

The Great Northwest Gathering



PHOTOS BY SHAUNA ROSE HERMEL

Angus enthusiasts gather in Idaho for 2006 National Angus Conference & Tour.

by **API Staff**

Nearly 400 Angus enthusiasts gathered at the Boise Doubletree Riverside Hotel in Boise, Idaho, Sept. 26-28 for the 2006 National Angus Conference & Tour. Dubbed “The Great Northwest Gathering,” the event was hosted by the American Angus Association, along with the Idaho and Oregon state associations. Purina Mills, LLC, and Alpharma Animal Health sponsored the conference, as well as online coverage by Angus Productions Inc. (API) at www.nationalangusconference.com.

The event kicked off Tuesday with a “Back to Basics” seminar

updating producers on enhancements to Association programs and services. Speakers included Sally Northcutt and Ty Groshans of the American Angus Association; Mark McCully, Certified Angus Beef LLC (CAB); and Brad Morgan, associate professor of animal science at Oklahoma State University.

After lunch, Mark Enns, assistant professor of animal sciences at Colorado State University, and Northcutt discussed the genetics of reproduction and where the Association stands in providing genetic predictions for reproductive traits. Twig Marston, Kansas State University (K-State) Extension beef specialist in cow-calf management, discussed producing with optimums. Brad Morgan highlighted the cost outliers have on the industry and presented a summary of the 2005 National Beef Quality Audit.

To wrap up the production-oriented presentations, Mike Kasten, owner and operator of Kasten Ranch, a commercial operation near Millersville, Mo., detailed how using Angus genetics has improved his bottom line.

Rod Nulik, Purina Mills marketing manager for the beef cattle business group, presented a keynote address at dinner Tuesday evening.

Short glimpses of these presentations are provided in the following coverage. To listen to the presentation and/or review the accompanying PowerPoint, visit the newsroom at www.nationalangusconference.com. For coverage of the tour, see “Touring the Great Northwest” on page 131.



►Angus enthusiasts gathered at the Boise Doubletree Riverside Hotel in Boise, Idaho, for the 2006 National Angus Conference & Tour.

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Attendees Welcomed

American Angus Association Regional Manager Rod Wesselman welcomed those attending “The Great Northwest Gathering” Tuesday morning with an overview of the Association and its relationship to Certified Angus Beef LLC (CAB), Angus Productions Inc. (API) and the Angus Foundation.

Wesselman offered a preliminary look at fiscal year (FY) 2006 figures. While the fiscal year wasn't to end until Sept. 30, 11-month figures showed positive gains from FY 2005 in several areas, with registrations up 6.5%, embryo transfer (ET) registrations up 10.6%, transfers up 6.3%, new memberships up 5.1%, Angus Herd Improvement Records (AHIRSM) weight submissions up 7.1%, AHIR member numbers up 6.2%, and ultrasound records up 18.5%. Final year-end statistics will be

presented in Louisville and the December 2006 *Angus Journal*.

Wesselman noted that 52.7% of the calves registered were produced by natural service sires, while 47.3% were produced by artificial insemination (AI).

While acknowledging that “there were several peaks and valleys” in a chart that showed bull sale price averages by year since 1980, Wesselman reported steady increases in price since 2003, with the current sale average at \$3,158.

In addition to urging members to utilize the services of the Association's staff in Saint Joseph, Mo., Wesselman highlighted the 13 area regional managers who are located across the country to serve members within state territories. Regional managers are excellent resources for information and assistance with

► Regional manager Rod Wesselman welcomed attendees to the 2006 National Angus Conference & Tour.



anything members might need to improve their herds, their management or their marketing programs, Wesselman said.

He invited attendees to use the Association's web site, www.angus.org, to access information and services such as the monthly webcasts, the Angus Education Center and the newsroom.

— by Linda Robbins

CAB[®] — It's YOUR Brand

Mark McCully, CAB director of supply development, enthusiastically embraced the initiative that the *Certified Angus Beef*[®] (CAB[®]) brand belongs to producers. McCully stated that the brand's mission is to “increase the demand for registered Angus cattle through a specification-based branded beef program to identify consistent, high-quality beef with superior taste.”

He explained the structure of Certified Angus Beef LLC (CAB), which is a wholly owned, nonprofit subsidiary of the American Angus Association. While no actual product is owned by CAB or the Association, the brand — your brand — is, McCully emphasized.

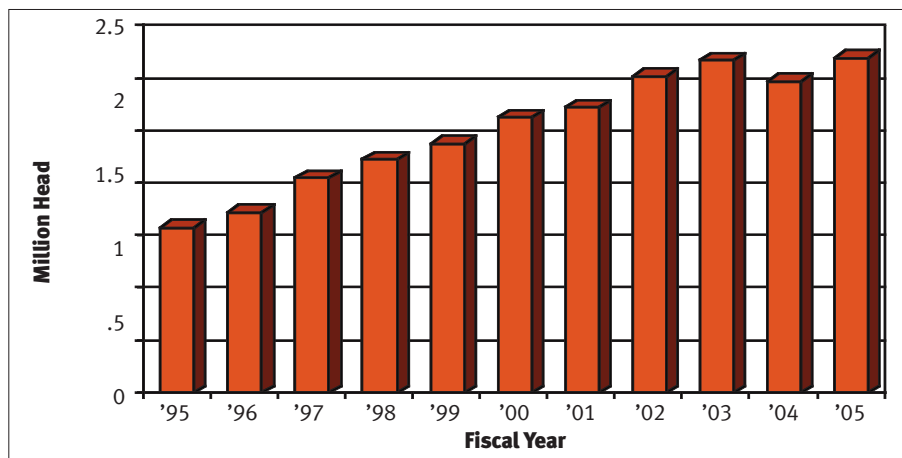
Additionally, he explained that CAB has licensing agreements with all aspects of production and distribution channels. Revenue is derived from commissions paid by packers and processors, and 85% of the U.S. packing base produces CAB.

“So our check comes from the packer,” McCully reiterated.

The CAB brand has seen significant growth during the last 20 years. In 1985, 25 million pounds (lb.) of CAB were sold. In 1995, 225 million lb. were sold. That number increased to 532 million lb. in 2005.

So what are the challenges ahead for CAB? According to McCully, the challenge is

Fig. 1: Number of carcasses certified as CAB[®] by year



competition within a branded beef category that includes numerous Angus names and supply.

There are 63 U.S. Department of Agriculture (USDA)-certified beef programs, McCully shared. Forty-eight of those programs include a breed in the name; 46 include Angus, and two include Hereford.

When looking at supply, McCully noted that while Angus registrations peaked in 1968 and bottomed in 1986, numbers have been on a steady incline since that time.

Correspondingly, the number of Angus-type cattle identified for the program has been on the increase.

McCully stressed the need for more Angus genetics that could meet CAB carcass specifications, stating that with adequate supply, the program could reach 1 billion pounds per year.

Specifications

“An issue we have as an industry, and as a brand, is consistency,” McCully

said. To maintain a consistent product, specifications for CAB include both live and carcass specifications. Live specifications include a hide that is at least 51% black, or, new to the program, AngusSource®-tagged cattle.

McCully introduced some refinements to the brand's carcass specifications that were approved at the September CAB Board of Directors meeting to further enhance the consistency of CAB product. The Board replaced the former yield grade (YG) specification with a window for ribeye area

and a maximum carcass weight.

Current USDA carcass CAB specifications include:

- ▶ Modest or higher degree of marbling;
- ▶ medium or fine marbling texture;
- ▶ "A" maturity;
- ▶ ribeye area within 10-16 square inches;
- ▶ hot carcass weight less than 1,000 lb.;
- ▶ moderately thick or thicker muscling characteristics;
- ▶ no hump on the neck exceeding 2 inches in height;

▶ Mark McCully, CAB director of supply development, presented an overview of Certified Angus Beef LLC and introduced new specifications for the brand.



- ▶ practically void of internal hemorrhages; and
- ▶ no dark-cutting characteristics.

— by Micky Wilson

Carcass 101: The Basics of Grading

Brad Morgan, an associate professor of animal science at Oklahoma State University (OSU), presented the basics of carcass grading during Tuesday morning's "Back to Basics" session.

While inspection is mandatory and paid for by taxpayers, grading is a voluntary service that the packer pays for, Morgan explained during his Carcass 101 presentation. Grading is done to divide a commodity into groups that differ in the marketing process.

There were tentative standards for grading beef carcasses as early as 1923, Morgan said, but there were no official standards until the USDA announced formal laws for grading beef in 1926.

Morgan provided a detailed explanation of how USDA yield grade (YG) and quality grade (QG) are determined, presenting PowerPoint slides to help the audience visualize each step of the process.

While inspection is mandatory and paid for by taxpayers, grading is a voluntary service that the packer pays for.

Yield grades predict cutability, or the percent of boneless, closely trimmed retail cuts (BCTRC) that will be available from the round, loin, rib and chuck (see Table 1), Morgan explained. YG 1 represents the highest percent cutability, or more muscle vs. fat, while YG 5 represents the lowest cutability, with the least amount of muscle compared to fat.

Factors considered when establishing yield grade include backfat thickness and fat distribution; hot carcass weight; ribeye area; and percent kidney, pelvic and heart (KPH) fat.

Instrument grading is available, and more packing plants are using the technology. For most carcasses, the computer will measure preliminary yield grade (PYG), hot carcass weight (HCW) and ribeye area (REA) in seven seconds, Morgan said. "That keeps up

▶ Brad Morgan, OSU, presented an overview of how USDA yield and quality grades are established.



with line speed, but we still need someone to use it, and we need someone who can see the whole carcass and total fat cover that the computer can't see."

Quality grade is the estimate of palatability, or tenderness, juiciness and flavor based on physiological maturity and marbling score. Maturity is based on color and texture of the meat, degree of skeletal hardening and shape and color of the ribs.

Marbling is the amount and distribution of intramuscular fat (IMF), or the flecks of fat in the ribeye. Marbling categories range from Devoid to Abundant (see Table 2).

Based on marbling score and age, carcasses are classified into one of seven USDA quality grades. Depending on the degree of marbling balanced with A or B maturity (under 42 months of age), the meat will be graded as Prime, Choice, Select or Standard. C, D or E maturity (more than 42 months of age) balanced with degree of marbling will be graded as Commercial, Utility or Canner.

— by Linda Robbins

Table 1: Percent boneless, closely trimmed retail cuts, by USDA yield grade

Yield grade	% BCTRC
1	52.3% or more
2	50.0%–52.3%
3	47.7%–50.0%
4	45.4%–47.7%
5	45.4% or less

Table 2: Marbling Categories

Marbling degree
Devoid
Practically Devoid
Traces
Slight
Small
Modest
Moderate
Slightly Abundant
Moderately Abundant
Abundant

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Tools for Beef Cattle Improvement

The way we have collected and analyzed data to assist in beef improvement has transitioned over time, Sally Northcutt, American Angus Association director of genetic research, told attendees of the “Back to Basics” seminar that preceded the 2006 National Angus Conference.

Producers have moved from looking at average daily gains and within herd ratios to using expected progeny differences (EPDs) to rank animals for their relative genetic merit, Northcutt explained. The last few years have seen a transition to bio-economic dollar value indexes (\$Values) — attaching a dollar sign to those genetic differences.

Northcutt presented a snapshot of the tools available through the Association and provided answers to most-often-asked questions about performance evaluation.

Subjects included:

- ▶ types of information to submit at various stages in the life of an Angus calf;

- ▶ information provided through Angus Herd Improvement Records (AHIRSM);
- ▶ adjusted weights vs. ratios vs. EPDs;
- ▶ forming proper contemporary groups;
- ▶ online decision-making tools;
- ▶ EPD formulas;
- ▶ trait heritabilities;
- ▶ calving ease direct (CED) and calving ease maternal (CEM) EPDs;
- ▶ interim EPDs and the process by which EPDs are established;
- ▶ dollar value indexes (\$Values); and
- ▶ online resources available to assist producers.

“The beauty of all this is we end up with very, very helpful, reasonable expected progeny differences and dollar values that can be used by your commercial customers to make directional change,” Northcutt said.

With 15 million pedigrees and 14 million measurements, Angus members have compiled an impressive database through

▶ Sally Northcutt, director of genetic research for the American Angus Association, provided a laundry list of tips to assist producers in collecting, reporting and utilizing AHIRSM records and genetic predictions.



the American Angus Association. But there’s still more useful data to be added.

Northcutt said the Association is requesting producers submit more reproductive information, including breeding records, disposal codes, pregnancy check results and calving data.

— by Shauna Rose Hermel

Documented Information: Key to Value

To capture full value for the calves they produce, producers need to master the technique of “riding desk, not just riding

Fig. 1: AngusSource[®] Marketing Document

The following information was supplied to AngusSource[®], a USDA Process Verified Program.

AngusSource[®] Est ID: M001 1111040

Source: MO
Enrolled by: Blankenship Farms
Carl & Vance Blankenship
RR 3 Box 184
Aurora, Missouri 65604

Contact Name: Vance
(417) 846-6483
Group Age: 01/30/05

Genetics:

Production	Maternal	Carson	Chromosomal	Status
REG	EPD	EPD	EPD	EPD
Reg No. 141170 Name OHIO B&B 101	+8.45	+18.1	+20.1	+16.38
1=11+12+13+14+15+16+17+18+19+20	+8.45	+18.1	+20.1	+16.38
Reg No. 141170 Name 201 Star Stage 101	+8.45	+18.1	+20.1	+16.38
1=11+12+13+14+15+16+17+18+19+20	+8.45	+18.1	+20.1	+16.38
Reg No. 141170 Name 201 Star Stage 101	+8.45	+18.1	+20.1	+16.38
1=11+12+13+14+15+16+17+18+19+20	+8.45	+18.1	+20.1	+16.38
Reg No. 141170 Name 7 B&B EPD A/F	+8.45	+18.1	+20.1	+16.38
1=11+12+13+14+15+16+17+18+19+20	+8.45	+18.1	+20.1	+16.38

AngusSource[®] Est ID: M001 1111040 Visual tags

The following information is provided by the seller and is not part of the Process Verified Program:

Cattle to be sold 12/01/05,
Joplin Reg. Stockyards, Joplin, MO
43 Steers Avg Wt 750
Breed Makeup: Angus,
Age Range: Jun - Apr, 2005
% Black Flied: 99%

Health/Management Practices:
Date Waned: September 2005

herd,” says Ty Groshans, American Angus Association assistant director of commercial programs. And what that means, exactly, is keeping accurate records and knowing how your herd performs on paper.

Groshans encouraged producers to be unafraid of the change in the industry that is placing more emphasis on information. That information can add value when you market your cattle.

“Information equals premiums,” Groshans said. Documented records of preconditioning and weaning practices have been shown to be worth more than \$5 per head in premiums. Adding value can be accomplished through quality product, customer service, maintaining records and best management practices (BMPs).

Marketing options include selling your cattle on-farm or at an auction market; through video auctions, marketing alliances or branded beef programs; or by retaining partial or all ownership. However, Groshans warned, “Market your product, or someone else will.”

▶ Ty Groshans, assistant director of commercial programs for the American Angus Association, explained how producers can document age, source and genetics through the AngusSource[®] program, as well as how they can use that information to strategically market their calves.



The real key to value, Groshans stressed, is age and source verification because it offers producers a chance to compete in the global marketplace. “Between 2000 and 2005, export markets from Brazil increased by 400%. Export markets from the United States decreased by 70%,” Groshans said, quoting Terry Stewart, Stewart and Stewart LLC, Washington, D.C.

Age and source verification is also becoming a demand of domestic markets such as chain-store giants Wal-Mart and McDonald's.

To help producers document and verify their cattle, the Association offers AngusSource® as a U.S. Department of Agriculture (USDA) Process Verified Program (PVP) that monitors genetic, age and source verification. AngusSource processes and procedures verify the claims of 50% Angus-sired genetics, source and group age through a system approved by the USDA.

Enrolling in AngusSource

Groshans presented the following procedure to enroll in AngusSource.

- ▶ Contact AngusSource to enroll cattle over the phone; additional questions about your management practices and/or operation may be asked.
- ▶ Provide the number of head you are enrolling, sire registration numbers,

birth day by month/day/year of the oldest calf in the group and contact information.

- ▶ Submit copies of any required records.
- ▶ Choose a tag option; either visual tag, or visual and radio frequency identification (RFID) tag combination.
- ▶ Submit additional marketing information to AngusSource.

Groshans encouraged producers to utilize the program beyond just putting the tag in the calves' ears. To truly capture the full value of the marketing program, Groshans said, producers need to utilize the marketing document (see Fig. 1, page 120) that is created for the cattle enrolled. While the Association e-mails this document to feedlots and order buyers, producers should ensure that the document is presented with the cattle at sale time.

While the document includes source and group age as well as the name, registration numbers and expected progeny differences (EPDs) of the sires of the calves as part of the



PVP process, producers can opt to customize their marketing document by including additional information such as weaning and vaccination schedules.

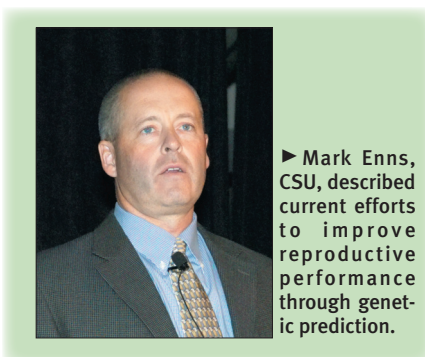
On a closing note, Groshans reminded conference attendees to enroll early in AngusSource to ensure tags would be delivered to the operation in time to work calves. For more information about AngusSource, visit www.angussource.com or call (816) 383-5100.

— by Micky Wilson

Improving Reproduction Genetically

“Traditionally, we looked at reproduction as something that was too hard to improve, mainly because the traits we measured were lowly heritable,” Mark Enns told attendees of the 2006 National Angus Conference. Rather than selecting for reproductive superiority genetically, producers, scientists and breed associations have focused on cow herd management strategies, such as supplementation and body condition scores (BCS), as a means to improve reproductive performance.

But, driven by the fact that reproduction is the largest contributor to profitability in the cow-calf operation, that perspective is changing. Enns, assistant professor of animal sciences at Colorado State University (CSU), provided an update on



▶ Mark Enns, CSU, described current efforts to improve reproductive performance through genetic prediction.

genetic evaluation to improve reproductive traits.

Enns first explained that heritability is an estimate of what portion of the difference in any trait is due to genetics as opposed to environment. As shown in Table 3, most reproductive traits are low in heritability. For example, a heritability estimate of 0.05 would mean only 5% of the difference in conception rate can be attributed to genetics.

Another complication, many reproductive traits are what researchers call “binary traits,” or questions with only two possible answers — yes or no. Cows are either pregnant or they're not pregnant, Enns said as an example.

Table 4: Evaluations for reproductive ability currently available in the U.S. beef industry

Breed	Traits evaluated
Angus	Scrotal circumference
Red Angus	Heifer pregnancy, stayability
Limousin	Scrotal circumference, stayability
Gelbvieh	Stayability
Simmental	Stayability
Brangus	Collecting data for stayability
Hereford	Scrotal circumference

To create a genetic prediction for a given trait, there has to be variation in that trait.

“Despite low heritabilities, we can make genetic improvement in reproduction,” Enns said. New statistical technologies are overcoming some of the difficulties. The establishment of large databases by the dairy industry and beef breed organizations such as the American Angus Association helps develop these statistical models.

He noted that the percentage of heritability of the new reproductive rates are higher on an underlying scale, meaning that there are several genetic factors that

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Table 3: Estimated heritabilities of reproductive traits

Trait	Heritability
Calving date	0.06
Calving interval	0.11
Conception rate	0.05
Calving rate	0.09
Days to calving	0.08

influence whether or not a cow becomes pregnant during any one breeding season, and all of these other factors contribute to the underlying scale.

Providing examples of reproductive evaluations currently in use, Enns

described the U.S. dairy industry's daughter pregnancy rate expected progeny difference (EPD), which predicts the percentage of nonpregnant cows that become pregnant during each 21-day breeding period.

Australia is looking at days to calving and scrotal circumference, while U.S. beef breeds are establishing EPDs for scrotal circumference, heifer pregnancy and stayability (see Table 4, page 121).

— by Linda Robbins

Association Eyeing Reproductive Traits

Sally Northcutt, Association director of genetic research, presented conference attendees with an update on what the American Angus Association is looking at with regard to reproductive traits.

“When you hear us say we want your breeding records, that’s pretty much slang for saying we want to know everything about that Angus female’s life,” Northcutt said. She encouraged producers to document artificial insemination (AI) breeding dates, rebreeding dates, pasture turnout dates, pregnancy-check results, information on opens, and culling information by means of disposal codes.

While it may sound like a lot of detail, Northcutt said, it’s critical to get complete information, including breeding successes and failures, to establish useful genetic predictions.

Northcutt explained the AAA Login screen (available at www.angusonline.org) for entering breeding data (see also the “By the Numbers” column on page 204 of this issue). Other useful information that can be entered on the screen include the service sire and synchronization method.

If you prefer offline entry of the information, Northcutt said, you can download an Excel spreadsheet, which can be e-mailed back to the Association after it is filled out.

The Angus Information Management Software (AIMSSM) program also offers a

means through which producers can record and submit breeding data.

Current research efforts

The establishment of such genetic predictions takes considerable research to ensure the best information is used to obtain the best genetic predictions. Considerations include which traits to use in the model.

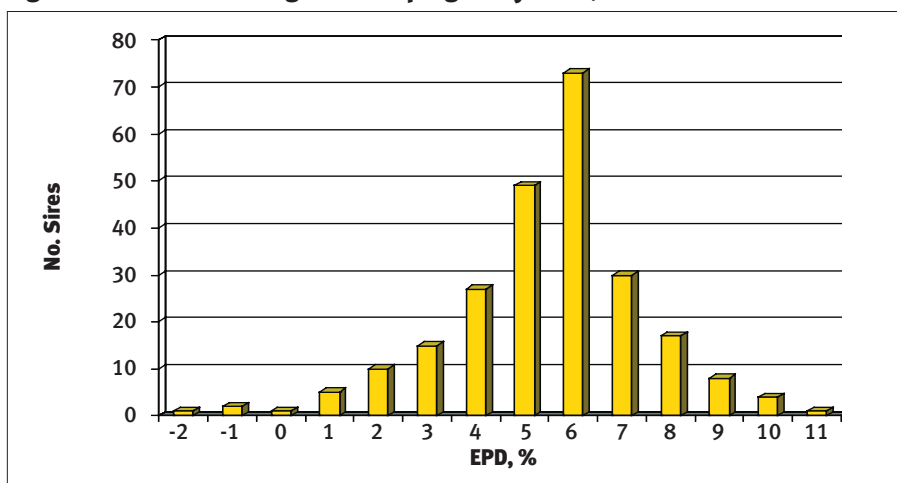
“We’re always looking for the best model to try to analyze these data,” Northcutt said. “You really have to approach it conservatively and capture really large amounts of data, and that’s where we look for your continued help.”

Northcutt presented a status report of Association efforts in researching possible heifer pregnancy (see Fig. 2) and stayability EPDs (see PowerPoint presentation online).

“Progress is being made, but as you can see, there’s a lot to learn,” Northcutt said. As more data come in, the Association will continue to fine-tune the models to develop genetic predictions, whether they be in the form of EPDs or dollar value indexes (\$Values).

— by Shauna Rose Hermel

Fig. 2: Distribution of Angus heifer pregnancy EPDs, %



Producing With Optimums

“Centuries ago, what our forefathers did, was they tried to find cattle that would survive. ... We are trying to create the most satisfying eating experience we possibly can for the American public,” Twig Marston, Extension beef specialist from Kansas State University (K-State), told conference participants.

Trying to maintain profitability while shooting to produce the ideal consumer eating experience is challenging. Producers must deal with several dichotomies in the beef industry, including matching cows to the production environment vs. matching calves to the marketing environment (see Table 5).

In his recipe for the “optimum cow,” Marston identified the following traits in a female.

- ▶ She survives her environment.
- ▶ She transfers genetics from bull to bull.
- ▶ She supports her offspring.
- ▶ She does her own work.
- ▶ She produces a salvage value.



► Twig Marston, K-State, discussed using optimums for production goals.

Necessity traits, he said, include structural soundness, domestication ability (docility), longevity and reproductive performance. Developing optimum females, he said, can be done by changing gene frequency using expected progeny differences (EPDs) as indicator traits, using independent culling levels, focusing on economically relevant traits (ERTs) to simplify the EPD matrix, and using selection indexes such as the American Angus Association's dollar value indexes (\$Values). In the future, DNA gene marker selection will play a role.

Marston said the Association's \$Values are good tools for genetic selection because they have been researched and carefully defined. They are also economical biologically and oriented toward the production system. The trick, Marston said, is finding the optimum balance between traits that are antagonistic.

Cow size correlations

Though it may seem elementary, Marston reminded conference attendees that as cow size increases, feed intake also increases.

Relating this information to the packing side of the industry, Marston pointed out that hot carcass weight (HCW) is highly correlated (0.81) to cow size. Thus, harvested animals that hang heavy carcasses do so

because they are progeny of big cows. But increasing growth and milk in the cow herd can lead to extended calving intervals, which lowers herd productivity.

Marston said tools such as the Association's Optimal Milk Module can help producers identify ideal milk levels considering the growth potential of the herd and the feed resources that are available. The module is available online at www.angus.org/tools/optmilk/index.html.

Conclusions

Marston concluded with three paradigms of beef production. The cattle producer, he said, leads a labor- or task-driven life. The red meat producer is considered the recordkeeper and economist. Driven by the cost- and quality-controlled production of food made from beef, the food producer will be rewarded by those who know the value of quality.

Marston said he fully expects all three of these segments to be vital parts of the industry in the future.

— by Micky Wilson

Table 5: Dichotomies in the beef industry

- Forage-based vs. concentrate-based
- Individuality, independence vs. alliances
- Commodity-based vs. value-based marketing
- Disciplined breeding vs. mongrelization
- Matching cows to production environment vs. matching calves to the marketing environment

Beef Carcass Value

Meat scientists are often accused of focusing too much on the outliers that cause problems in the beef supply, Brad Morgan told attendees of the 2006 National Angus Conference. "We do probably harp too much on the bad stuff," the associate professor of animal science at Oklahoma State University admitted, "but the bad stuff is the stuff that needs to be fixed."

When the truck leaves the feedlot and heads to the packing facility, producers need to know exactly what's on that truck, Morgan told conference attendees. Many cattle harvested will never be fabricated because there is something wrong with them; they have a defect, or, in more politically correct terms, a nonconformity.

Because of its low cost, someone will buy that product and it will end up on a plate somewhere, Morgan emphasized.

"You go to some of these packing plants and . . . you can see carcasses hanging there that look like a cow-calf pair," Morgan said, showing a picture of a 1,200-pound (lb.) carcass hanging beside a carcass weighing less than 500 lb.



► Brad Morgan, OSU, discussed the economic effect carcass outliers have on the beef industry.

Blood splashes occur in less than 0.05% of the harvested population. While that would not seem a big problem, Morgan said, multiply that by 36 million head of steers and heifers harvested annually and you get a glimpse of the truckloads of beef that are shipped out the back door of the plant, unfabricated because the packer doesn't want to put its name on the product.

Other defects include inappropriate size, injection-site blemishes, bruises, callous lean and dark cutters.

To give producers a feel for the economic effect of these defects, Morgan followed a set of 50 typical cattle through processing at the National Beef plant in Liberal, Kan. Morgan presented a slide showing the cut surface of the ribeye for each animal.

Overall, the group looked pretty good, but there were lemons among them, Morgan pointed out. The group varied \$757 in carcass value from the most valuable to the least valuable. Pointing out the cost of nonconformance, Morgan explained that a dark cutter leaves \$380 on the table in discounts. It would require the premiums of 12 animals grading *Certified Angus Beef*® (CAB®) to make up for the loss.

National Beef Quality Audit

Morgan reported results of the 2005 National Beef Quality Audit (2005). Conducted every five years, this industry audit surveys different industry sectors to identify needed areas of improvement as seen by each sector.

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According to beef industry end users (packers and retailers), the top defects of greatest concern are:

- (1) a lack of uniformity/consistency in marbling and tenderness;
- (2) cuts too large for the foodservice and restaurant trade;
- (3) excess fat;
- (4) abscesses and lesions in cuts, trimmings and variety meats; and
- (5) blood-splashed muscle.

Those same end users noted the greatest improvement occurring in microbiological safety, improved cattle genetics (i.e., more Angus genetics) and beef of higher USDA

quality grade, and fewer injection-site blemishes.

Morgan also discussed beef quality concerns of those who trade beef in export markets and concerns identified at the packer level (see PowerPoint online).

Morgan provided a progress report on the incidence of various nonconformities. Of special interest to Angus producers, he said the industry needs to double the number of premium Choice and Prime carcasses. "We produce about 2½% Prime," Morgan said. "We could use about 7%."

According to the 2005 audit, producers miss out on \$26.81 per head due to

deficiencies in quality grade; \$20.92 per head due to deficiencies in yield grade; \$4.94 due to heavy and light carcasses, and \$3.01 due to hide and offal losses. In total, these defects equate to \$55.68 in lost profit opportunity.

Morgan told attendees they were lucky to have the American Angus Association to assist them in eliminating nonconformities. "American Angus can be the funnel to help you be able to hit that target and eliminate those nonconforming carcasses," he concluded.

— by Shauna Rose Hermel

Table 6: Top 10 quality challenges identified in the 2005 NBQA

- (1) Lack of traceability/individual animal ID/source and age verification/chronological age
- (2) Low uniformity of cattle, carcasses and cuts
- (3) Need to implement instrument grading
- (4) Inappropriate market signals
- (5) Segmentation within and among industry sectors
- (6) Carcasses and cuts that are too heavy
- (7) Low cutability/yield grades that are too high
- (8) Inappropriate ribeye size
- (9) Reduced quality grade and tenderness due to implants
- (10) Insufficient marbling

Source: Deb Roeber, Oklahoma State University, October 2005.

Table 7: What is the industry doing well?

- (1) Developing "story" beef
- (2) Reducing *E. coli* O157:H7
- (3) Merchandising "quick" (to prepare) beef
- (4) Merchandising new beef "value" cuts
- (5) Reducing excess fat cover at the end-user level
- (6) Developing "brands" of beef
- (7) Increasing beef demand
- (8) Making the industry profitable

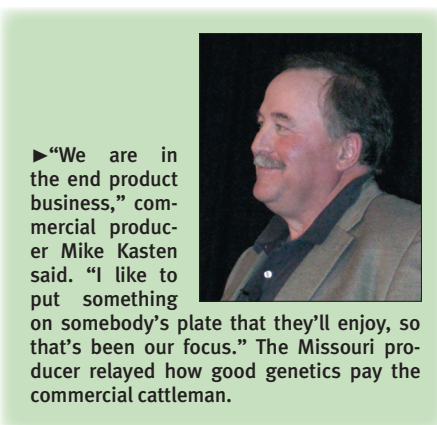
Source: NBQA Strategy Workshop, Oklahoma City, Okla., October 2005.

Profiting from Angus Genetics

Good genetics do pay the commercial cattleman, and the data prove it, Mike Kasten told conference participants. A commercial rancher from southeast Missouri, Kasten shared his perspective on the beef industry and what he and other commercial producers need from their seedstock suppliers.

With an operation that includes 350 cows, Kasten's ranch utilizes total performance records, retains ownership on its calves to get carcass information, and sells replacement heifers at a premium through a heifer development program.

To expand the operation, Kasten initiated a beef alliance about 10 years ago. In the alliance, he leases bulls, provides females and contracts to buy the calves. The nine producers involved cooperate to collect data from weaning, yearling and carcass information.



► "We are in the end product business," commercial producer Mike Kasten said. "I like to put something on somebody's plate that they'll enjoy, so that's been our focus." The Missouri producer relayed how good genetics pay the commercial cattleman.

Kasten told the audience his operation and the alliance were started under the premise that genetics would pay in the beef industry. After 18 years of collecting carcass data and 10 years working with the alliance, experience has proven that genetics do pay, he said.

Kasten started with carcass information and worked backward to conception, using examples from his own herd. The last 972 head Kasten marketed garnered a quality premium of \$55,602.64 — an average of \$57.20 per head. Kasten shared that 88.2% of those cattle graded Choice or better, with 36.7% meeting *Certified Angus Beef*® (CAB®) specifications and 7% grading Prime. And while yield grade discounts did cost him \$6.44 per head, the net premium was still \$50.76 per carcass.

University research analyzing Kasten's data shows the advantage of stacking generations of carcass genetics, Kasten said. Stacking one generation for marbling resulted in progeny 11% more likely to achieve a Prime quality grade. Stacking two generations increased the likelihood to 19%. Stacking three generations increased the likelihood of hitting the Prime target 23%.

Additional premiums Kasten has earned through genetic selection, in addition to carcass premiums, are premiums on replacement heifer sales. Kasten reported that the added value of artificially inseminated (AI)-bred heifers is an average of \$327 per head. The value, he said, comes from the data that is available on that particular female, the data available on the female's sire, and carcass data from steer-mates.

Additionally, Kasten said, long-term genetic progress through bull selection is important, but the real progress is seen through quality replacement females. Kasten's own replacement females are

developed through the Missouri Show-Me Select Replacement Heifer program.

And once those females have developed, reproductive management is extremely important, Kasten noted. At his ranch, reproductive management is accomplished through AI, synchronization, and, most recently, timed-AI breeding.

Kasten said he has added value to his cattle through genetic management. "Genetics are going to pay me in this industry," he said, adding that he feels genetics are a risk-management tool.

Another great tool, one he calls a risk-reducer, is the seedstock supplier. As genetic suppliers to commercial cattlemen, Kasten

said seedstock producers must breed cattle that perform in the pasture, in the feedlot and in the cooler; maintain a high-quality database and expected progeny differences (EPDs); help producers with profitable management practices; and help producers market the genetics they have provided.

In his closing comments, Kasten complimented the American Angus Association for its aggressive approach to the many segments of the cattle industry through the development of CAB and open AI. He encouraged the Association to take the next bold step by being the leader in providing EPDs on commercial cattle.

— by Micky Wilson

Nulik Challenges, 'What Next?'

Rod Nulik, marketing manager for the beef cattle business group of Purina Mills, LLC, in Saint Louis, Mo., defined leadership and suggested five characteristics that are essential for leaders in his after-dinner address to attendees of the 2006 National Angus Conference.

Nulik said the dictionary was little help in defining leadership until he looked up the word "lead." Finding the definition as "To go before and show the way," clarified the meaning for him. "It's kind of dangerous," Nulik said, "but I kind of like it."

Foremost among necessary characteristics of a leader is personal responsibility, Nulik said, even though that is a concept that's unpopular in today's "It's never my fault" world. With that emphasis on personal accountability, he suggested that leaders needed to be ethical, edifying, enthusiastic, encouraging and empowering.

Nulik emphasized that all leaders make mistakes, but ethical leaders have the character to follow their own convictions and do what they know is right, even when they are criticized for it.

To edify is to educate, inform and communicate, which is critical for leadership, Nulik said, though the challenge is to say what you want to say without being misunderstood. After sharing several humorous examples of messages that were spelled correctly but worded incorrectly, Nulik urged the attendees to communicate often to co-workers and family members

what their part means in the bigger scheme of the farm or home to minimize the chances of miscommunication.

Nulik pointed out that former president Ronald Reagan, known as "the great communicator," followed one rule whenever he made a speech — "Say it well, say it often, say it simply, say it passionately." Passion is important, Nulik said, because leaders have to be cheerleaders, whether in good times or bad, "but especially in the bad times."

Being enthusiastic doesn't mean you have to pretend or be someone you're not, Nulik explained, but it does mean having a positive attitude. Having a positive attitude, he added, is one of the few personal choices we can make every day.

He used Reagan again as an example for empowerment, explaining that Reagan succeeded in "finding good people and staying out of their way." When leaders empower others they give them the chance to succeed and to fail, so they can learn from their failures as well as their successes.

Because encourage has a two-fold meaning, to comfort as well as to challenge, Nulik suggested that we appreciate our successes but not be too comfortable with them.

In the middle of the greatest success the Angus

► Leaders have to be cheerleaders in good times and bad, Rod Nulik, marketing manager for Purina Mills, told attendees of the 2006 National Angus Conference.



industry has ever had, Nulik challenged attendees to ask themselves, "What next?" because the more successful we are, the more successful we'll expect to be.

Ultimately, Nulik said, we have to be true to ourselves, because, in the end, we have to be able to face ourselves.

— by Linda Robbins



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