

# NACC Legacy Shows What's Possible

Quality has value in the real world.

by Steve Suther

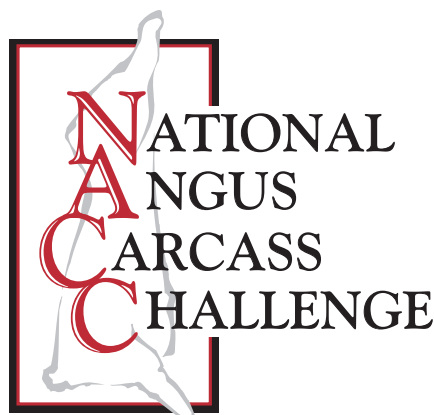
Ten years ago, when the market started to pay significant premiums for cattle accepted into the *Certified Angus Beef*® (CAB®) brand, producers began to wonder if hitting that target was an attainable goal.

Shortly thereafter, the American Angus Association included 30% CAB acceptance rates as one of its strategic long-term goals. Even finding producers for feature article development who could hit that target was a challenge at first. Would it be attainable?

Look back half as far, to the four-year National Angus Carcass Challenge (NACC, 2003-2006) and the Best of the Breed (BoB) contest immediately preceding it. "There's your answer," Larry Corah, CAB vice president, says. "The potential to hit this target is nearly unlimited."

Critics may footnote the BoB contest as an ultrasound demonstration project for overall winner Fort Hays State University (FHSU), but no one can deny the achievements. Those included 160 steers making 92% CAB and Prime in just two harvest groups for Wickstrum Farms Inc., Westmoreland, Kan.

The NACC contest grid added more features to its carcass weight specifications to encourage uniformity, so we can only estimate the equivalent NACC value, but it's



safe to say those top BoB cattle would have been in the top few NACC pens.

The NACC did not attract as much volume as BoB, the one-year flash with its lucrative prize money, but the high-quality cattle kept coming. "The contests helped us discover the many excellent commercial Angus programs that regularly produce calves at twice the Association's long-term goal," Corah says.

## Year by year

In the wake of that 2002 contest, the NACC started with less than a full year to

keep the torch burning, while focusing its light on CAB-licensed feedlots. It succeeded in bringing many more producers into what became more of a friendly rivalry. The top three pens had an excellent balance at 47.2% CAB and Prime, with 45.2% Yield Grade (YG) 2 or better.

By its second year, the NACC identified a 40-head grand champion pen of heifers from Fansher Angus Ranch, Garden City, Kan., that achieved 93% CAB and Prime. The 2005 contest saw Mason Fleenor's GG Genetics, Ida Grove, Iowa, as a repeat winner with more of those balanced, high-value carcass cattle.

The final year's results are still current news, including the record-high contest premium of \$8.77 per hundredweight (cwt.) above the base for the grand champion pen from Iowa's Tri-County Steer Carcass Futurity (TCSCF). It also featured the record-high combination of CAB and Prime at 94.7% from repeat winner, Woodstone Angus Ranch, New Ulm, Texas.

Looking deeper into the NACC data, the top-value pens for each of the four years charted a steady advance in quality and overall value (see tables, figures). The CAB acceptance rate in the graphs does

## NACC reveals quality in volume

Hundreds of ranchers and feedlots discovered beef value on more than 30,000 cattle in the five years that the Best of the Breed (BoB) and National Angus Carcass Challenge (NACC) demonstrations ran. The NACC accounts for 18,714 harvested Angus-sired cattle.

A few feedlots stand out for sheer volume of enrollment in NACC. Those credited with 20 or more pens, in ascending order, include GG Genetics, Ida Grove, Iowa; Gregory Feedlots, Tabor, Iowa; Triangle H Grain & Cattle, Garden City, Kan.; Irsik & Doll Feedyard, Garden City, Kan.; Darnall Feedlot, Harrisburg, Neb.; and Beller Feedlot, Lindsay, Neb.

Four cattle owners dominated the winner's circle with more than seven entries each in the NACC, not counting their participation in BoB, which all have in common. A fifth combination was often in the top 10.

Darnall Feedlot owned or fed 55 entries, and the family's own Angus ranch won a division in 2004 with 50% *Certified Angus Beef*® (CAB®) and Prime heifers garnering \$5.27 per hundredweight (cwt.) in contest grid premiums. A steady customer, Peterson Livestock of Rawlins, Wyo., entered 20 pens throughout the years, with the

top 360 head achieving 45% CAB and Prime and a \$3.24-per-cwt. contest premium overall.

Woodstone Angus Ranch hit the highest quality mark in this inner circle, with seven pens fed at Cattleman's Choice Feedyard, Gage, Okla., averaging 65% CAB and Prime and a \$4.20-per-cwt. average contest premium.

Mason Fleenor of GG Genetics owned and entered 20 pens, with the top nine achieving 61% CAB and Prime, with on-target weights leading to an average \$5.81-per-cwt. contest premium.

Jimmy Thomas, Homedale, Idaho, fed eight pens that averaged 49% CAB and Prime, with a \$4.90-per-cwt. average contest premium. Four of those pens were fed at Beller Feedlot.

No other owner or feeder had higher volume success than Terry and Mike Beller. Their feedlot was a party to the entry of at least 90 pens during the four years. Nine groups other than Thomas accounted for entries that included the aptly named, "Beller and Friends." These groups combined for an average 45% CAB and Prime, with uniformity leading the way to an average \$5.53 contest grid premium over the base.

**Table 1: Summary of average statistics for Best of the Breed and National Angus Carcass Challenge results**

	NACC value	% Prime	% Prime/Choice	% CAB	% Select	% YG 1-2	% YG 4-5	Avg. HCW	% receiving HCW prem.	% receiving HCW disc.	Total NACC grid premium/discount			
											QG	YG	HCW	CAB
<b>Top 10 average:</b>														
<b>2003</b>	\$103.84	-	89%	32%	11%	43%	2%	783	58%	2%	-\$18.40	\$44.30	\$68.00	\$66.50
<b>2004</b>	\$105.05	11%	95%	39%	5%	33%	3%	775	57%	2%	\$37.20	\$23.60	\$68.50	\$81.50
<b>2005</b>	\$106.47	8%	98%	50%	2%	43%	2%	771	63%	2%	\$33.20	\$53.00	\$71.00	\$99.50
<b>2006</b>	\$106.87	12%	96%	54%	4%	39%	3%	772	58%	3%	\$44.80	\$48.60	\$97.10	\$118.00
<b>Top 20 average:</b>														
<b>2003</b>	\$102.03	-	82%	25%	18%	38%	4%	785	57%	4%	-\$51.80	\$21.00	\$61.80	\$53.00
<b>2004</b>	\$104.39	7%	93%	36%	7%	40%	3%	762	49%	2%	\$10.60	\$41.10	\$55.95	\$77.50
<b>2005</b>	\$105.33	7%	96%	43%	4%	40%	3%	775	59%	1%	\$20.60	\$38.65	\$68.85	\$88.25
<b>2006</b>	\$106.01	14%	96%	46%	4%	31%	5%	773	57%	2%	\$50.40	\$17.00	\$92.70	\$97.75

not include Prime, which was not recorded separately in 2003. However, an estimated combined share of Prime and CAB cattle doubled, from 30% to 60% for the top 20 pens over the four years. That accounts for approximately 3,200 cattle from scores of farms and ranches across the U.S.

“All of this suggests the potential in every Angus herd to hit the target and capture the quality premiums available today,” Corah says.

Yield grade held steady to better until last year when a few more YG 4 cattle turned up, consistent with the 21-year high in the overall beef industry. Going against an industry trend, however, average carcass weights in those top pens declined from 785 pounds (lb.) to 773 lb. last year. “That could have to do with the NACC contest grid premium for a bull’s-eye of 750 to 849 pounds,” Corah suggests.

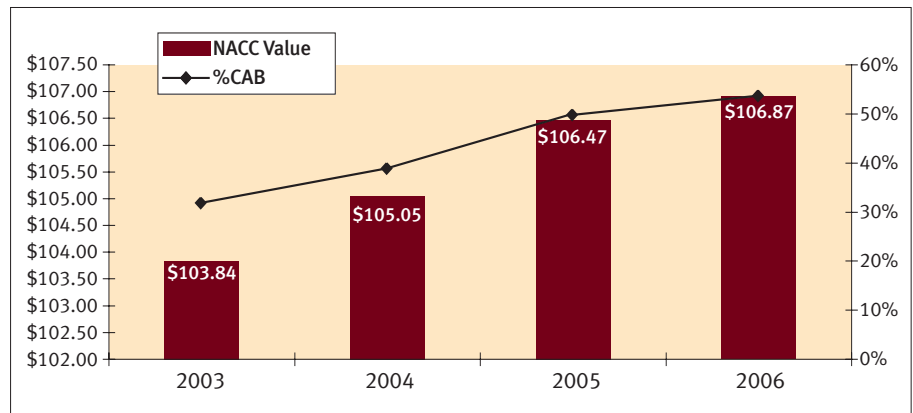
**The real world**

The Angus carcass contest grids may not exactly relate to the real world, but what were the top 20 pens from last year’s NACC worth in the real world? They were sold to various plants in different regions and seasons, but we can approximate an average grid value based on U.S. Department of Agriculture (USDA) prices for 2006.

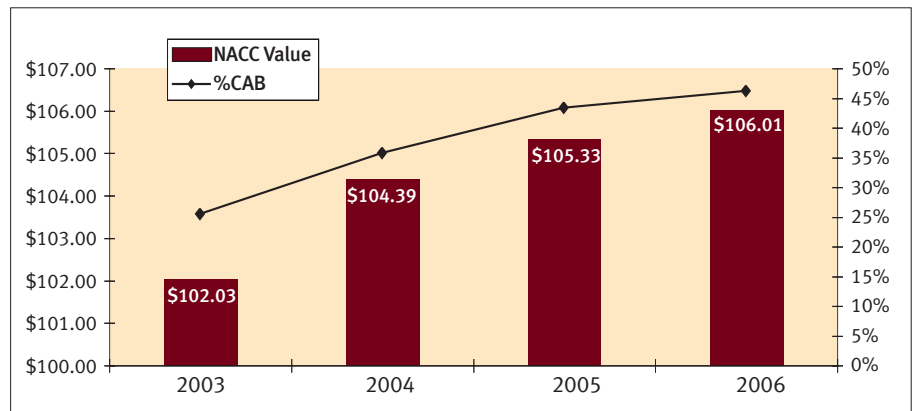
For example, let’s consider a grid with a 50% Choice base, and the USDA-reported 2006 average Choice-Select spread of \$14.10. The sellers would get 50% of that spread on each Choice-grading animal, with CAB and Prime premiums added. A reality-based premium for the top 20 NACC pens last year would be \$10.66 per cwt., or \$82.40 per head, on the average 773-lb. carcass, over and above the average carcass.

Does genetics or management matter most in garnering those premiums? Corah suggests it is a blend. “Hitting these levels without the right genetics is obviously not

**Fig. 1: Avg. values of top 10 NACC entries, March 2006**



**Fig. 2: Avg. values of top 20 NACC entries, March 2006**



possible,” he says. “Yet, we all know we can take the best genetics and manage the quality out of the cattle.”

That’s what happens to thousands, perhaps millions of higher-quality cattle in the broader beef industry every year, he adds. “With the kind of genetic information available today, coupled with new research suggesting how cattle need to be managed, it is incredibly disappointing to see the poor quality grades being achieved across the country.”

Noting the apparent ceiling at barely more than 50% Choice nationwide, Corah says producers need to work cooperatively to allow high-quality cattle to express their full potential.

“Based on what the top 3,200 NACC cattle have shown us, the industry can do a lot better,” Corah says. “There are literally millions of dollars in quality premiums at stake, and more importantly for the long run, consumer demand is at stake.”

