



# Quality, Dollars & Sents

2005 CAB Feedlot Partner of the Year shares data and profit.

Story & photos by **Steve Suther**

**A**fter 25 years as manager of McPherson County Feeders Inc. (MCF), Allan Sents has earned a reputation for raising the quality bar. That grew stronger after his Marquette, Kan., feedlot became a Certified Angus Beef LLC (CAB)-licensed partner in 1999.

A company goal is to help the beef industry meet consumer demand for quality by working with its customers. Together with yard foreman Tony Loving, cattle foreman Kendall Stubby and a dedicated staff, Sents is making noticeable progress.

The steady-and-strong approach helped MCF win the 2005 CAB Feedlot Partner of the Year Award for yards with less than 15,000-head capacity. Loving accepted the award at the CAB annual conference Aug. 18-20 in Baltimore, Md.

The 10,000-head feedlot has enrolled a cumulative 40,000 head with CAB, ranking fourth in all-time volume in a field with yards five times as big. Last year, 18% of 5,588 head harvested through MCF achieved *Certified Angus Beef*<sup>®</sup> (CAB<sup>®</sup>)-brand acceptance, well ahead of the national average.

No other yard has demonstrated more commitment, or made a bigger change in cattle type and marketing, says CAB Feedlot Specialist Gary Fike. "Allan has done a fabulous job managing cattle of mostly unknown origin to hit the CAB target," he says.

Sents appreciates the recognition — and the yard has been in the CAB Spotlight monthly award news with increasing regularity. Last fall it won CAB Feedlot Partner of the Month; in March Stubby was honored as CAB Quality Assurance (QA) Officer of the Month; and in May the feedyard won a Five-Year Service Award and the Bronze Award for feeding a cumulative 500 on-target "30.06" cattle that were 30% or more CAB and Prime.

Despite these marks of excellence, Sents is "humbled" that MCF should win the annual award. That's partly due to natural modesty

and also to a little bit of frustration. He would rather be known for hitting the target with more cattle of known origin and genetics.

MCF became a CAB partner to "establish direct contacts with Angus breeders," Sents says. Yet, the number of Angus customers who retain ownership of their calves on feed has remained relatively flat. He would like to help more of them capture quality premiums, but business has been slow to develop in a 21st-century market known for uncertainty.

Still, Sents maintains a basic optimism and faith that hard work and high quality will win in the end. Shortly after licensing, he partnered with CAB on a QA seminar at the yard featuring animal behaviorist Temple Grandin. Her ideas show in the new processing barn and a series of 40-head sorting pens built in 2000.

## Sorting to the grid

"Before we became CAB-licensed, we never sold on a grid except as a last resort on cattle that couldn't get a cash bid," Sents recalls. "Since then, we have more than

doubled the number of Angus-influenced cattle we feed, and 90% of them sell on the grids. We grid the better, mixed-color cattle now, too, because we know how to do it, and it is a better way for us, the customer and the industry."

Facilities and proficiency in sorting have helped bring the change, driven by higher-than-cash premiums for good cattle fed and

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► McPherson County Feeders' Allan Sents makes use of sorting cattle. "If you are careful in how you sort, you don't have to give up anything."



► Detailed, individual carcass data is the most effective educational tool for everyone in the beef industry, Sents says, but it is not the rule.

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► Order buyer Van Peters (left) of Lehigh, Kan., knows the kind of cattle Sents is looking for.

sorted right. Stubby heads up the sorting effort, which has kept the incidence of over-fat Yield Grade (YG) 4 cattle to just 5% of the harvest. That's half the rate for all CAB partner yards, and it means fewer discounts for MCF customers.

The working facility allows five-way sorting from the chute, and MCF has used ultrasound on occasion. But, much of it is still done in the pens and alleys. Sents had heard the objections to sorting, mainly that it costs more in performance than can be gained in premiums.

Maybe that was true 10 years ago, but grids and management have evolved, he says. "We have watched that very closely. We watch the time of day, weather conditions and the way we feed, so we usually gain a respectable amount of weight that last week," he says. "We don't see a problem with dark cutters, either. If you are careful in how you sort, you don't have to give up anything."

Sents had wondered if they would have to give up feedlot performance in the quest for Angus quality. Again, no problem. "We

continue to have excellent-performing cattle, even as they excel on the grid," he says. "We are more competitive now on live performance and cost of gain than we were 10 years ago."

For customers who see the value in individual animal management, the changes have brought stronger bonds. "We have less focus on customers who are still in the mentality of selling live," Sents says, "as we shift toward those who recognize the potential in their genetics, who will let the cattle say when they are ready and not play commodity games."

### Order buyers

Before grid marketing, MCF had to play those games like any other feedlot. Cow-calf customers were rare then, and Sents relied on a network of order buyers to keep the yard full. After becoming CAB-licensed, more and more business fell to one buyer, Van Peters, from nearby Lehigh, Kan.

"Van knows the kind of cattle we are looking for," Sents says. "As we have developed a network of cattle feeders, he has

been kind of an 'arranger,' finding Angus cattle to buy for other customers."

He prefers buying direct, but also frequents some auction markets. Ranchers with better cattle gravitate toward retained ownership, Peters says. Several who used to sell their calves outright have begun feeding, and turned to Peters to find more Angus-influenced cattle to feed. His own herd, mostly Angus, produced a pen of heifers that exceeded 30% CAB acceptance.

"We have arranged some sales from ranch to backgrounders who feed at McPherson County," Peters says. "We haven't seen ranchers retain ownership through two phases yet, but when the market breaks, we might. When they can get \$700, they will pay down debts and buy a pickup. If it is \$450, we may see them trying to add value."

It is hard to send market signals to encourage weaning and health programs when 500-pound (lb.) bull calves bring those historically high prices. "They have never done anything to those calves, and at those prices, who's going to do more?" Peters asks.

"Those who are committed to the future will do more," Sents says. He talks of order buyers who are beginning to make an impression by stopping auctions to ask what shots the calves have had. "If they don't get the answer they want, they fold their arms, and the producers all see that," he says.

He has seen some excellent Angus cattle from auction origins, including a group of Kentucky calves that made 50% CAB with no discounts. "My buyer back there is always interested in the data, but he says he wouldn't have a clue how to go back and get calves from the same farm again," Sents says.

### Profit and data sharing

MCF is gradually picking up more direct and retained-ownership business, but it's not like throwing a switch. Ranchers may test the water one year and go back to weaned sales the next. Sents has a plan to work with them through all kinds of markets to build more value into their herds.

Evert Brady, Winnett, Mont., is the latest customer example. His Haywire Cattle Co. had fed four-way crossed calves since 1999, but first retained ownership with MCF in 2002. Unfortunately, the 200 mixed calves arrived during an unseasonable sleet storm in October. They were weaned "on the trucks," so health problems soon appeared,

► Evert Brady, Winnett, Mont., appreciates Sents' data- and profit-sharing program. "We sell the calves to him, but if they make a profit, we get a share of it," Brady says. "And because of that interest, we get all the information back without paying a fee. Not every cattle feeder will do that."







but they recovered and ended up selling near breakeven.

Brady and ranch assistant Susan Stone resolved to work on carcass traits, and they turned to registered Angus bulls with balanced expected progeny differences (EPDs).

"We want to improve our herd, but with calf prices the way they were, we felt like we had to sell," Brady says. That's when Sents came up with a profit- and data-sharing offer.

"We sell the calves to him, but if they make a profit, we get a share of it," Brady says. "And because of that interest, we get all the information back without paying a fee. Not every cattle feeder will do that."

With the new crop of Angus-sired calves weaned last fall, Brady had great expectations. Maybe this time there would be profit to share. Sents arranged to receive the calves through a cooperating starter yard because there was still no weaning on the ranch. Health improved dramatically, but not much else. CAB acceptance on 150 steers was just 9.2%, and yield grades seemed headed in the wrong direction. MCF didn't quite break even.

Sents was as disappointed as Brady, but he consoled his customer. "I know we hoped for better, but I told him things usually aren't that simple. It takes some effort over time to get the results we want."

Brady and Stone are determined to make that effort, including individual calf identification (ID). "We are trying to build in more uniformity and quality on the cow side," Brady says. The data show a range of carcass weights from 499 lb. to 873 lb., and from a Prime YG 3 to No-Roll and Select YG 4s, so there is work to be done.

"Perhaps the most positive thing so far is that I am gaining a better understanding of his side of the business, and he mine," Sents says. "All of this has happened as a result of the CAB program."

Detailed, individual carcass data is the most effective educational tool for everyone in the beef industry, Sents says, but it is not the rule.

"I want that level of detail even if the customer doesn't have individual ID on the calves, because I want the customer to know if he has too many YG 4s because of too much fat, not enough muscle, or both. The plants have to collect that data anyway," Sents says. "I think we should all share it every time, to do the most good in the industry."



# Beef in the Fast Lane

## Flint Rock Feeders eases producers into the fast-paced world of feeding cattle.

by Lance Zimmerman

Feedlots and quick-to-sell producers rarely see eye to eye, like trucks passing in the night. If they talk, phrases like "retained ownership" and "check in hand" mix like motor oil and radiator water. Yet, quality feedlots find common ground and devoted customers.

Flint Rock Feeders Ltd., a Certified Angus Beef LLC (CAB) partner feedlot near Gruver, Texas, and manager Frank Winters are bridging the gap. The main tool is a philosophy that easing producers into the realities of the postweaning world can make everyone more successful.

The feedlot was named CAB Runner-up Feedlot Partner of the Year among lots with a capacity of less than 15,000 head for building profitable partnerships with quality-minded producers. Winters accepted the award at the CAB annual conference in Baltimore, Md., Aug. 18-20.

The differences between feedlot and farm rest in marketing strategy, Winters says. Feedlots take a long-term view, while many cow-calf producers only look at the markets at weaning time.

"It's like getting on a freeway," he says. "Everyone is driving 80 miles per hour, and you are on the frontage road doing 40 miles per hour, getting ready to merge with traffic. You're gonna get run over, but that's what happens to producers when they only look at markets in the short term."

When the dust clears, feedlots advance with the flow of traffic, leaving the hapless producer in a bind. Winters says markets can be a hit-and-run, but regular interaction with a feedlot can help producers stay up to speed.

A product of two families that comprise



PHOTOS BY GARY FIFE

► Flint Rock Feeders Ltd. manager Frank Winters believes that easing producers into the realities of the postweaning world can make everyone more successful.

eight generations of ranch know-how, Winters says his family legacy helps him connect with his customers so everyone can make money feeding cattle.

"I am their customer, and they are my customers," he explains. "We work together, and when we teach each other about our needs, we can put more dollars back in our pockets."

Helping producers market their cattle requires constant feedback, and some need more coaching than others.

"A lot of them don't have a clue about what it takes to make cattle work in a feedyard," Winters says. "They may think they are producing the best calves, but for them to have feedlot value, we need to work together."

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► Managing producer risk extends to the feedlot's health program, where Winters makes sure each calf is preconditioned before it reaches the yard.

Flint Rock's customer base stretches beyond the Texas Panhandle to parts of Alabama, Tennessee, West Virginia and Missouri. That means Winters has to work a little harder to maintain relationships.

Working with Tennessee producers to improve the quality of their cattle brings the yard 2,000 head a year, but it means customer service with more than 100 producers. They may own 10 or 150 head, but Winters works with each to provide the information they need to improve the quality of their herds.

The feedlot keeps adding new ways producers can get involved; one of the latest is working with BUB Ranch, Koshkonong, Mo., to feed bull customers' progeny. The goal is to build a growing network of customers through breeding programs. A model put into practice by feedlot co-owner James Fuqua and his U Lazy 2 Method of Herd Management helps producers synchronize production protocol and get information back on cattle through the feedlot.

Winters says getting more producers involved in data feedback can help everyone get into the fast lane.

"These systems are just getting started, but they are a great way to source high-quality cattle from producers who care about learning more," Winters says. "It takes

a long time to pull these deals together, but they can help create an incentive for everyone to find added value in data."

### Feedlot feedback

Greg and Don Crawford were introduced to Flint Rock Feeders through Fuqua's U Lazy 2 system three years ago. The brothers operate a 200-head commercial Angus herd near Strawn, Texas, and work with Fuqua and data

feedback to make management and breeding decisions.

"We have noticed an improvement in our herd over the years, but you are only as good as your last year," Don says. "The further along we go, the better we get — it gives you a great tool to gauge herd improvement."

Feedback from Winters helps the Crawfords see how their cattle perform in the feedlot.

"They know what they are talking about, and explain it in a way that we can understand," Don says. "It reflects on the feedlot's culture. They want to do everything well, and [they] understand that they succeed when we perform well."

Last year a group of Crawford heifers had a *Certified Angus Beef*® (CAB®)-acceptance rate of 40.7%. Don says working with Winters to hit the target gives them an edge over commodity producers.

"Those who are not using this kind of information won't go anywhere," Don says. "They will probably remain static or go backward because they won't make the right decisions."

Winters tells ranchers the feedlot represents an opportunity to lock in higher profits and alleviate the risk of marketing.

"In this business, you are not just messing with someone's extra money — you are messing with a producer's livelihood," he says. "That's why it is challenging to sell guys on retained ownership. They think it's a risky deal, but I tell them sending your entire calf crop to a

sale barn one day a year is one of the riskiest things a guy could do."

### Quality mind-set

Managing producer risk extends to the feedlot's health program, where Winters makes sure each calf is preconditioned before it reaches the yard. The industry is shifting its focus to younger cattle, and that can mean higher death losses, but Winters says preconditioning solves the problem.

"If you are going down the highway and see there is a wreck, you try to avoid it," he says. "When you go to the sale barn and see calves that were stripped right off the cow, you realize they are a wreck waiting to happen, so why invest in them?"

Winters says cattle that are never set back will grade higher, yield more and earn greater premiums. "People who would rather sell straight off the cow can do that," he adds, "but they will have to send them somewhere else. We are trying to do better things here."

CAB Feedlot Specialist Gary Fike says Flint Rock's CAB-acceptance rate of nearly 21% is evidence of its commitment to building a better program.

"That's an amazing number considering the region," he says. "Frank has a quality mind-set and a can-do attitude that help bring in the kind of Angus-influenced genetics he can feed to target the CAB brand. His good old 'cowboy try' has led to success, and that provides value to his customers."

The feedlot's cattle have performed well in recent carcass contests, with two fifth-place finishes in the steer and heifer divisions of the 2004 National Angus Carcass Challenge (NACC). Winters says the awards are nice, but the underlying objective is to make the most money for customers.

"Any time you see an award winner from our yard, you know the cattle did it on their own merit," he says. "It is nice to win, but we cannot afford to hurt a pen of 200 head for the benefit of 40. We always keep the producer in mind."

That has been the key to excellence for Flint Rock Feeders. Customer focus has given the feedlot an opportunity to build lasting relationships with producers who find the road to higher profits.

