

Bull Selection and Managing Risk

Consider this an invite to help beef producers manage risk. The greater the risk, the more likely the selected choice is wrong, and as producers, we want to minimize risk.

Bull buying involves risk because a bull without the desired genes will not meet management goals for expected calf performance. Bull buying risk can be minimized by understanding the available genetic data for the desired bull through the implementation and utilization of the associated tools to access that data.

Although risk never can be eliminated, bull selection workshops through the North Dakota State University (NDSU) Extension Service (as well as local Extension efforts across the country) are offered to help producers decrease the risk of buying the wrong bull. These small workshops provide two to three hours of interaction with producers to help them better understand current opportunities to select bulls.

The workshops provide the ability to spend two to three hours with a few producers at a time. As producers express their goals and objectives regarding their current bull needs, time can be spent explaining the tools that are available to better meet each producer's goals and objectives.

Producer minds have opened as producers come to better understand what the available numbers mean. A review of each producer's previous bull purchases reveals how successful each producer was in meeting current genetic benchmarks within the herd. The outcome: spending money wisely.

These workshops do not set producer goals and objectives because the beef industry has many goals and objectives. Obviously, positive financial outcomes are desired, but even then, short-term objectives may seem less profitable, but in the long run, they produce a more profitable herd.

So bull selection season is here, and it is homework time.

A strong tendency still exists to go with one's gut feeling and bypass available individual bull data. Why? The three main reasons could be as follows: first, a general lack of understanding of what the data mean and how to apply the data; second, a lack of how the data can be integrated and evaluated against individual herd goals and objectives; and third, a residual feeling that what is visual is easy to understand. Thus, an appreciation of historic concepts is solid and keeps producers satisfied.

Bull selection has not changed since cattle were domesticated. For most of those centuries, a bull was needed to

mate with and to settle cows. Through time, a quick visual evaluation of the bull's reproductive track became sufficient, but keep in mind producers had no scientific understanding of fertilization and conception until recently in the timeline of the domestication of cattle.

Individuals in the cattle business still need to remind themselves of one very simple principle established well in excess of 200 years ago by Robert Bakewell: "Like produces like or the likeness of some ancestor; inbreeding produces prepotency and refinement; breed the best to the best." And so the breeding of domestic cattle began in earnest, and the early progenitors of today's cattle breeds were established and subsequently set.

The same principle works today, especially when buying bulls: "Breed the best to the best."

Another scholar from the past, Sir Francis Bacon, said, "Read not to contradict and confute, nor to believe and take for granted, but to weigh and consider." These are good thoughts when buying bulls and bear repeating: "Breed the best to the best." and "Weigh and consider."

Unfortunately, the simple part has become complicated because the amount of information currently

available can be mind-boggling. But the producer should remember that reviewing numbers and setting one's objective still is based on selecting the bull that has the best opportunity to meet the herd objective. A critical element for future success of beef operations involves reducing risk, so producers should/need to sign up for a bull selection workshop.

The workshops encourage producers to better understand where they are, based on historic genetic inputs, and to develop a selection plan that will move or maintain their production objectives. Ultimately, they will minimize the risk of spending money on the wrong bull.

The process a producer utilizes should maintain the principles that are core standards of the operation. Each individual cattle operation has its own wealth of knowledge regarding the operation and management of the farm or ranch and the type of cattle needed.

But today, instead of going with one's gut feeling and accepting historical risk, one actually can lower the risk associated with spending money on bulls. Keeping current on sire selection tools is the key, and learning these keys can have a very positive impact on reaching long-term objectives. The opportunity is real, and so is the benefit. **HW**

A Basic Question: What Is the Unit of Production, Acres or Cows?

My pondering thought for the day: Larger cattle have a 10% advantage when a cattle system is evaluated based on calves as the unit of production, but when based on acres as the unit of production, smaller cattle have a 10% advantage.

This oversimplified thought is a foundational question for the future of beef. Embedded in that question is the need to control costs. However, the fiscal focus points do change, depending on what phase of the beef system with which an individual is involved. These focus points are very evident when the differences between the acre-based cow-calf producer are compared with the individual animal-based point of harvest.

This shift occurs as calves leave their summer pastures and other foraging opportunities for the structure of finishing pens later on. But no matter what the end of the production chain may be, the death knell of a product exists when costs exceed value. Here are attempted solutions:

- **The first:** Take one's own assets, reduce equity and hope.
- **The second:** Borrow the money and worry.
- **The third:** Pass costs (and blame) from one segment of the industry to the next.

Sorry, the list could continue, but, regardless, the solution must involve the fundamental issue of cost control. Managerial discussion may include a few words of cost containment, but soon, cost per unit of production enters the equation.

The discussion gets ambiguous because the answers require a defined unit of production. That may seem like a simple question, but no, it is not. Is the production unit the calf, the cow, the pen, the acre or the day? In truth, the answer is different from one end of the beef production chain to the other.

The Dickinson Research Extension Center does monitor the effects of cow size on cost. The center maintains a fully vertically modeled beef production system from conception to harvest. Granted, most producers do not, but maintaining ownership from conception through harvest allows for a better understanding of how the different fiscal focus points interact within the beef production chain.

Center data showed an 8.3% advantage for larger steers if the production unit is the steer. If the production unit is the acre, smaller steers have a 9.2% advantage. The smaller-framed cows' revenue per finished steer was lower, \$821.81 versus larger-framed cows' revenue (\$895.82). However, the smaller cows' total steer calf net return was \$4,517

greater because the small-framed cow stocking rate was 20% more, resulting in the sale of 20% more steer calves. (More details of the study are reported by visiting scholar Songul Denturklu and center animal scientist Doug Landblom at tinyurl.com/DRECstockingrate.)

The data reflect the obvious need for the beef industry to discuss the point. Many times, the two ends of this discussion do not meet in the same room, and the opportunity for contrary thought is limited. Stifling discussion is not good, so those involved must welcome the unwanted discussion because it will help assure a strong foundation for the beef business.

Meat-producing sectors of agriculture utilize solutions based on enhanced technical knowledge and refinement throughout the beef industry. That is good and true, but... And this is a big "but."

For producers, costs are the driving force. When a producer ramps up production, the long delays in implementing production change may result in increased costs prior to increased revenue, which mean involvement from the financial community for support. Plus, commodity asset values can change quickly, resulting in a shift in needed equity, which may make the change rather difficult.

Who pays? The owner. Why the nagging thought? There are two outcomes:

- First, increased emphasis placed on the harvest end point evaluated by individual animals may not be favorable for the cow-calf producer. Thus, the crowd at the annual bull sale will get less. All one needs to do is to count the number of local poultry, dairy and swine units and to try to find your neighbor.
- Secondly, if all emphasis is on the cow-calf production unit, the product value may become inconsistent, which will decrease value and limit money within the business of beef.

So the big-cow, smaller-cow issue is a real question. The answer is most likely somewhere in the middle. When I started in Extension, I worked at the sheep barn, and the most pleasurable point of the day was loading silage. The ensiled alfalfa room smelled so good.

After starting with the NDSU Extension Service, Ramsey County Extension agent John Logan and I were driving around. He pointed to some silos on the horizon and said, "Overinvest and you get a ghost farm. Lots of pens, but where are the cattle?" I never forgot that no one was left to smell the silage. Point taken. **HW**