

Notes from the Range

Four-state Range Beef Cow Symposium celebrates 20th anniversary, offers practical production, management and marketing discussions.

by *Shauna Rose Hermel*

Nearly 700 producers braved the weather to gather at “The Ranch,” the Larimer County Fairgrounds and Events Complex, Fort Collins, Colo., Dec. 11-13, 2007, for the Range Beef Cow Symposium XX (RBCS). The biennial event is sponsored by the Cooperative Extension Service and animal science departments of South Dakota State University, Colorado State University, the University of Wyoming and the University of Nebraska.

Angus Productions Inc. (API) provided online coverage of the event at www.rangebeefcow.com. Though the Midwest’s December ice storm preempted a satellite link the first morning of the conference, API coordinated with the University of Nebraska-Lincoln’s (UNL’s) electronic media team to provide a live feed during the remainder of the conference. Currently, the site’s newsroom features API-generated summaries of each of the presentations, along with the PowerPoint and proceedings paper accompanying each presentation, if available.

The biennial symposium upheld its reputation of being an excellent educational program, offering practical production



► Honored for their continued attendance at the Range Beef Cow Symposium are (from left) Richard Cross of Wyoming, who has attended all 20 symposiums; Don Huls of Nebraska, 18 meetings; Don Clanton of Colorado, 17 meetings; and Maurice Lempke of South Dakota, 11 meetings.

management information since the first symposium in Chadron, Neb., in 1969 (see Table 1). Unique to the RBCS, evening “bull pen” sessions provided time for attendees to discuss topics in greater depth with the speakers and fellow attendees.

Subject matter

Speakers and attendees explored ways to improve the management of grazing land during the pre-symposium workshop hosted Dec. 10 by Crystalyx. “Don’t Fence Me In: Using Animal Behavior and Low-Moisture Block Supplements to Manage Pastures” featured research from authorities on animal behavior and livestock nutrition, as well as producers who have used modified grazing distribution successfully.

The three-day RBCS program featured segments on industry issues; consumers, products and markets; cow-calf nutrition; management practices; reproductive management; animal health; cattle selection and genetics; range and forage management; and markets and marketing.

Tuesday speakers focused on effects of the 2007 Farm Bill, corn/ethanol policy, alternative energy and international markets; improving human health with beef products;

success stories for marketing beef; feeding byproducts to the cow herd; and effects of cow condition on reproductive performance.

Wednesday featured June calving, choosing a production system, early weaning, artificial insemination and synchronization, heifer development, nutrition during gestation, the immune system, The Sandhills Calving System, selection based on ultrasound, gene-testing for carcass traits, using expected progeny differences (EPDs) and heterosis.

Monitoring grazing lands, working with federal agencies, delivering supplements, getting rewarded for value and a market outlook concluded the conference Thursday.

Coverage

In the following section of the February *Angus Journal*, API presents summaries for several of these sessions. More will follow in the March issue. Visit www.rangebeefcow.com for API’s complete coverage of the event.

UNL’s electronic media team is offering a DVD, which synchronizes the audio to the PowerPoint presentation, for each speaker. An order form can be downloaded from the Newsroom at www.rangebeefcow.com.

Dates and locations of the Range Beef Cow Symposium

1969	Chadron, Neb.
1971	Cheyenne, Wyo.
1973	Rapid City, S.D.
1975	Denver, Colo.
1977	Chadron, Neb.
1979	Cheyenne, Wyo.
1981	Rapid City, S.D.
1983	Sterling, Colo.
1985	Chadron, Neb.
1987	Cheyenne, Wyo.
1989	Rapid City, S.D.
1991	Fort Collins, Colo.
1993	Cheyenne, Wyo.
1995	Gering, Neb.
1997	Rapid City, S.D.
1999	Greeley, Colo.
2001	Casper, Wyo.
2003	Mitchell, Neb.
2005	Rapid City, S.D.
2007	Fort Collins, Colo.

Four C's to Watch in the 2007 Farm Bill

University of Nebraska-Lincoln economist Brad Lubben offered a straight-shooting analysis of the issues cattlemen need to be cognizant of in the proposed 2007 Farm Bill during his opening remarks to Range Beef Cow Symposium XX (RBCS) attendees Dec. 11, 2007. Lubben replaced Colorado Democratic Senator Ken Salazar on the speaker list for the conference, as Salazar was still in Washington, D.C., with Congress in session.

Lubben focused his remarks on how the beef industry may be affected by pending Farm Bill legislation. He acknowledged that this Farm Bill will be unique due to present drivers such as record net farm income nationally, a tight federal budget, trade issues and continual changes in the political arena.

That said, Lubben identified four C's worth focusing on for cattlemen — country-of-origin labeling (often referred to as COL or COOL), competition, conservation and commodities. He shared these remarks on those four issues:

Country-of-origin labeling. "COOL is coming, whether this Farm Bill is passed or not. Mandatory COOL is on the way Sept. 1," Lubben said. He noted that there are revisions within current country-of-origin labeling language that will make it different than earlier proposals. Namely, there is a revision in how a product may be labeled, now allowing for a pure USA product, a label indicating a mix of product from the USA and foreign countries, and a label for product purely of foreign origin.

He also noted that the proposed country-of-origin labeling legislation includes a grandfather clause that would allow everything in the United States on Jan. 1,

2008, to be grandfathered in as being of U.S. origin. "That is significant as it eases some of the burden for producing back records," Lubben explained. He indicated that this clause would also allow for the U.S. Department of Agriculture (USDA) to write rules this spring that could then allow for a September implementation.

The cost of implementing country-of-origin labeling is still a widely debated range, with estimates from \$150 million to \$6 billion.

— Brad Lubben

Regarding recordkeeping, Lubben explained that the proposed rules offer a little more insight as to what type of records will be expected from retailers, wholesalers and packers in the event of an audit. But, he said, it is still vague as to what records suppliers may want from producers.

Likewise, Lubben admitted that the cost of implementing country-of-origin labeling is still a widely debated range, with estimates from \$150 million to \$6 billion.

"It's still a debatable question as to what this will cost and what consumers are willing to pay. And we really won't know until we test this and have implemented COOL for a couple years," he surmised.

Cost aside, Lubben indicated that country-of-origin labeling is just the beginning of the traceability and process-verified programs (PVP) that some retailers are beginning to demand. "In the end, traceability and PVP will trump COOL. The demand for those systems is growing," Lubben said.

Competition. Lubben suggested the proposed ban on packer ownership of cattle may not be beneficial to producers or consumers. Packer-owned cattle are a small percentage of the beef market, with the beef industry still being a largely spot-driven market, he said. That said, if packers have some market power and control of supplies, it may allow them economies of scale, which



Brad Lubben

in turn translates to efficiency across the industry and more competitive prices.

"The benefits of economies of scale outweigh the detriments of packer ownership," Lubben concluded, and added that he anticipates this proposal will be dropped from the final Farm Bill product.

Conservation. Lubben noted that several programs such as the Conservation Reserve Program (CRP), the Environmental Quality Incentives Program (EQIP), and more recently the Conservation Security Program (CSP) have been beneficial to agriculture. But he cautioned beef producers to be watchful of how these programs are funded in the future.

Currently, the House and Senate are at odds over funding for EQIP, which the Houses favors and which is more beneficial to livestock producers. The Senate proposes more money for CSP. This bears paying attention to, he told attendees.

Commodities. In his final remarks, Lubben emphasized how crop production and energy policy have greatly affected the livestock industry. "If a renewable fuels bill is passed, we could see more competition for commodities," he said.

Currently, the United States is using 7.5 billion gallons (gal.) of ethanol, he said. If that goes to 15 billion gal. it will require 25 million acres of corn. Additionally, if cellulosic ethanol becomes a reality, it could require 40 million to 115 million acres of forages. As a result, Lubben said, cattle producers may not only be competing with ethanol for corn acres but also for forage.

— by Kindra Gordon

U.S. Cattle Industry Sees Shift with Ethanol Era

The ethanol industry boom and subsequent higher corn prices are shifting fundamentals in the U.S. cattle industry. And, Andrew Gottschalk, senior vice president of R.J. O'Brien & Associates and owner of HedgersEdge.com LLC, Englewood, Colo., said those changes aren't going away. Corn used for ethanol is expected to expand from 2.125 billion bushels (bu.), or 20% of annual production, to 4.3 billion bu. in 2009-2010, or about 30% of annual production.

"The immediate impact of the Renewable Fuels Standard (RFS) is the sharp increase in corn prices resulting from increased corn demand for ethanol production. It has substantially increased the cost of corn to all users," he said. "The sector of our industry most susceptible to the adverse impact of a sharp increase in corn prices is the cow-calf sector. Higher corn or feedgrain prices will ultimately limit the price the fed sector will pay for calves and feeders."

Not all regions of the beef industry will be affected to the same degree. Gottschalk noted ethanol production capacity is concentrated in an area that encompasses Iowa, Nebraska, Illinois, South Dakota, Minnesota, Indiana and Wisconsin. That capacity is attracting more cattle feeding.

"The move follows decades of decline, as cheap feedgrain prices and relatively cheap transportation costs had encouraged the growth of cattle feeding in the Southern Plains," he said. "The advantage in the Midwest (with availability of dried distillers' grains, or DDGs, for feed) can reduce feeding gain costs by as much as \$10 per hundredweight (cwt.). For cattle expected to gain 500 pounds (lb.) while on feed, the cost savings can approach \$50 per head."



Andrew Gottschalk

In the short to intermediate term, Gottschalk said that Midwest cow-calf producers and stocker operations will see additional demand for feeders and calves on feed. Some of the feed gain cost advantage can be passed on via higher prices. Producers can also reduce feeding costs for cows. Wet distillers' grain (WDG) can cut daily winter costs by 40% or more. Distillers' grain can be fed at 10% to 15% of the ration on a dry-matter (DM) basis in backgrounding operations.

At the same time, additional regional feedlot expansion will only exacerbate the current feeder and calf shortfall. "The Midwest is also limited by a lack of fed-cattle daily harvest capacity," he said. "The differential in capacity is already being realized. Price premiums for Iowa/Nebraska fed cattle over Texas have eroded from 50¢ to \$1.00 per hundredweight to a 75¢- to \$1.30-per-hundredweight discount."

Ultimately, Gottschalk said, the price of fed cattle will be determined by consumers. "If fed cattle prices cannot increase to offset higher feeding costs, the necessity to ensure a profit margin to the fed sector will force the price of other inputs to adjust lower," he said. "Higher corn or feedgrain prices will limit the price the fed sector will pay for calves and feeders."

Gottschalk predicted herd expansion is likely to be limited. Expansion in current ethanol mandates would also intensify competition for land.

"Price differentials will eventually reduce some of the gain realized by Midwest producers," he said. "Long term, structural requirements are likely to lead to more ethanol plant expansion closer to end users. While such action will temper the advantage garnered by Midwest producers, it will not negate the advantage. Public perception and government ethanol programs will not likely concern themselves with any impact on the cattle industry. But these impacts will not be invisible, nor unsubstantial."

— by Barb Baylor Anderson

Antagonisms, Protagonisms of Alternative Energy

During recent years, discussion of renewable energy sources often revolves around corn ethanol. However, Leanne Stevenson told Tuesday morning's RBCS audience that another answer is blowing in the wind.

Stevenson, manager of the Wyoming Department of Agriculture's Natural Resources and Policy Division, said total wind energy used in the United States increased by 800% from 1989 to 2005. Preliminary data from the Energy

Information suggests it increased by another 45% in 2006.

"Don't cuss the wind. It has value for more than just pumping water for cows," Stevenson said. "Wind power generation is increasing

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faster than any of the other alternative energy sources.” The leasing of development rights to wind energy developers represents another way that landowners can diversify their ranching operations.

Stevenson encouraged producers to consider several factors, including whether they are located in an area that provides the right kind of wind at sustained speeds, before becoming involved in utility-scale wind energy projects. Other factors, she said, include the available market for wind energy, transmission access and capacity, environmental impact, and community response. She advised ranchers to consider which factors might be antagonisms or protagonisms before signing development rights over to developers.

Marketing options include negotiating with developers directly or through a “wind association” of several landowners representing a block of land identified as



Leanne Stevenson

having good wind potential. The association can then entertain bids from developers.

Colorado Commissioner of Agriculture John Stulp said ranchers often are better off to

work through a group. He advised producers to do their homework first, particularly since lease contracts usually are long-term agreements that may affect heirs or other subsequent owners of the property involved.

Stulp said the largest single factor limiting wind energy development may be the lack of high-voltage transmission lines to carry generated electricity to the large load centers. While many rural areas need more infrastructure for large-scale developments, he said, there is considerable opportunity for smaller, community-based wind-generation projects.

“And there is growing opportunity for ranchers to improve profitability,” Stulp agreed. “Wind is a winner as an environmentally friendly renewable energy source. It uses no water, there are no carbon emissions and there is potential value in the sale of carbon credits.”

— by Troy Smith

Global Options for U.S. Beef Exports

Japan, Mexico, Canada and South Korea offer the greatest potential to expand U.S. beef exports, said Brett Stuart, international market analyst for Cattle-Fax.

During his presentation at the opening session of the 2007 RBCS, Stuart said these “tier-one markets” have more short- and medium-term growth potential than anywhere else. For example, Japan has the



Brett Stuart

most dollar value and tonnage value for U.S. beef exports in the future. He also pointed out that the United States can compete very well against Australian beef on quality and exchange rate on beef exports to Japan.

The Mexico market has slowed down, but shows very good potential long-term, while Canada bought 38% more beef than a year ago due to a stronger Canadian dollar. South Korea is the wild card of the group, because it has signed a free-trade agreement (FTA) with the United States, but Stuart wasn't sure when it would be fully implemented.

In addition to these markets, he said that Russia, China and some specialty niche markets offer promise for U.S. beef exports. Russia just re-opened its markets in November 2007, so it will take some time to export more beef to that country. Stuart noted that U.S. beef shipments were about 94% liver, but that business was shifted to Egypt. Plus, South American countries own 90% of the Russian beef export market by offering cheap, low-value cuts of beef.

As for China, hotels, restaurants and fast-food chains offer the biggest potential for U.S. beef exports. A big challenge is that

only a small percentage of China's 1.3 billion people can afford to eat in restaurants that use imported products. Per capita income for China's rural residents was only about \$300 in 2003, and urban income barely topped \$1,000 per year. However, the top 15% of China's urban dwellers make \$5,000 or more per year, which allows these consumers to better afford Westernized food. Another obstacle for exports to China is the lack of refrigerated trucking and knowledge on handling U.S. beef cuts.

While the opportunities are there for U.S. beef exports in the global market, there's plenty of work ahead. One of the driving factors will be expanding incomes, Stuart said. As people's income grows, they tend to eat more meat. He noted that 2008 offers a huge opportunity for U.S. beef exports to recover, especially if the Japanese and South Korean markets open up. On the downside, the U.S. market will continue to deal with protectionist policies in countries such as China and declining U.S. beef production, which is a big hindrance for growth.

— by Jane Messenger

Monitoring Grazing Lands

Charged with telling the Range Beef Cow Symposium (RBCS) audience about the “how, why, when and what?” of monitoring grazing lands, Colorado State University rangeland specialist Paul Meiman said ranchers first needed to understand what grazing lands monitoring is.

“Monitoring is the orderly collection, analysis and interpretation of information and data used to make short- and long-term management decisions. It’s trouble-shooting your system to see if things are working,” Meiman said. “But it’s more than just collection of information.”

The information and data collected as part of a monitoring effort must be put to use to support management decisions. Meiman said that requires analysis and interpretation relative to management objectives. Monitoring serves little purpose in the absence of management objectives.

According to Meiman, the reason why ranchers should monitor grazing lands is to test their management decisions. It’s not about proving that certain management decisions were right. Rather, it’s about finding out if they are bringing the operation closer to management objectives and whether management practices could be changed for the better.

Steps toward initiating a monitoring system start with identifying objectives for the land, such as increasing plant cover



Paul Meiman

or increasing the abundance of desirable plants while reducing that of less-desirable species. For example, a rancher might want to increase perennial grass cover on his range by 20%-40% during the next 10 years. Owners of private land can find help to set realistic objectives by consulting with natural resource specialists. On public lands, objectives will be influenced by the government land management agencies.

“Once objectives have been identified, consideration can be given to the types of information and data that need to be collected, when they should be collected and where monitoring should occur,” Meiman

said. “If the objective were to increase cover of perennial grasses over the next 10 years, the monitoring program must include measurement of perennial grass cover.”

Monitoring influences short- and long-term decisions. Short-term monitoring often focuses on factors influencing plant growth during a given year. Long-term monitoring focuses on trends, or how plants have responded to factors over a period of years. Consideration of short- and long-term information, together, provides opportunity to detect changes in grazing lands and identify the effectiveness of management.

Meiman said it is often impossible to measure all of the land, so smaller monitoring locations must be identified. “Representative” areas are chosen to represent a larger unit. A “key” area is one that is monitored because its management might be slightly different than those that surround it. “Critical” areas are those so different from the larger unit that special management is required.

“Monitoring is a process that does require time, but the potential benefits are great,” Meiman said. “Most individuals who have implemented monitoring programs feel the investment of time has been well worth it. Many of these folks agree that the best time to start monitoring was 10 years ago, but believe the second-best time is right now.”

— by Troy Smith

Partner with Federal Agencies for a Win-Win Outcome

A wide range of relationships exist between ranchers and various federal agencies in terms of the quality and complexity of those relationships. Any good relationship can, at a minimum, build on the two partners’ shared interest in high-quality, sustainable resources.

“The list of reasons for differences in the quality of relationships can be lengthy,” Eric Peterson told attendees of Thursday’s session on range and forage management at the 2007 RBCS. Peterson is the area natural resource education specialist for the

Wyoming Cooperative Extension Service Mountain West Extension Area. “It should be heartening to know that thoughtful management of those relationships can yield positive results. You can build win-win programs.”

While many agency programs are “prebuilt” or already established programs, Peterson said other programs that benefit your resources can be structured through the right partnership. He stressed four factors that must be understood to move forward:

- ▶ everybody likes success;
- ▶ the relationship must service the interests of both parties;
- ▶ you must focus on interests, rather than positions; and
- ▶ the relationship must be fair — interests and resources must be satisfied for both sides.

“One important point often overlooked, particularly by producers, is that when entering into a negotiation with a federal agency, producers are motivated by whatever

they believe the relationship can offer.

They likely have a financial stake, a focus on stewardship/sustainability and personal interests,” he said. “On the other side of the table, the agency representative is motivated by professional responsibility, personal values and professional success.”

With those motivations in mind, producers and agencies must use sound negotiation skills. “Potential partners have something to offer, and each has something they wish to gain,” Peterson explained. “Honesty and openness are almost always the best policies. Gamesmanship and hardball are poor strategies for reaching solutions when you work toward win-win programs with a federal partner. One of the outcomes of negotiation must be a durable, healthy relationship.”

Peterson encouraged producers to focus



Eric Peterson

on interest-based problem solving rather than preconceived solutions or position-based

tactics. When all parties value and respect each other’s interests and the related issues, a variety of solutions are more likely to develop.

“Four simple elements serve as program builders, including focusing on interests,” he said. “Others include separating the people from the problem, considering a variety of possibilities before deciding what to do, and insisting that the result be based on some objective standard.”

Peterson continued, “When you can build on the journey you take with the partner and come out on the other end with a great deal of respect for that partner, it’s a program that’s going to last. These techniques stimulate openness and trust in a relationship, which, when coupled with the program’s probability of achieving the goals, assure a durable and successful win-win program.”

— by Barb Baylor Anderson

Supplementing Grazing Cows

Kenneth Olson of South Dakota State University offered some cowboy economics and a little philosophy on the delivery and implementation of a rangeland supplementation program during the 2007 RBCS.

Cows plus a forage resource equals a fixed cost that will affect cow performance, Olson said. Ideally, a forage supply is abundant and the crude protein levels are above 5%, but that is not always the case. When nutrients are lacking, a supplementation program must be implemented.

With that in mind, Olson offered two goals: (1) reduce the cost of supplementation delivery, and (2) ensure the feedstuff is consumed as uniformly as possible by all cows in the herd.

There are generally two ways to supplement — hand-feeding or self-feeding, Olson said. Producers must decide which method provides the most nutrients and is the most cost-efficient.

Hand-fed supplements will be consumed at the rate they are delivered. Olson noted several studies showing the differences in hand-fed supplementation by frequency of delivery. He focused on Bohnert et. al. (2002) in which cows were supplemented daily, every third day or every sixth day.

The results showed increased performance as delivery frequency

increased, Olson said. One advantage with increased delivery frequency was decreased influence of dominance, or competition, providing a more consistent intake. Another advantage was there were positive results shown by all feeding frequency increases, not just for the daily regimen, indicating you don’t have to deliver supplements every day to get improved performance.

“Simple cowboy economics show us that if you deliver less [often], you save money,” Olson said, noting the labor, fuel and equipment savings. “We see opportunities to decrease delivery and an opportunity to help improve nutrition.”



Kenneth Olson

Self-feeders are also an option in supplementation. Self-feeders reduce delivery requirements, allowing the animals to come and go as they choose. Most self-feeders incorporate some type of intake limiter, such as the hardness of a lick tub, to limit the intake in a single setting.

Self-feeders do have a large variation, Olson explained, from hardness to crude protein, forage quality, familiarity with the supplement, and social interaction/dominance. However, if placed correctly, self-feeders could help increase forage utilization in some underutilized areas.

Olson warns that while self-feeders will cost more initially, delivery will be less expensive. That will save money through delivery equipment (truck or tractor); labor; and, depending on traveling distance, gas and/or diesel fuel.

Whether hand-feeding or self-feeding supplements, Olson advised putting a pencil and paper to it, looking at what works best for your operation. Look at what protein and energy supplementation is needed and what resources you have to provide the supplements.

“Think about whether or not the cost balances for you,” Olson said. “Opportunities to make costs change exist.”

— by Mathew Elliott





Tim Davis

Creating Value and Being Rewarded

The days when U.S. beef producers could expect consumers to blindly trust them have ended, said Tim Davis of CowSense information management systems. Speaking to the Range Beef Cow Symposium (RBCS) crowd Dec. 13, 2007, in Fort Collins, Colo., Davis said the beginning of the end came with a “Christmas cow” discovered to have bovine spongiform encephalopathy (BSE) in December 2003.

“Now consumers, internationally and domestically, want higher standards and better verification of beef marketing claims,” Davis said. “That can be a good thing. While



Jim Lerwick

beef producers generally are committed to producing a good product, they’re being stimulated to hold themselves to higher standards and do an even better job.”

Davis said the beef industry has responded through changes that are market-driven. Export markets have enacted requirements on beef shipments from the U.S., and domestic branded beef programs also require suppliers to meet verifiable specifications. As producers consider adding value to their production through Quality Systems Assessment (QSA) program practices required for exported beef, or process-, age- and source-verification programs required by the branded beef market, they must consider whether adoption of required practices fits their management capabilities and the potential return on investment (ROI).

In virtually every case, Davis said, a key to success is documentation of production practices required for program compliance. The recordkeeping practices might also have additional value as an aid in better managing their operations.

“Better records can reveal opportunities to make improvements through genetic selection for economically important traits,” Davis said. “They may want to consider what differences in their cow’s calving intervals are costing. Or, what differences in return are associated with marketing calves at weaning, as yearlings or at harvest.”

Wyoming cattleman Jim Lerwick told the audience that his objective is to maximize revenue by creating measurable or perceived value. He also wants to know what input costs produce the greatest margin potential and reduce those costs that are not contributors.

Management to enhance value includes improving performance potential and market appeal of calves, either for sale or retained

ownership, through attention to genetics and animal health programs.

Lerwick said crossbreeding can’t be ignored in his production system. His records indicate breeding Charolais sires to black baldie cows results in calves that return \$70-\$100 more, during their lifetime, than do straightbreds. About half of that difference is garnered prior to weaning, Lerwick said, and the other half afterward.

Other value-enhancing management areas include timing the sale of cattle with periods of historically favorable prices and pursuit of premiums through source and age verification.

“Source and age verification [have] added \$25 to \$34 [per head] to the end-value of cattle for us,” Lerwick said. “There are many ways to add value. However, without

“Sustainability of the business depends on enhancing value and cost control, balanced by personal and business goals.”

— Jim Lerwick

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measurement of cost and return of each opportunity, invalid conclusions may hide the reality of the decisions.”

Along with cash costs, Lerwick said opportunity costs must be considered.

And there are noneconomic costs that may not have a dollar value but still may be a deciding factor in the sustainability of an enterprise. Examples include quality of life and conservation benefits.

“Sustainability of the business depends on enhancing value and cost control, balanced by personal and business goals,” Lerwick concluded.

— by Troy Smith

Market Changes Bring Market Opportunity

More opportunity exists in the cattle industry today than ever, in large part due to changes in the supply and demand fundamentals of the cattle market and outside forces. Randy Blach, executive vice president of Cattle-Fax, said that in order to be successful, the industry needs to embrace the globalization of the marketplace and learn how to thrive in it.

“This is not a supply-driven market. It is a market that will impact everyone in the cattle system,” he told attendees of Thursday’s RBCS sessions on markets and marketing. “This is a tremendous opportunity for beef producers, but we have to have access to these international markets. It is a much different ballgame with globalization and higher corn prices, and not the same business that we grew up with.”

Blach noted world beef production is growing, but the lion’s share of the growth is happening in places like Brazil, China, Argentina and Uruguay.

“We need to understand what it takes to be part of that market and to be a viable industry in the future. We need to export more of our beef production,” he said. “That means getting back the markets we lost in

The weakest dollar in U.S. history also makes U.S. beef more attractive overseas.

— Randy Blach

2003, Korea and Japan, and adding China. Those markets would add \$85 per head to what producers receive today.”

The weakest dollar in U.S. history also makes U.S. beef more attractive overseas.

“As the dollar weakens, corn and wheat prices go up and there is more international buying power from places with more wealth, like in China and India,” he said. “At the same time, we can’t build a strong U.S. economy on a weak dollar. We are likely to continue to see slowdowns in our economy, which will impact our business.”

Blach said that despite profitability within the cow-calf sector for the last decade, herd expansion is not occurring.

“We have record-high feed prices,” he explained. “Cow-calf costs are up 20% to 25% over the last three years. It is going to cost more to produce calves every year, and I see no change in that on the horizon.”

In addition, growth within the herd has been limited by drought, higher land values, growing ethanol production, alternative land uses, urban sprawl and more.

Blach acknowledged that even with a stable herd size, U.S. beef production is rising to meet demand. “We are producing more beef from fewer cows. Production will increase 1.5% to 2% next year, even though the size of the factory hasn’t changed. Carcass weights will be up 15 to 20 pounds,” he said. “We were fortunate that fed cattle, retail and wholesale prices were higher this year.”

For the next 12 months, Blach predicted, fed prices may average in the \$92-\$94 range,

calves in the \$117-\$120 range, and feeders at \$105-\$106.

“Producers in the West and Southeast will have to be more efficient to stay competitive with the Central U.S.,” he concluded. “Stockers and the cow-calf sector are profitable, but cattle feeders and packers are in the red. Globalization is here, and we need to figure out how to participate.”

— by Barb Baylor Anderson



Randy Blach

You Can Calve in June

Rancher Paul Redd has made Mother Nature his partner. Redd, who manages 1,200 cows on 250,000 acres of public and private land on the Colorado-Utah border, now calves in June.

“We finally admitted we were violating our own principles, after 50 years,” he told attendees of the 2007 Range Beef Cow Symposium (RBCS) in Fort Collins, Colo. Half of Redd’s cows produce registered bulls and heifers for an annual April bull sale. The other half is comprised of commercial cows. The cows winter on the desert and summer in the mountains.

“We were using Mother Nature to help us find the best-producing cows by culling those that did not wean a calf each year,” he said. “We decided to build a cow herd adapted to work efficiently in our environment.”

At the same time, Redd said, they ignored the high cost of forcing an arbitrary calving date.

“We wanted March/April calves,” he said. “The ‘green’ started in March, but there wasn’t enough to get a mouthful until May. Cows were calving when there was not enough quality forage to support her and her new calf. We knew that. We were forever trying various supplements and/or substitutes for the range, adding \$50 to \$150 per cow per winter.”

Redd changed to June calving for his commercial cows to lower costs, use less labor, have less stress on cows and cowboys, and provide more markets and options of what and when to sell.

“We use less supplements,” he shared. “In the past four years, our cows have received



Paul Redd

only a mineral with urea. In order to have good reproduction, the cows must be in good shape, a 5 or better on body condition score, at calving and breeding.”

Redd said June-calving cows need much less attention, which saves on labor.

“Cows still must survive the spring, the long walk to water and range forage that is sparse and weathered. But, without a calf at side it is easier,” he explained. “We have better-milking cows. The calf is born easier, and [the] calf survival rate is better. The calf is dropped in green pasture in warm weather.”

More market options and marketing flexibility with younger, lighter calves is also a plus. Redd said June calves have time to meet many different markets and different market dates, including being sold off the cow, going to pasture or going to the

June calves have time to meet many different markets and different market dates, including being sold off the cow, going to pasture or going to the feedlot.

— Paul Redd

feedlot. He sees a stronger calf market, even a premium, for his four-weight calves over five- and six-weight calves. Often, four-weights gross more per head.

“We cannot brag about the weaning weights of our calves, but we can feel good about their weight per day of age and how well they sell,” he said.

The downfall, he added, is pregnancy rates are 2%-4% lower than previously.

“We hope to provide higher-quality feed by returning in September and October to re-growth in pastures grazed in June and July. Some forage should still be growing with better overall value,” he said. “Even though we experienced lower pregnancy rates, our total number of calves weaned per cow bred increased slightly due to better calf survival. We would not give up the lower expenses, lower labor, lower stress, greater marketing options or the improvement in quality of life.”

— by Barb Baylor Anderson

Production Systems

Expansion of the ethanol industry is having a major effect on all of agriculture. According to University of Nebraska animal scientist Terry Klopfenstein, the effect on cattle feeding may be the greatest that segment of the cattle industry has seen in 40 years.

Klopfenstein told the Wednesday morning audience at the 2007 RBCS that ethanol-related changes to cattle feeding economics have raised questions about which kind of production system is most suitable.

With the availability of relatively cheap corn, the industry had seen a growing share of cattle enter feedlots as calves rather than yearlings. Klopfenstein said the practice had grown to where up to one-third of finished cattle were calf-feds. As ethanol’s demand for corn drove prices higher, there was incentive to utilize forages to put more weight on cattle before they go to feedlots.

What if corn prices remain high? Believing the industry needs to be prepared for that

possibility, Klopfenstein and his colleagues summarized eight years of research comparing calf-feds to yearlings and the effects of corn price.

The data suggest something different than what many cattle feeders suspect. Analysis suggests that whether corn is priced at \$2.50, \$3.50 or \$4.50 per bushel, feeding yearlings is more profitable than feeding calf-feds. Increasing corn price generally has little effect on the profitability advantage of yearlings.

MANAGEMENT PRACTICES



Terry Klopfenstein

“Corn price will affect the price of feeder cattle,” Klopfenstein admitted, “but it is not clear that there will be large profits for backgrounded cattle — putting more of the weight on with forages, residues and byproducts. We just don’t have good historical data at high corn prices to make predictions, because we haven’t had high corn prices.”

For a rancher wondering whether it is more profitable to market calves or yearlings, the answer depends on the type of cattle. Lighter-weight cattle, like those born in late spring or early summer, fit a yearling system best. Other considerations for having a successful system include the availability and cost of grazed or harvested feed for the winter, and the cost of grass.

Klopfenstein said pasture rental rates have increased and are likely to climb higher. He also advised consideration of whether supplementation on grass would be needed

Table 1: Cost analysis of production systems as an effect of corn price

Item	Calf-fed	Yearling	SEM
	—\$2.50 per bu.—		
Steer cost, \$	846.84 ^a	739.74 ^b	4.18
Interest ¹ , \$	30.42 ^a	61.52 ^b	1.26
Feed cost, \$	189.93 ^a	144.20 ^b	6.60
Yardage, \$	58.94 ^a	31.58 ^b	1.57
Total cost ² , \$	1,155.33 ^a	1,184.43 ^b	8.18
COG ³ , \$/cwt.	52.71 ^a	47.08 ^b	1.35
	—\$3.50 per bu.—		
Steer cost, \$	782.15 ^a	666.73 ^b	6.23
Interest ¹ , \$	29.44 ^a	57.66 ^b	1.22
Feed cost, \$	254.82 ^a	193.51 ^b	8.54
Yardage, \$	58.94 ^a	31.58 ^b	1.57
Total cost ² , \$	1,154.49 ^a	1,181.53 ^b	9.52
COG ³ , \$/cwt.	62.43 ^a	57.76 ^b	1.59
	—\$4.50 per bu.—		
Steer cost, \$	722.57 ^a	610.01 ^b	74.91
Interest ¹ , \$	27.31 ^a	52.58 ^b	1.15
Feed cost, \$	319.71 ^a	242.83 ^b	10.48
Yardage, \$	58.94 ^a	31.58 ^b	1.57
Total cost ² , \$	1,153.95 ^a	1,180.66 ^b	11.07
COG ³ , \$/cwt.	72.15 ^a	68.79 ^b	1.87

^{a,b}Means within a row with different superscripts differ (P < 0.05).

¹Interest is the total amount of interest accrued from the animal and all costs of production.

²Includes backgrounding cost from Table 3 plus health costs and cost of death loss.

³COG is the cost of gain for the entire production system.

Note: This is Table 2 from the proceedings of Terry Klopfenstein’s presentation, which is available at www.rangebeefcow.com.

to achieve expected summer gain. And transportation costs for harvested feed or hauling cattle to and from summer pasture must be added to the total.

The choice of production system

will depend on the resources individual producers have at hand, Klopfenstein concluded.

— by Troy Smith

Benefits of Weaning Calves at Younger Ages

Barry Dunn designed a graphic called the Ranch Wheel (see Figs. 1 and 2, page 236), in which the spokes represent the things that make up the ranch, relayed Trey Patterson at the 20th RBCS. Dunn is the executive director of the King Ranch Institute for Ranch Management at Kingsville, Texas.

“The question we have to ask ourselves is what drives this wheel,” Patterson said, adding that often “the things that force us to

make managerial decisions on our ranches are stress and conflict, such as droughts, poor markets and high prices.”

Patterson said a possible solution to the stress and conflicts is having an organized decision-making process. For instance, instead of letting drought force management decisions, consider in advance the opportunities weaning calves earlier than normal could offer in different situations.

“There are a couple of different ways to outline early weaning dates,” Patterson said. “Weaning before the start of the breeding season has been shown to improve reproductive performance during the year. Improved reproduction can be due to removal of the sucking stimulus or from improved energy balance of the cattle. Weaning calves late in the breeding season

CONTINUED ON PAGE 236



Trey Patterson

“Weaning calves early is not a magic bullet.”
— *Trey Patterson*

likely will not yield any improvements in reproduction during the year in which calves are weaned.”

Patterson cited a study developed by a group of scientists from South Dakota State University, North Dakota State University and the University of Wyoming to evaluate early weaning of beef calves. The scientists used a two-year period to evaluate the correlation of weaning dates to the body condition score of cows.

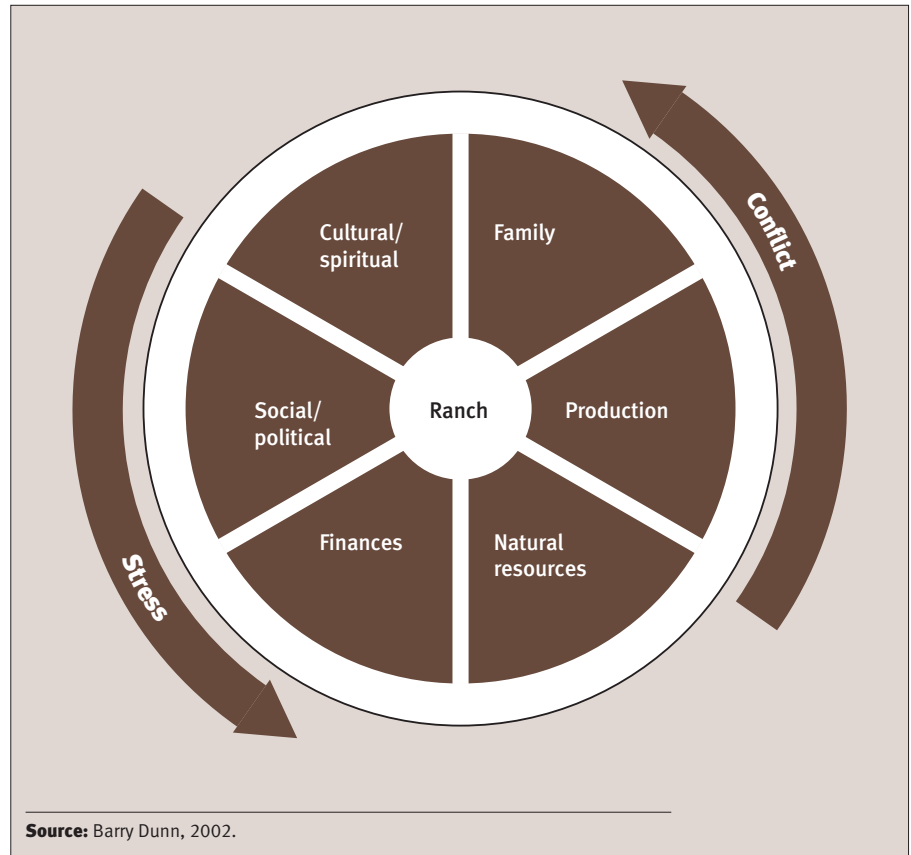
“Calf gains were similar overall, but the early-weaned calves were significantly more efficient at converting feed to gain in two of the three locations,” Patterson said. “Finishing performance was not markedly different between treatments, except early-weaned calves finished at an average 32 days younger with 51 additional days on feed.”

The commercial cattle business is run on weight, Patterson said, and weight is an important factor in selling calves. The Padlock Ranch, where Patterson is employed, weans earlier than normal if necessary to manage body condition score and to manage grass during drought conditions.

“Weaning calves early is not a magic bullet,” Patterson said. “Every business needs to make this calculation given current costs and markets to make a wise decision. Do not forget to look at the whole system when making a decision on time of weaning.”

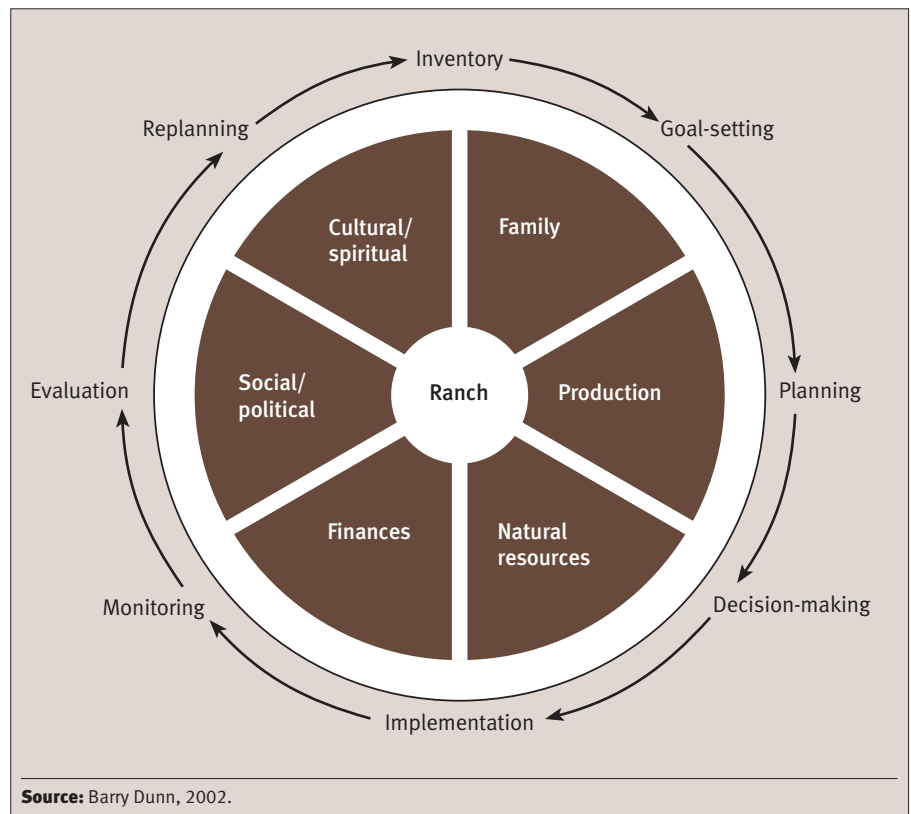
— *by Tosha Powell*

Fig. 1: The Ranch Wheel



Source: Barry Dunn, 2002.

Fig. 2: Integrated Resource Management decision-making process



Source: Barry Dunn, 2002.

Using Byproduct Feeds in Cow-Calf Programs

Leading off Tuesday afternoon's discussion of cow-calf nutrition at the 20th Range Beef Cow Symposium (RBCS) in Fort Collins, Colo., University of Nebraska Extension Beef Specialist Ivan Rush offered producers tips for choosing and using various byproduct feeds.

Most commonly, Rush said, byproducts of the oilseed and corn-milling industries have been considered as sources of protein to supplement cows consuming diets consisting of low-quality roughages. However, in many cases corn-milling byproducts may serve as sources of protein and energy.

Rush emphasized the importance of knowing the nutrient content of any byproduct feed, including levels of protein, energy and minerals. It's also important to know the moisture content.

"The thing that many producers don't pay enough attention to is amount of water in the byproduct. Small variations in moisture content can change the true feeding value dramatically. That can make a big economic difference," Rush explained. "All feeds should be priced on a dry-matter (DM) basis."

Rush said crude protein (CP) value is usually listed on a feed sack tag or included in a laboratory analysis, but that doesn't tell the whole protein story. It doesn't tell the amount of protein that is available for digestion in the rumen and how much might be bypass protein. A consulting nutritionist can help determine the true



Ivan Rush

value of crude protein. An accurate estimation of energy [total digestible nutrients (TDN) and net energy (NE)] also is advisable.

Corn byproducts have gained popularity, particularly in areas near processors. According to Rush, these feeds can fit almost any diet for growing cattle, developing heifers and cows. Along with being excellent sources of protein, energy and phosphorus (P), they do not lower digestibility of forages, unlike feed sources that are high in starch. For this reason, higher levels of distillers' grains (DG), for example, can be fed when more energy is needed or as a substitute for part of the forage in cow diets.

"Dried distillers' grains (DDGs) complement wintering programs based on

low-quality hay quite well. One to three pounds (30% protein) will usually meet cow requirements for protein," Rush said.

The product handles and stores reasonably well, whether it's in pellet, cube or meal form. Many ranchers report very little waste when feeding on frozen ground, even with meal. And even if 10%-15% were wasted, the price may be competitive with alternative feeds. Wet product is priced lower per ton, but it contains a considerable amount of water. That adds to freight costs, and wet product presents challenges for storing and feeding.

With regard to oilseed byproducts, Rush said, cottonseed products have been fed by generations of ranchers. Cottonseed remains one of the best protein supplements for range cows, but is not as economical as in the past. Soybean meal provides high-quality protein, but demands a relatively high price.

Sunflower meal has become more plentiful and is being used in commercial range cubes. Rush says sunflower meal tends to be variable in nutrient content, and protein quality usually is not as high as in other oilseed byproducts unless all of the hulls have been removed.

Which byproduct should ranchers choose? Rush advised use of least-cost analysis based on delivered prices. Often, he added, a good decision can be made by concentrating on the cost of the most needed nutrient and figuring the cost per unit of that nutrient.

— by Troy Smith

The Basics of Scoring Body Condition

Want a historical perspective of how a cow herd has been managed? Take an inventory of cow body condition scores (BCS), said South Dakota State University's Julie Walker.

"Body condition scoring is an effective management tool to estimate the energy

reserves of a cow," Walker said during her remarks Dec. 11 at the 2007 RBCS. Walker added that monitoring BCS is a tool that doesn't cost producers anything to use since it doesn't require any equipment, just a trained eye. It can be an important tool for ensuring that cows breed back annually.

"We've heard that the more uniform a set of calves, the better prices they bring," Walker said. To get uniform calf weaning weights, producers are aiming to have calves born in a 45- to 60-day time period, which means cows must be bred during a 45- to 60-day breeding season, she explained.

COW-CALF NUTRITION

For cows to have a short postpartum interval (the length of time from parturition until the first estrus), research has shown that a BCS 5-6 (on a 9-point scale) at calving is necessary. Walker cited research that has shown if cows are in BCS 3 at calving, only an average of 43% will breed back. Additional research shows that a BCS 7 may yield a high breed-back percentage, but, Walker questioned, “What did it cost to get that?”

Thus, the moderate BCS 5-6 is typically recommended. South Dakota research has found that early-calving cows can be slightly thinner than late-calving cows because they have additional time to initiate estrous cycles prior to the breeding season.

Walker provided a quick review of the 1-to-9 scoring system used for estimating cow BCS. A BCS 3 means the upper skeletal structures, including the ribs and spine, are visible. A BCS 5 has the last two ribs slightly visible with the tailhead filled, but not mounded by fat. A BCS 7 would have the “finished steer” look, Walker said, with fat around the tailhead, in the brisket and possibly in the udder as well.

In closing, Walker cited new research done at New Mexico State University that has looked at young cows with a BCS lower than 5. By supplementing glucogenic precursors to these cows, the ranch managers have been able to maintain a

90%-plus fall pregnancy rate within a 60-day or less breeding season.

Walker concluded that this research may provide some valuable management options for managing thin cows that are not at their optimum BCS, but additional trials need to be conducted to see if this research is applicable in the Northern Plains.

Walker reiterated the importance of monitoring BCS in the herd, and she added that early evaluation is essential so that management changes can be made to approach calving season with cows at an appropriate BCS that translates into a successful breeding season.

For more information about how to score body condition, visit www.cowbcs.com.

— by Kindra Gordon



Table 1: Effect of BCS at parturition on postpartum interval (PPI)

BCS	PPI, days
3	88.5
4	69.7
5	59.4
6	51.7
7	30.6

Source: Adapted from Houghton et al., 1990.

Table 2: Effect of BCS on percentage of cows cycling at the start of the breeding season

BCS*	No. of cows	% cycling		
		May	June	July
Early-calving cows				
≤4	45	10.0	28.2	70.5
5	84	17.8	43.5	85.6
6	43	41.9	77.5	97.5
≥7	25	45.9	76.6	94.7
Late-calving cows				
≤4	14	0.0	0.0	44.7
5	41	0.0	26.0	74.4
6	22	0.0	35.3	98.5
≥7	6	0.0	65.8	99.1

*BCS assigned in March before calving.

Source: Pruitt and Momont, 1988.



Julie Walker

“Body condition scoring is an effective management tool to estimate the energy reserves of a cow.”

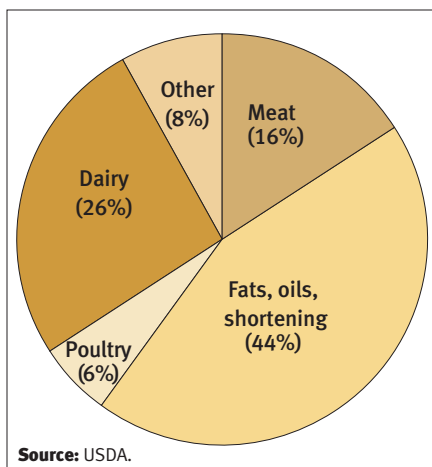
— Julie Walker

Beef's Role in a Healthy Lifestyle

We've all heard the slogan "Beef. It's what's for dinner." But in the future, consumers may also want to remind themselves that "Beef does a body good."

Marilyn Schnepf, chair of the Nutrition and Health Sciences Department at the University of Nebraska-Lincoln, provided an overview of beef's healthful attributes to attendees of the Range Beef Cow Symposium (RBCS) XX in Fort Collins, Colo., Dec. 11, 2007.

Fig. 1: Saturated fat sources in U.S. food supply, 2004



"Beef is an excellent source of essential nutrients," Schnepf said, as she listed protein, phosphorus (P), selenium (Se), iron (Fe), zinc (Zn) and vitamin B₁₂ among the essential nutrients that beef provides.

Schnepf noted that in the past the downfall of beef for those seeking a healthy lifestyle was the perception of its fat content. But, she explained, that negative perception is changing as the nutrition community is learning more about fat.

"We've learned that all saturated fat is not created equal," she told meeting attendees. Schnepf cited research trials that have found some beneficial properties of stearic acid from beef sources. Likewise, research into conjugated linoleic acid (CLA), another type of fat found in beef, appears to offer some health benefits.

Schnepf said more research is needed to clarify just how these fats, and how much of these fats, may fit into a healthy lifestyle, but it is a step forward for the beef industry in being recognized for additional attributes.

In closing, Schnepf cautioned that messages on good and bad fat can get

confusing to consumers. "We used to think all fats were bad, and that's not true," she reiterated. "We are learning more all the time."

She concluded, "The fat we find in beef has unique properties, and more research is being conducted to learn about people's fat requirements. ... We know that fat cells are more than storage for fat; they have a real metabolic use in

producing things for the body."

Until we know more, she said, the best advice is that which most of us already know:

1. Eat a variety of foods.
2. Eat those foods in moderation to balance calories consumed with calories expended.

If we balance what we eat with the energy we expend, we would all be much better off, Schnepf remarked.

— by Kindra Gordon

Beef is an excellent source of five essential nutrients:

- ▶ protein
- ▶ selenium
- ▶ vitamin B₁₂
- ▶ zinc
- ▶ phosphorus

Beef is a good source of four essential nutrients:

- ▶ niacin
- ▶ iron
- ▶ riboflavin
- ▶ vitamin B₆

Selling Beef Successfully in the Restaurant

John Pickerel probably has stronger ties to the livestock business than most restaurant owners. His father was a professional bull rider who later had several livestock-related businesses, including operating a stockyard and being an order buyer. Pickerel jokingly told Tuesday's RBCS crowd that his dad always had a bull rider's business philosophy: "Try to get rich in eight seconds."

Pickerel lives by a different credo in running Buckhorn Steakhouse and



Roadhouse. In all, Pickerel operates 10 restaurants located in the San Francisco Bay area. He has devoted years to "doing meat right" and promoting Buckhorn's signature

high-quality beef. He caters to the beef lover in every potential customer.

"If we do our job right, we can convert die-hard vegetarians, stubborn children and skeptical Texans. They will talk about the experience and return for more," Pickerel stated.

The Buckhorn menu has expanded, but Pickerel started his first restaurant with "beef on a bun" and just a little au jus. The business grew by always offering a reliable



John Pickerel

product — premium Choice beef, wet-aged, carefully seasoned and cooked medium-rare “edge to edge.”

“We’re fanatical about it,” Pickerel said. “We take quality very seriously and promote the flavor of red and pink beef. We’re aggressive about explaining to the customer why they should and will enjoy it.”

Why premium Choice beef? Pickerel said he wanted restaurant reviews to tell more about his fare than that the portions were ample. He followed the example of other successful, high-end restaurants that served the *Certified Angus Beef*® (CAB®) brand and attracted line-up business.

Pickerel employs his own meat cutter to cut beef to customer specifications. Servers must be “certified” after completing Buckhorn’s own “Cow School,” which trains employees with regard to differences in meat cuts, as well as the differences in beef quality, aging, marinating and preparation methods. The restaurants

“If we do our job right, we can convert die-hard vegetarians, stubborn children and skeptical Texans. They will talk about the experience and return for more.”

— John Pickerel

also promote their fare through sampling, offering customers a taste of new entrées to pique their appetites.

Annually, Buckhorn restaurants serve 500,000 pounds (lb.) of CAB brand beef to more than 100,000 patrons.

— by Troy Smith

Selling Beef Successfully at Wholesale

Charlie Winters from Costco Wholesale Corp., Issaquah, Wash., led a discussion of the success Costco sees from selling beef as a retailer. Winters revealed that Costco’s main focus is the quality products it brings to cardholding members.

Costco is the fourth-largest retailer in the United States, is eighth-largest in the world and ranks 29th among Fortune 500 companies. The company has 527 warehouses nationwide, including buildings in Canada, the United Kingdom, Mexico, Korea, Japan and Taiwan.

Although the company is large in numbers and profits, Winters said its No. 1 focus is and has always been its customers.

“Our mission at Costco is to continually provide our members with quality goods and services at the lowest possible price, and that will never change,” he said.

Costco has been providing USDA Choice beef to its consumers for 20 years. The company has seen \$63 billion in sales thus far in 2007 with 53 million cardholding members. It expected to end the year with an additional \$50 million for the holiday season. Winters listed the following strengths



Charlie Winters

embedded in Costco’s promise to its customers:

- ▶ 53 million loyal cardholding members;
- ▶ 86% membership renewal;
- ▶ absolute pricing authority;
- ▶ fantastic employees; and
- ▶ merchandise that speaks for itself.

Winters said Costco believes it sets the pace within the retail industry on product

Although Costco is large in numbers and profits, its No. 1 focus is and has always been its customers.

— Charlie Winters

prices. “The main competitors Costco has are Sam’s Wholesale and Wal-Mart’s Wholesale markets,” he explained, “but our Choice beef never goes out of style.”

Costco beef has a better palatability, Winters said, because the warehouses use a mechanical tenderizer to give it a consistent bite no matter the amount of marbling. Costco is the largest buyer of USDA Choice beef in the world, as well as the largest buyer of salmon and lamb.

“We sell 1 billion pounds of fresh meat yearly, with 700 million of that to the U.S. alone,” Winters said. “We are one of the best custodians of red meat. We have seen that with the rising cost in corn, fuel and

CONTINUED ON PAGE 246

transportation, the cost of meat has risen as well. Now all the proteins are fighting for value.”

Price may be a deciding factor for some consumers; however, Costco’s detail and manner in how meat is processed is proof that quality outweighs price in most cases.

“With Costco you receive 100% edible product on your plate,” Winters said. “We remove bone felt from muscle cuts, back strap from rib cuts, and we never place the first cut in a package for sale, which is something our competitors never do.”

Costco has continued its success in the

beef retail business because of its focus on quality, along with quantity. Through warehouse-produced testing and customer analysis, Costco does what is necessary to ensure product quality.

— by *Tosha Powell*

Success as Ranch-to-Retail Alliance

“We weren’t going broke in ranching yet, but we could kind of see it coming,” said Doc Hatfield, during the Tuesday afternoon session. Hatfield said that’s why he and his wife, Connie, took a hard look at their Brothers, Ore., cattle operation and decided to break out of the commodity beef business.

In 1986, the Hatfields spurred the formation of an alliance with 14 other ranch families who also embraced the concept of producing beef to meet specific consumer needs and wants. They formed Country Natural Beef, a cooperative that would merchandise beef to consumers seeking beef grown without added hormones and antibiotics. They also capitalized on their target clientele’s interest in the families that produced that beef.

The cooperative now includes more than 100 ranches owning more than 100,000 mother cows. From the marketing of three to five animals per week in 1986, Country Natural Beef has grown to where 2007 sales will include more than 50,000 head. Through the cooperative’s partnership with an Oregon feedlot and a Washington state beef processor, member-ranchers retain ownership and control of the cattle until the beef reaches a retail partner’s coolers. Retail outlets include natural food retailers in several states.



Doc Hatfield

According to Connie Hatfield, all retailers are promoting Country Natural Beef beyond the brand name by emphasizing the connection between products and the cooperative’s producer families. Consumers also find appeal in learning that the beef they buy was raised in environmentally friendly production systems and under low-stress conditions. It’s a merchandising step that adds an emotional connection and further differentiates Country Natural Beef in the marketplace.



Connie Hatfield

Accordingly, rancher members must agree to deliver cattle that are committed to the program 12-18 months in advance. They attend two three-day membership meetings per year. They agree to spend one weekend in the city promoting Country Natural Beef, and devote at least one day to hosting customers attending an “appreciation day” on the ranch or a rancher-sponsored tour. Requirements also include Food Alliance certification for humane animal handling and management principles.

“That’s what we’ve done — formed a ranch-to-retail alliance. It provides more value to the customer and more pride and meaning to our ranchers’ work,” Doc Hatfield says. “It’s simple, but it isn’t always easy.”

— by *Troy Smith*

Country Natural Meats defines itself to consumers this way:

Our product is more than beef —

It’s the smell of sage after a summer thunderstorm, the cool shade of a Ponderosa Pine forest.

It’s the 80-year-old weathered hands saddling a horse in the Blue Mountains, the future of a 6-year-old in a one-room school on the High Desert.

It’s a trout in a beaver-built pond, haystacks on an Aspen-framed meadow.

It’s the hardy quail running to join the cattle for a meal, the welcome ring of a dinner bell at dusk.

Finding Their Market



Robbie LeValley

Who is our customer? What do they want? Those were just two of the questions that Robbie LeValley asked before starting Colorado Homestead Ranches (CHR). Started in 1995, CHR is a partnership of six ranches that own their own U.S. Department of Agriculture (USDA) packing plant and market their natural beef, pork and lamb directly to consumers.

A speaker at the 2007 RBCS, LeValley was charged with explaining how CHR has been able to successfully market beef to consumers.

In 2004, CHR received a USDA rural development value-added grant and contracted with Colorado State University (CSU) to conduct market research to find out what customers really wanted. The research identified five “clusters” that were named based on how they vary in terms of demographics, buying behavior and attitudes about the important factors in meat production, LeValley explained.

The first cluster, labeled *Quality Seekers*, accounted for about 12% of those surveyed. This group looks for a wide variety of more extensive items in one shop. *Health and Natural Consumers*, comprising 13.2% of the market, value natural production practices.

Moderate Consumers — those who look for a wide variety of products available at competitive prices — accounted for 29.6% of those surveyed. *Empathetic Value Seekers*, representing 22.6%, are similar to *Moderates*, but they are more willing to purchase halves and quarters of a beef carcass since they are offered at affordable prices.

The final group, the *Price Conscious*,

searches for the best prices and usually buys in bulk. This group accounted for 22.1% of those surveyed.

After identifying these five groups, LeValley said, a marketing plan was made for each one of them.

“If the product is created with the target consumer in mind during all stages of production, you’re more likely to have success,” LeValley said.

In 2002, CHR bought a USDA-inspected packing plant and continued to produce its beef. “We have no antibiotics in feed, no growth hormones [and] no animal byproducts. It’s a USDA-inspected product; it’s aged and dry-aged on the rail for 14 days. It is local, and it is traceable,” LeValley said. “That is what is on our PQC (partial quality control) for our label.”

Since CHR’s packing plant is one of two in western Colorado, two-thirds of the work they do is for custom packing. The other one-third is for the CHR beef.

“That’s what helps pay the bills,” LeValley said. “We’re not in this to take a commodity price; we’re in this to even out the cash flow

for the next year and make sure that we can pay the bills. Custom work helps pay the bills, and then there is the strong demand for our local product.”

CHR is continuing to work on the future. They have begun to partner with appliance stores that sell grills and freezers. LeValley explained that through the partnership, they give beef with the purchase of a grill. That way consumers know what they have to offer.

LeValley offered this advice to anyone considering their own partnerships: “Why does this work? We laugh a lot and work toward a consensus.”

It’s not always easy, LeValley said. Partners have disagreements, but they work things out. In the end, “we base this off the bottom line,” she said. “We’re not in this for our health.”

But, LeValley said, when she sells some beef and helps a consumer by explaining to them how to prepare it correctly, then they come back and tell her it’s the best steak they’ve ever had, it’s a good feeling.

— by Mathew Elliott



“If the product is created with the target consumer in mind during all stages of production, you’re more likely to have success.”

— Robbie LeValley