry Bohn, general manager, Pratt Feeders LLC