

Take Homes

Cattlemen's College® had plenty of take-home messages.

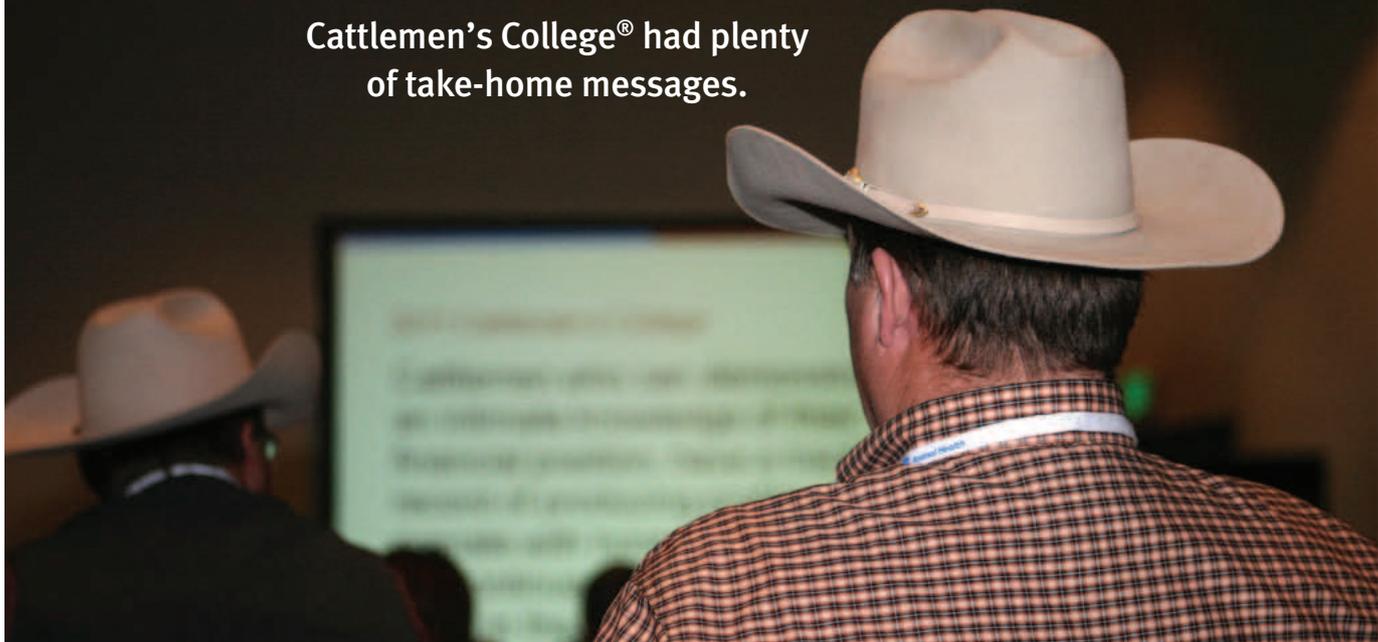


PHOTO COURTESY NCBA

More than 750 cattlemen and women took advantage of the educational opportunities provided at the 18th annual Cattlemen's College® Feb. 2 during the 2011 Cattle Industry Convention and National Cattlemen's Beef Association (NCBA) Trade Show. The event, which is sponsored by Pfizer Animal Health, featured speakers and sessions encompassing a variety of topics important to farm and ranch owners and managers.

"We strive to ensure that when cattle producers travel from across the country to attend this event, they get an opportunity to hear from experts about issues impacting all aspects of their beef businesses," said Tom Field, NCBA executive director of producer education. "The people who are in the business of raising beef have to be experts on so many topics, from finance and risk management, to land use and environmental policy, to understanding how consumer trends

may impact their operations. Cattlemen's College gives attendees an opportunity to hear from experts in an interactive format about all of these topics."

This year's event included 18 forums with tracks covering six general management topics — cattle genetics and breeding; cattle reproductive technologies; production management; business management; beef quality and consumer trends; and environmental issues. The program concluded with panel discussions that gave attendees a chance to interact with the speakers while they enjoyed a lunch that was sponsored by Certified Angus Beef LLC (CAB).

Following are summaries of some of the sessions. Additional coverage can be found online in the newsroom at www.4cattlemen.com, Angus Productions Inc.'s event coverage site, or in NCBA's Cattle Industry Learning Center at www.cattlelearningcenter.org.

Financing in the Age of Uncertainty

Cattlemen need to help their banker understand their operation.

by **Kindra Gordon**

Communication is the foundation to building a better relationship with your ag lender, emphasized Rod Alt and Jud Jesske. Based in Amarillo, Texas, Alt specializes in loans to the ag sector as a loan officer with Wells-Fargo. Jesske is vice president of ag

business finance for Farm Credit Services of America and is based in Omaha, Neb.

"We are in the business of loaning money, and we want to help your operation succeed," Jesske said. But to do that, he added, "You need to help your lender understand your operation. Nobody can present or tell your story better than you."

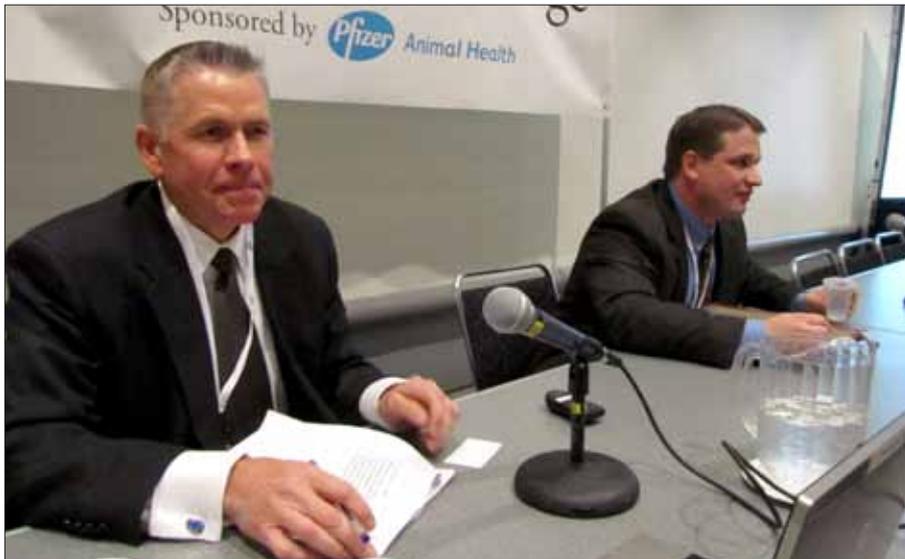
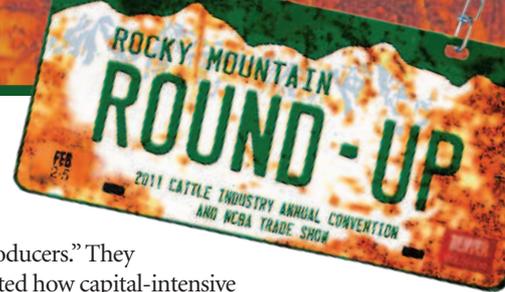
Specifically, when you meet with your lender, know your numbers, the duo recommended. "Whether you want to maintain your operation or expand, to ensure you continue to have access to credit in coming years, the better and more often that you can share your financial performance with your banker, the stronger the relationship you will build," explained Jesske.

Alt said, "Accurate financial statements with accrual-based numbers, projections, or any peer analysis of comparable nearby operations are all good information. The more information you bring your lender, the easier and faster they can make a decision."

If you are planning to expand your operation or to change an enterprise, Jesske and Alt added, it's important to also develop a business plan and then explain to the banker how these changes will affect your operation.

"Your banker wants to know if the expansion makes sense, how it will impact labor and equipment needs, and what the projections are for profit and loss," said Alt.

"We want an honest assessment," he added. "Even if you show a loss in the first



► Rod Alt and Jud Jesske emphasized the need for producers to educate their bankers to give them a better understanding of the business.

or second year, we want to see that. We recognize that the cattle cycle is cyclical. We understand that and so your projections must be realistic.”

Additional considerations this duo emphasized in working with lenders included:

- Select a lender who understands agriculture and understands your business. “If you are approaching a lender who does not specialize in ag loans, how can you expect them to stay with you in difficult times in the industry, if they don’t have knowledge about the industry?” questioned Alt.
- Pay attention to market trends on your own and utilize that in your business decisions. “Don’t wait until your banker tells you that you have to buy or sell,” said Jesske.
- Someone in the business should have the role of CFO (chief financial officer) and have a clear and complete picture of the operation’s financial situation. “Don’t view this job as a chore; view it as a tool to make the business better,” suggested Alt.
- Show your risk management practices. Jesske stated, “This is becoming a bigger lending factor. Demonstrate what plan you have in place to handle volatility in the marketplace.”

In closing, Alt and Jesske shared optimism for the future, stating that they anticipate a lot of available credit and rapid growth in the ag sector. Alt emphasized that it will be the creditworthy clients who have built relationships with their lenders who will have access to that capital.

Jesske concluded, “Cattlemen who can demonstrate an intimate knowledge of their financial position, have a track record of producing profits, and operate with honesty

and integrity will continue to have access to credit in the future.”

Business Strategies for Cattle Producers

by Kindra Gordon

“We want to make sure everyone goes home today understanding why they need to manage risk,” said Cattle-Fax Analyst Mike Murphy as he addressed Cattlemen’s College.

Murphy and his Cattle-Fax colleagues Brett Stuart and Troy Applehans focused on the topic of “Business Strategies for Cattle

Producers.” They noted how capital-intensive the beef business has become. “Think about how much more capital it takes to run your operations today compared to five years ago — and that will continue to go up,” said Murphy.

With that said, he added, “We want you to consider how you can harness some of the tools in the marketplace, think outside the box and improve your bottom line.”

He noted that while the cattle market has been positive during the last 13 months, all sectors of the cattle industry need to address the volatility in the marketplace.

“What goes up must come down,” Murphy said. “Risk management helps you focus on generating a positive return on your investment and minimizing risk from variable factors.”

Murphy’s advice to cattle producers — from feedlot and stockers to cow-calf — was to have a plan. “If you’re going to be in the risk management business, it’s important you have a plan in place and write it down. Secondly, don’t deviate from the plan,” he emphasized.

As part of developing that plan, Murphy stressed the importance of knowing your breakeven costs and setting realistic profit objectives. Along with that, Applehans emphasized understanding the seasonal cycles within the market. “One of the easiest aspects of managing risk is understanding the seasonality of prices and marketing to capture seasonal peaks,” he stated.

CONTINUED ON PAGE 210



► Cattle-Fax Analyst Mike Murphy (foreground) contemplates a question as his colleague, Troy Applehans, listens. A trio of Cattle-Fax staff shared business strategies for cattle producers during a Cattlemen’s College session at the 2011 Cattle Industry Convention.

Applehans gave the example that 80% of cow-calf producers in the United States calve in the spring and wean in the fall, putting a lot of calves on the market in October and November.

“You are putting all your eggs in one basket on that one day of the year,” he pointed out, and suggested that with video sales and forward contracts producers may be able to capture a better price.

Likewise, Applehans said thinking differently about marketing cull cows — such as selling them after the seasonal glut on the market in the fall — can be a way to capture more dollars as well. Adding stockers to the ranch inventory may be another way to have some flexibility and tap seasonal price peaks.

In concluding the session, Stuart encouraged cattlemen in all sectors to really ask themselves how they can maximize their resources and take a “whole operation” view. This includes analyzing goals, marketing, forages, equipment, land, equity, knowledge, skills and business relationships.

Stuart emphasized the need to maximize skills and find new opportunities, saying, “The cattle business is no longer just about cattle. Higher costs of land, cattle and equipment necessitate thinking outside the box in order to turn your land, cattle and skills into profit centers.”

Managing Market Risk

Cattlemen offer perspectives for what management practices best reduce risk in their respective operations.

by Troy Smith

In times of market uncertainty and volatile input prices, most producers are interested in how they might better manage the risks inherent to the cattle business. During this year’s Cattlemen’s College, three producers discussed risk management practices applied to their respective operations. In turn, they cited examples of strategies used to control costs, achieve respectable production and effectively market their products.



► Heifers saved as replacements are bred to calve on green grass in May, said Trey Patterson, Padlock Ranches. This is one of the ways Padlock Ranch tries to manage risk.

Leading off was Trey Patterson, chief operating officer for Padlock Ranches, which maintains cow-calf and yearling enterprises on properties in Montana and Wyoming. Calling replacement heifer development one of the most expensive parts of a cow-calf enterprise, Patterson explained how Padlock’s heifer development strategy is relatively low-cost and creates additional marketing opportunities.

Patterson said heifers are grown to modest breeding weights, and more than the number actually needed for replacements are exposed once to artificial insemination



► Feeding cattle from weaning to harvest in a barn represents a significant initial investment, but it significantly reduces labor requirements, eliminates the bedding otherwise required in Minnesota, and simplifies manure management, said Don Schiefelbein.

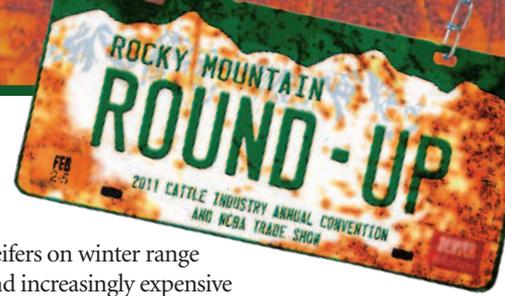
(AI). The heifers are checked for pregnancy by ultrasound 45 days later.

“We let the heifers’ ability to conceive, after one round of AI, finish the selection process,” Patterson said. “The 35% to 40% that are open are then profitable to feed (to finish) and market through Country Natural Beef.”

The heifers saved as replacements are bred to calve on green grass in May. They’re not run through calving sheds and little labor is required when they are bred to Wagyu sires for calving ease. The program produces first-calf heifers that are more likely to rebreed



► More than 750 cattlemen and women took advantage of the educational opportunities provided at the 18th annual Cattlemen’s College Feb. 2 during the 2011 Cattle Industry Convention and National Cattlemen’s Beef Association (NCBA) Trade Show.



► Matt Perrier said he and his father employ conservative stocking rates, prescribed burning and rotational grazing to enhance forage production and utilization.

on time and stay in the herd. And their first Wagyu-sired calves are economically grown to 700 pounds (lb.) in a backgrounding lot and sold at a premium.

“Contrary to what people might think, we’re not taking a hit on those calves,” Patterson offered. “Some years they make more money than calves out of cows bred to conventional bulls.”

Another profitable Padlock practice involves young cows that fail to rebreed within the defined spring breeding season. Those cows are then bred for fall calving and sold to a growing list of repeat buyers.

“Marketing is integrated into the entire system,” Patterson said. “We’re addressing costs and building a marketing plan at the same time.”

The second speaker was Don Schiefelbein whose family owns 650 registered Angus cows in Minnesota and merchandises close to 300 Angus and Sim-Angus bulls each year. Schiefelbein Farms annually finishes about 5,000 cattle purchased from seedstock customers and buys an additional 1,500-2,000 head for placement in custom feedlots.

Calves fed at home are weaned into a confinement barn where they remain until ready for harvest. While a barn represents a significant initial investment, Schiefelbein said it significantly reduces labor requirements, eliminates the bedding otherwise required in Minnesota, and simplifies manure management.

With regard to risk management, Schiefelbein said the family takes a “Big Picture” perspective. In a “bull” market, they

strive for significant profit potential. In a “bear” market, they look for a breakeven-plus opportunity and lock in the price.

“We buy feed cheap and sell cattle high,” Schiefelbein stated, noting the use of feedstuffs such as sweet corn silage, wet beet pulp, wet gluten feed, wet distillers’ grains and soy hulls. He said these feedstuffs are priced at 85% of the value of corn. Growing some of their own feed also serves as a risk management buffer.

“We always buy value-added cattle and we always sell value-added cattle — and always on a grid,” added Schiefelbein, explaining that cattle are source- and age-verified and targeted for non-hormone-treated or natural markets. “We create them for less and sell them for more.”

The final presenter was Matt Perrier of Kansas-based Dalebanks Angus, a 400-cow seedstock operation marketing 200 bulls per year. Perrier said he and his father employ conservative stocking rates, prescribed burning and rotational grazing to enhance forage production and utilization on their Flint Hills ranch. They sell bulls at auction twice each year, but also sell some bulls and females at private treaty to diversify marketing.

The operation includes some farm ground for production of grain and forage crops as well as forages raised for grazing. According to Perrier, the farming adds diversity to their feed resources and helps manage risk. Crops like forage radishes raised for grazing, along with cowpeas and oats, are an example of economical alternatives to developing replacement

heifers on winter range and increasingly expensive commercial protein supplements.

Perrier said low-stress cattle handling helps lower risk by improving cattle health and the safety of both cattle and a limited labor force.

“With the information available today, genetics can help a cow-calf producer manage risk about as much as any other management tool,” said Perrier. “You can find high-accuracy seedstock and use them to manage risk in an operation. Seeking opportunities to sell in multiple markets lends flexibility. And I believe in operating in a modest environment to control costs. Most of all, I think producers should always be willing to change. Look for ways to reduce inputs and consider alternative markets.”

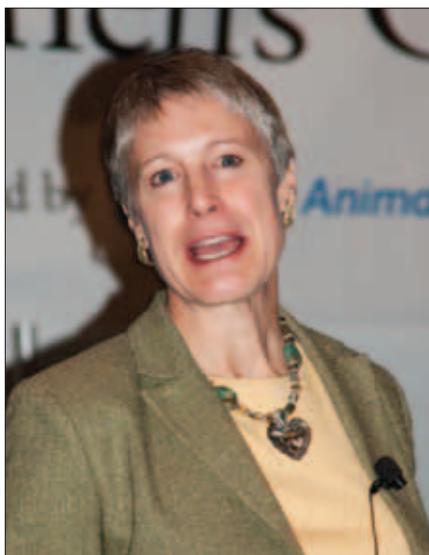
Preventing Lameness

Experts share how and why cattle become lame.

by **Troy Smith**

A discussion of the causes and costs of lameness in cattle drew producers representing the cow-calf, stocker and cattle-feeding segments to the 18th Annual

CONTINUED ON PAGE 212



► About 16% of cows and 31% of bulls going to slaughter exhibit lameness at delivery and may be discounted as a consequence, shared Connie Larson, Zinpro nutrition researcher.



► “If the head bobs up, it’s an indication of lameness in a front foot, as the animal tries to take weight off the painful foot,” said Nebraska feedlot veterinarian Tom Edwards. “If the head bobs down, [the animal] is trying to take weight off a rear foot.”

PHOTOS BY TROY SMITH

Cattlemen's College. Zinpro nutrition researcher Connie Larson and Nebraska-based feedlot veterinarian Tom Edwards talked about how and why cattle become lame and shared treatment and prevention recommendations.

Results of the non-fed (market cow and bull) beef quality audit indicate that delivery of non-ambulatory or "downer" cattle to slaughter facilities has been nearly eliminated, Larson said. However, about 16% of cows and 31% of bulls going to slaughter exhibit lameness at delivery and may be discounted as a consequence. Producers suffer additional economic loss when breeding animals, on the ranch, exhibit reduced reproductive performance and longevity.

Larson said diminished performance and even death among growing calves, as a result of lameness, also rob producers of profits, but lameness issues can also jeopardize the industry's image from the standpoint of animal welfare.

"It only takes one animal captured on video to give the industry a black eye," warned Larson.

Edwards, of Midwest Feedlot Services Inc., cited data showing that of all Nebraska feedlot cattle requiring veterinary treatment, 16% are treated for lameness. From losses attributed to overhead, chronics and treatment expense, direct costs can exceed \$126 per head. Edwards said lameness can reduce average daily gains by 0.70 pound (lb.) and result in the need for an additional five days on feed. Lameness issues consistently result in a feedlot mortality rate of about 3%.

Discussing causes of lameness, Edwards said the vast majority of cases involve footrot or toe abscesses. Footrot, he said, results from infection between the toes, when ubiquitous bacterial organisms in the soil enter through a break in the skin. Toe abscesses, which Edwards referred to as "concrete toxicity," generally result from toe abrasions caused by rough or sharp surfaces. Another foot malady known as hairy heel wart is a digital dermatitis or lesion on the back of the foot most often promoted by wet, muddy pen conditions. Other causes of lameness are joint infections, stemming from injury, and laminitis (founder) resulting from digestive upset.

Edwards noted that the choice of proper treatment depends on an accurate diagnosis of foot ailments. However, some signs may

not be visible. Edwards advised producers to watch a lame animal in motion to first determine which foot is affected and needs to be examined.

"Watch the head-bob," he said. "If the head bobs up, it's an indication of lameness in a front foot, as the animal tries to take weight off the painful foot. If the head bobs down, [the animal] is trying to take weight off a rear foot. That's a real simple way to tell, but one that's not always understood."

Edwards offered recommendations for treatment, with respect to various diagnoses, but urged prevention through animal husbandry. He urged producers to pay attention to pen maintenance and facilities, and particularly to the footing in cattle loading and processing areas. He also said the common practice of spreading sand to improve traction in concrete alleys or in truck beds often contributes to lameness issues, especially toe abscesses.

Larson agreed that good management practices, including pen maintenance and low-stress handling methods, can reduce the incidence of lameness. She also stressed the importance of balanced nutrition, noting how trace minerals, including zinc, manganese and selenium (in balance with vitamin E) are important to maintaining hoof health.

The State of Antimicrobial Use by Beef Industry

Expect more attempts to limit or eliminate use of antibiotics in the beef industry.

by **Troy Smith**

The livestock industry's use of antimicrobial products — and antibiotics in particular — continues to draw criticism by activist groups, the media and politicians. They worry that it is leading to increased resistance among disease-causing organisms and reduced efficacy of antimicrobial therapy in humans. According to Mike Apley, veterinarian and Kansas State University (K-State) professor, the call for change is coming from mainstream advocacy groups as well as the radical fringe.

Speaking during a Cattlemen's College

session of the 2011 Cattle Industry Convention in Denver, Apley said extremist groups use fear tactics to promote their agendas. They cite hyper-inflated numbers regarding the extent to which subtherapeutic antimicrobial treatment is applied to livestock production.

They claim it makes human diseases harder to cure, when no impact on human medical treatment has been proven, said Apley. And now, he added, mainstream organizations like the American Medical Association and the Union of Concerned Scientists are advocating reduction or termination of certain uses of antimicrobials in livestock production.

Apley warned beef producers to expect more and more attempts to introduce legislation aimed at limiting or prohibiting their use of antimicrobials. In the process, proponents of such restrictions are portraying livestock producers as untrustworthy.

"And that's just wrong," he stated.

However, Apley warned producers that the issue of microbial resistance should be taken seriously. There is evidence that the use of certain antimicrobials may be contributing to reduced treatment response in animals. While there is no proven effect in humans, Apley said it is not impossible.

Consequently, he says, the industry must use antimicrobials "like we want to keep them."

Apley advised veterinarians and producers to evaluate and diagnose animals carefully, design an appropriate treatment regime and apply protocols consistently. He also recommended evaluation of outcomes based on reasonable expectations. That means knowing when to stop.

"It's not just about potential problems in humans; it is about preserving the ability to treat diseases in animals under our care," concluded Apley.

Beyond AI

Specialists discuss implementation of three emerging reproductive strategies.

by **Steve Suther**

Cattlemen who already use the basics of artificial insemination (AI) learned about the next steps from three experts at Wednesday's Cattlemen's College.

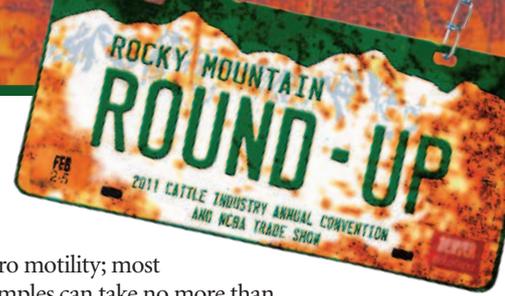


PHOTO BY STEVE SUTHER

▶ Brad Stroud is a 25-year veteran in the applied field of animal Assisted Reproductive Technologies. He is a practicing veterinary cattle embryologist and is considered a visionary in his profession. He has performed more than 65,000 embryo transfers in his career.

Sexed semen. John Hall, Idaho Extension beef cattle specialist, launched into the session called “Beyond AI, Implementation of Emerging Reproductive Strategies” with a state-of-technology review of sexed semen results and economics.

Sorting is possible because semen carrying the female, or Y, chromosome has 3.8% more DNA, allowing a dye and electrical charge to differentiate it from material with the alternative X chromosome. Unfortunately, half of all material sorted becomes waste, which drives up the price to a range of \$25-\$75 per straw, Hall said.

Sexed semen can be sorted with 92% purity, and it is typically made available in ¼-inch (in.) straws rather than ½-in., containing only a little more than 10% of the sperm number as conventional product. Field trials show pregnancy rates 10-20 percentage points lower and a subsequent 20%-35% reduction in viable embryos for embryo transfer (ET) programs.

“This can still provide more embryos of the desired sex in cases where one sex is worth much more than the other,” Hall said. “Whether for AI or ET, consider this technology only if you are already getting at least average results conventionally.” Success may improve by screening females to include only cycling heifers and mature cows in good condition that have previously settled to AI, he added.

Embryo transfer. Fifty or more variables affect ET success, said John Hasler, technical consultant to Bioniche Animal Health. Regardless of continuing progress in some

areas of ET, the average number of viable embryos per cow per flush remains at six, he said.

“The age of donor makes little difference from 2 to 10 years, but there are big differences between individuals,” Hasler said. Using CIDR® implants to synchronize has allowed flushing females as often as every 40 days, but again, the average number of viable embryos is still six.

Research has shown a correlation for ET success with days of the week, Tuesday netting 50.8% of ET pregnancies compared to Friday at 42.2%,

Hasler said. “That shows the influence of the technician on conception rates.”

In another example, randomly splitting work that should have yielded equal results, ET technicians were told one treatment was less effective. In the end, it was a self-fulfilling prophecy because less care was taken.

“All else being equal, the variables are individual donor, recipient and management,” Hasler concluded.

Semen quality. Veterinarian Brad Stroud has evaluated bull semen quality for 30 years in his role as a cattle embryologist at Assisted Reproductive Technologies, Weatherford, Texas. “Thermal exposure damage is an industry problem,” he said. That’s putting it mildly.

“To me, it is unbelievable, with all the thousands of ranchers who have liquid nitrogen tanks out there, managing cells and tissues, that there is no science to govern what they are doing,” Stroud said. The top factor in lower fertility with AI is mishandling of semen, he added.

Liquid nitrogen is -196° C, Stroud noted. Six inches below the neck of most tanks, the temperature is -110° C, but 2 in. below it is 12° C. It turns out that -130° C is a critical temperature for bull semen. When the temperature of frozen semen increases by those 66° (196-130 = 66), a return to -196° means rearranged, larger ice crystals.

Asking for guesses as to how long it takes the average ½-cc straw to thaw, Stroud said it is not 30 seconds, nor 50 seconds, nor 1.5 minutes, nor 3 minutes, but 3.5 minutes. “That is a bad thing,” he said.

It takes 50 seconds for a sample to reach

zero motility; most samples can take no more than 30 seconds, and fertility is depressed after as little as 5 to 8 seconds out of the liquid nitrogen tank, Stroud said. “Ten seconds in the neck of a Dewar tank brings a sample to -100° C, and the ¼-cc straw is much more vulnerable to death loss from temperature,” he added.

A Supply Chain Approach to Beef Quality

by Laura Nelson

Managing for beef quality isn’t an arbitrary end-product objective, panelists pointed out at a Cattlemen’s College session. According to moderator Larry Corah, vice president of Certified Angus Beef LLC (CAB), it also means managing for more profit. “Managing for Quality: A supply chain approach” was presented at the National Cattle Industry Convention and Trade Show’s annual educational event Feb. 2 in Denver, Colo.

“Quality sells in this industry,” Corah said. “We talk a lot about pounds, but we also sell by dollar figures. A quality carcass puts more dollars in those pounds.” He led the cattle industry veterans in discussing every aspect of quality beef production, including genetics, health, nutrition, ranch management and marketing.

A solid foundation is a good place to start differentiating value in beef cattle, said Aaron Arnett, Select Sires beef genetics division vice president. “To maximize quality and dollars returned, we have to focus on genetics.”

Carcass characteristics make an easy target for adding value because they are so highly heritable, Arnett added. “Does it take more groceries to create marbling? Absolutely not, if you start with animals that are able to express their genetic potential.”

After genetics are selected, every health issue an animal encounters has the probability to affect its end performance, said Gerald Stokka, Pfizer Animal Health senior veterinarian. He shared the importance of the passive transfer of good

CONTINUED ON PAGE 218

health from a mother cow to her calf.

“Everything you do at the ranch is preparing that animal for the next stage,” he said, indicating performance in the feeding phase and after harvest. But it starts long before the calf is born.

“The most intriguing area of research today is fetal programming,” he said. “We know that what a cow eats and feels [while pregnant] will affect the calf.”

Cattlemen Ken Grecian, Palco, Kan., said a lot of the cow and subsequent calf performance in his herd is based in nutrition as well.

“It doesn’t take much protein to make a lot of difference in how a cow performs,” he said. Nutrition affects body condition score (BCS), which affects breeding rates, successful pregnancies and, yes, fetal programming.

“If a cow is not in condition, she’s a cull on our place,” Grecian said. That focus has made an impact on his herd and his bottom line. A little more than a decade ago, he sold his first set of calves on a U.S. Premium Beef (USPB) grid and learned a lot.

“Mostly, I learned that my calves weren’t near as good as I thought they were,” he shared with a chuckle. The top 61% graded USDA Choice, leaving the rest in the Select category.

Since then, a focus on expected progeny differences (EPDs) in a straightbred Angus herd has made some great improvements. Now, 91% of his calves grade Choice or higher, with 55% meeting *Certified Angus Beef*® (CAB®) brand requirements.

But just as important, he said, “We did that without losing any weight on those calves. We maintained pounds production throughout those changes.” Last year, Grecian said his calves fetched an average \$77 per head premium over commodity prices.

That’s the kind of production and marketing model cattle feeder Jerry Bohn encouraged the audience to consider, too. The general manager of Pratt (Kan.) Feeders encourages and pushes customers toward selling their calves weaned and preconditioned, vaccinated at the least.

“We’re looking for cattle with a story,” he said, explaining the importance of keeping detailed management records as a selling point. “With today’s feed costs, we need cattle that will finish quickly and economically. Then the key to making money on these grids is to reduce discounts.”

High-quality carcass characteristics coincide with higher profitability. Bohn

shared data on 650,000 cattle in the 2010 USPB database. Of those, the groups with less than 5% CAB acceptance rates made \$17.26 per head over market value on that company’s grid. Groups with 25%-30% CAB made \$39.85 per head, while those with 55% CAB or higher saw average premiums of \$69.40 per head.

To hit those targets, cattlemen must focus on all the production factors discussed on the panel, Bohn said. “We must narrow the genetic pool to reduce variation in our cow herd. We’re always looking to buy better cattle.

“After all,” Bohn continued, “we’re in the business to provide a quality eating experience to consumers 100% of the time. We’re not there yet.”

Consumers Have High Expectations

Panel shares current consumer trends and what that means for future demand for beef.

by *Miranda Reiman*

The Cattlemen’s College “Trends and Trendsetters” session didn’t feature crystal balls or palm readers, just experts from various sectors in the beef business.

Consumers are going back to the basics. They want high quality, a personal connection, choices, value and their own way. That’s according to Kim Essex, senior vice president for consumer marketing at NCBA.

“Woe to the company who can’t deliver what we want, when we want it,” she said. “It’s very important in the beef industry that we don’t fall into a commodity mind-set.”

The retailer, restaurateurs and packer represented said their success was a direct reflection of serving customers’ needs.

Art Wagner, vice president of cattle procurement for National Beef, said that business model has led them to carry a variety of branded programs, including the *Certified Angus Beef*® (CAB®) brand.

“We recognize the value of the brand,” he said. “It helps us to differentiate ourselves to our customers — meet their needs.”

Longhorn Steakhouse, The Capital Grille, Red Lobster and Olive Garden — all owned by Darden Restaurants Inc. — also try to stand out on the basis of atmosphere, quality



PHOTO BY MIRANDA REIMAN

► “A Choice steak doesn’t always eat the same,” said Jeff Spotz, vice president of meats, commodities and risk management for Darden.

and value. Jeff Spotz, vice president of meats, commodities and risk management for Darden, said customers expect a selection of quality steaks, perfectly seasoned and expertly grilled.

“A Choice steak doesn’t always eat the same,” he said. “If we find a way to deliver the same eating experience the whole time that would be a huge competitive advantage.”

At Buehler’s Fresh Foods, a CAB-licensed retail chain based in Wooster, Ohio, customers come to the store expecting good beef every time.

“Buehler’s success is hinged on quality,” said Dave Savidge, director of meat merchandising. He shared the company’s



PHOTO BY MIRANDA REIMAN

► At Buehler’s Fresh Foods, customers come to the store expecting good beef every time, said Dave Savidge, director of meat merchandising.



latest move to feature CAB Prime Natural. “Customers are willing to pay more for that,” he said. “As that grows, who is going to supply that food chain? I think it’s a trend worth considering.”

Savidge expects premium grinds to make a big portion of their growth, noting that half of the chain’s CAB Prime Natural sales last year were grinds.

Tom Ryan, founder of Smashburger, is capitalizing on Americans’ preference for a better burger.

“That category is going to grow at 10%, and our goal is to lead that pack and set a new standard,” he said. The CAB-licensed chain started three years ago and rivals many of the fastest growing ones, like McDonalds.

“There is something really magic about CAB and our flat grill,” Ryan said, describing the process of putting the burger on a hot grill, covering it with parchment paper and smashing it.

About 55% of their diners come for lunch and 45% for supper, which is unusual for their type of restaurant, he said. Typically, lunch makes up a larger majority of the business.

“Smashburger and others like us are putting burgers back in people’s lives,” Ryan said.

Multi-Generational Ranching

Three real families provide their tips for how to make it work.

by **Kindra Gordon**

Transitioning a family farm or ranch operation to include multiple generations requires planning, communication and determination — and every family is different, so there is no “one plan fits all” approach.

Multiple generations of family working together in business can get dramatic, admitted Matt Perrier, who represents the fifth generation at Dalebanks Angus Ranch, which was established in the late 1880s near Eureka, Kan.

Perrier was joined on a panel by two others who shared their multi-generation ranch transition stories: Sara Shields, who operates San Isabel Ranch with her family near Westcliffe, Colo.; and Don Schiefelbein, who operates Schiefelbein Farms with his family near Kimball, Minn.

From experience, they shared these tips for working together:

► All three agreed that the best thing they did before returning to the family operation was to get a college education and have a job away from home for a time.

“Our father’s No. 1 rule is that everyone must leave the ranch for a minimum of four years before coming into the family business,” said Schiefelbein, whose family operation includes a 650-head seedstock Angus herd and a 5,000-head cattle-feeding facility.

► As the next generation returns to the family operation, this trio emphasized the importance of communication — among the family members and farm or ranch employees they work with, as well as the family members who are not actively working in the business.

Perrier said, “You’ve got to figure out what the best method is to communicate with those in your family and the operation.” He suggested this may be regular, formal meetings or some other format, but the goal is to keep everyone informed and allow them to offer input.

As well, communication should focus on discussing the business vision and goals — where is the operation now and what direction do you want to take it, he pointed out.

► As part of the communication process, a formal business structure and estate plan should be developed, suggested Schiefelbein. This can aid with tax planning, identifying job roles and clearly identifying the ownership structure and transition

plan between the generations.

► Likewise, Shields emphasized the importance of sharing the ranch with family — parents and siblings — who maybe are no longer an active part of the business but still enjoy and feel connected to the land and livestock.

“Set aside time for relationships and remember to truly respect and enjoy one another,” she stated. The San Isabel Ranch has been in her family for 139 years.

► Shields added that a key to her family’s long-term success has been willingness to diversify. They’ve transitioned from a flock of ewes and a “rainbow” herd of cattle in the early days, to seedstock Herefords and now have added a bred heifer program, fall calving, custom haying and vacation rental on the ranch to their mix for added income. She emphasizes the need to analyze and evaluate opportunities as the needs of each generation change.

In her closing remarks, Shields shared that returning to a family operation and working with the generations can be rewarding, but it isn’t easy. “It requires communication and trust to figure each person’s role out.”

Schiefelbein and Perrier agreed. Perrier said, “It’s give and take. The older generation needs to accept and promote new ideas; and the younger generation needs to realize that sometimes their ideas may not be implemented. All generations need to have the rule: Don’t cuss, discuss.”

Working with a large family, Schiefelbein shared that one of their guiding principles is their “unselfish rule.” He explained, “Our rule is that it’s not about us; it’s about we. Our priority must be the long-term success of the ranch. Then we will all be successful.”



Editor’s note: For additional coverage of the Cattlemen’s College, visit the newsroom at www.4cattlemen.com.



► Sara Shields, Matt Perrier and Don Schiefelbein shared their insights for multi-generation ranching.