

HEREFORD WORLD

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At a time when producers are facing high input costs and looking for ways to cut costs and increase income, the efficiency experts can do more for less in their breeding programs.

Herefords Are the Answer



PHOTO BY CHERYL THOMAS

The Hereford breed has long been recognized as the efficiency experts because of its strengths in conversion, hardiness, longevity, disposition, fertility and hardiness. These traits are even more important today as producers face dramatically increasing input costs.

by *Angie Stump Denton*

Producers and consumers alike are facing record high prices in 2008. For beef producers, input costs such as feed, fertilizer and fuel are skyrocketing. During difficult economic conditions, the Hereford breed's strengths of feed efficiency, longevity, docile temperament, fertility and hardiness can make a positive difference in a producer's bottom line.

Gathering places for farmers and ranchers are alive with discussions about the economy and possible ways to survive this current situation. In this article we visit with Hereford seedstock and commercial producers as well as a university professor about their concerns and how they are dealing with the situation.

"In times of high fuel costs, Hereford efficiency can help," says Vern Rausch of Rausch Herefords, Hoven, S.D. "Herefords come to the top when you feed longer on grass and roughage before going on full feed.

Moderate cow size and moderate milk is beneficial when reducing input costs. Herefords have always been known as the low-input breed and are still able to maintain fertility."

Commercial cattleman Chad Pond, Troup, Texas, adds, "I believe Hereford is the breed of choice during economic times like we are experiencing right now." Chad and his dad, Chester, manage about 1,200 Hereford-Brahman tiger-stripe cows and 300 commercial Hereford cows in their east Texas environment.

"The Hereford-Brahman cross is queen of cow country," Chad Pond says. "It is a cow that works. Hereford works so well in the cross because of what the Hereford breed is — no other breed can bring what Hereford does to the table. At the end of the day, the constant rate of growth and the mothering ability of the Hereford cow makes the tiger-stripe cow what she is."

Tom Field, Colorado State University professor of animal science and Extension beef specialist, agrees with

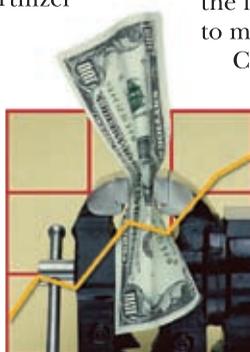
Pond about the role Hereford genetics will play as producers face rising input costs. "We are going to see a lot of focus on well-designed crossbreeding programs and in a lot of environments Herefords are going to play a big role in those programs.

"A lot of data suggests the F1 cow gives you a lot of flexibility and options as a producer. Hereford cattle are the right choice to produce the F1 because of their advantage in disposition, fleshing ability, reproductive rate in harsh conditions and the ability of the Hereford-cross cows to recover body condition following weaning on cheap feed."

Field says he's a true believer in the value of Hereford-cross cows — Braford, black and red baldies — and their abilities. "I think creating those females is going to be a profitable venture for those who undertake the job," he adds.

Rausch says for more than 60 years Herefords have been part of his family's ranching operation. The family believes in the Hereford breed's ability to provide multiple

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kinds of efficiency that positively affect a cattleman's bottom line, including:

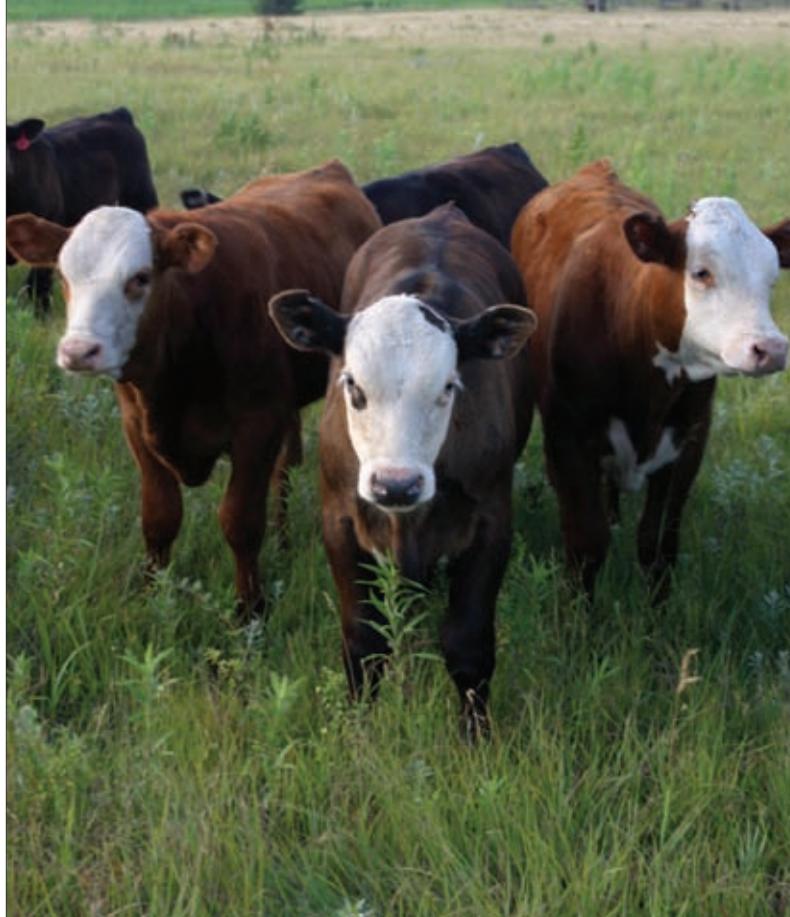
- 1) Feed efficiency;
- 2) Longevity;
- 3) Temperament;
- 4) Fertility; and
- 5) Hardiness.

In combination these efficiency traits help the commercial producer economically by:

- 1) Reducing fuel and feed needs.
- 2) Making fewer trips to purchase replacements or using less feed and resources to develop their own replacements.
- 3) Lessening time needed to fix repairs.
- 4) Lowering the amount of required maintenance.

Facing the challenge

"Turn down, turn off, travel less and recycle is what energy conservationists are telling us," Rausch says. "This reminds us of the time when Herefords were king. Before the commercial feedlot era of the past 30 years,



Commercial producers are realizing the value of Hereford-cross calves in the feedlot and pasture.

Herefords were the predominate breed — king of the industry. The feedlot industry was born because of cheap grain. When Herefords were king, ranchers and farmers put more pounds on animals at home with grass and roughage before putting them on full feed. Because of the cost of high-

energy feeds today, the Extension specialists are telling us to do just that once again."

Rausch admits the feedlot industry is here to stay, but he says he thinks its role may change a little if feed costs remain high. These changes include grazing cattle longer on grass before sending them to the feedlot. In this type of situation, Rausch says Hereford genetics will outperform others.

Pond says beef producers need to take a close look at how they manage their cattle and how they allocate their resources. "Now is a time to explore all of the options," he says. "Try to figure out how to make it work.

"When we consider what is happening economically and how to address those challenges, we ask ourselves two questions — what parts of our land responds best to inputs and which cattle do the most with that investment?"

The Ponds' grazing program utilizes improved pastures that require a lot of fertilizer. "We try to watch our costs and spread them out over the entire production schedule," Pond explains. "We manage our cattle and land based on their performance and spend money when and where it will do the most good."

He adds that producers need to try to do the best they can with what they've got. It's important to watch your expenses and make the most of each trip over a field.

Just like other producers, the Ponds continually look for new management practices to help increase outputs while hopefully lowering input costs. "With increasing costs the past few years, we started applying poultry litter, which provides nutrients and adds organic matter to the soil. We also apply a small application of nitrogen at critical periods. Using this combination allows us to spread out our costs over a longer period and get more good out of it."

The Ponds have also been working to establish clover on their pastureland. "With the clover we can get 45-60 days of early spring grazing, allowing us to back off feeding hay. It also improves the overall fertility of the soil."

Pond also says producers need to remember to be good stewards of the land. "We need to remember that we have been

As we reflect on our 60 years with Herefords, we appreciate how they have efficiently weathered volatile fuel costs and extreme weather patterns. In our part of the country, they have survived on less and conceived with fewer resources.

— Vern Rausch

Time to tighten the belt

Every day, the news seems to be dominated by the rising costs of fuel and food. I doubt this is anything new for cattle producers, with the increasing costs of inputs on the farm. If you have not started to think about how rising costs are going to affect your management, you'd better.

Producers who adjust their management to meet the current conditions are much more likely to remain in business. Every producer needs to look at his or her operation under a microscope to determine areas of inefficiencies and to work on addressing those problems.

Most producers will come to one of two solutions: 1) Keep outputs the same and reduce input costs, or 2) Keep input costs the same and increase outputs. Either of those options represents a way of increasing production efficiency.

One thing is certain, detailed records to track expenses and income are important in either of those scenarios. Each producer can take those records and determine fairly quickly if there are expenses that seem out of line. This situation is one where your local county Extension agents can be of assistance. They can compare your budgets and production levels to records that have been collected on different projects across the state.

Once you have done all you can to control costs, the only thing left to work on is the income side. To increase income, you must increase the pounds of calves sold and/or the value of the calves sold. In a Cattlemen's College presentation at the Beef Industry Annual Convention, CattleFax analysts listed key value-added attributes, which they called the "stair steps to profitability."

- Performance history from the feedlot and packer adds \$2 to \$5 per hundredweight (cwt.).
- Certification of preconditioning and weaning programs adds \$4 to \$8 per cwt.
- Source and age verification adds \$10 to \$25 per cwt.
- Verification of production practices that qualify for natural or premium programs adds \$3 to \$7 per cwt.

CattleFax analysts also listed the "11 habits of high-return producers" in their Cattlemen's College presentation. These are:

1. Below-average annual cow costs.
2. Lower-than-average calf breakeven levels.
3. Lower feed costs.
4. Lower interest expense, less debt.
5. Lower general operating expenses.
6. Higher average weaning weights.
7. Higher conception rates.
8. More pounds weaned per cow exposed.
9. More high-quality bulls with good genetics.
10. Preventative herd-health programs.
11. High-quality pastures to maintain nutritional requirements of the cow.

How many of these "good habits" do you have? As you can see, the first five items in this list deal with controlling costs. In most cases, controlling costs may be easier to accomplish than increasing income. Sometimes increasing revenue requires spending money in some areas. Increasing expenditures can actually lower costs if you look at it in terms of cost per unit of production, such as per pound of weaned calf. If a \$20 expense results in 40 additional lb. of weaned calf, you come out ahead. Examples that would fall in this category include expenses for implants, preconditioning or better genetics.

The management changes needed to be successful in the current market and economy will be different for each individual producer. The one certainty will be that those who fail to change and optimize production will continue to face financial difficulties. Now would be a great time to gather some records and spend some time with your local Extension agent and develop a plan that will help you to become more efficient.

— Brett Barham, University of Arkansas, Beef CHAMPS newsletter

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blessed with the land we have and we need to take care of it. Do not try to short the land. You *can* balance taking care of cattle and the land."

Mark and Della Ehlke of Ehlke Herefords, Townsend, Mont., are also making decisions based on the current economic conditions. "We are trying to cut costs where we can without taking anything directly away from the cows," Della says. "Someone once told us that, 'For every dollar of input costs you steal from a cow, she will take back two (dollars) from you.' So, we keep our cow herd program — health, mineral, feed, pasture — at the best level we can justify."

Field calls this process being strategic with your expenses. He encourages producers to ask themselves the question posed by range management specialist Barry Dunn: "What is the smallest change I can make that will have the greatest impact?"

As a response the Ehlkes have decided to finish more steers at home and sell more beef locally. They are trying to cut fuel use as much as possible. For example they trailed their cow-calf pairs to pasture instead of hauling them. They did not fertilize any of their hay land this year because they were not sure the increased yield would be offset by the skyrocketing fertilizer costs. They also hope to stockpile forage and extend grazing periods as long as possible, depending on the weather. The couple is planning to hold some or all of their market calves till they are yearlings.

Strategic changes do not all have to be cost-cutting initiatives; it is also important to know when to increase expenditures to maximize return. "We are actually spending more time and money on some marketing issues," Della explains. "We are trying to increase or improve our exposure and make sure that cattlemen know what our program consists of and what we have to offer."

Field and Rausch both agree that ranchers and farmers are becoming more fuel efficient. Many are making fewer trips to town by waiting until they need more than one thing and then making the trip for a whole list of supplies or equipment.

Field also thinks farmers and ranchers will choose to purchase a ½-ton truck as their next vehicle and will fine-tune machinery to get the most efficiency possible out of every diesel and gas engine they own. (See "Try these tips for fuel cost savings" for ways to help improve vehicle efficiency.)

Becoming a profitable producer

"We have known for a long time that a profitable producer is one who is good at managing costs," Field says. "The best possible solution for the current economic situation is for producers to know their cost of production." He explains a profitable producer manages feed, labor and overhead, which includes depreciation and fuel. "They also do a very good job of creating value. They capture value by marketing cattle right."

With a strong cull cow and bull market, Field suggests now is the time to get rid of problem animals. "Each cow needs to earn her keep," he says.

Field says for seedstock producers, one key to survival is to produce cattle that are functional and problem-free. "If you produce cattle that create any unhappiness for commercial customers you are going to pay for it." He encourages cattlemen to produce cattle that will allow you to guarantee calving ease, that have good eyes and udders, that are structurally correct with good feet and legs, and possess a good disposition.

"Commercial producers are going to be intensely intolerant of any mistakes we make," he adds.

Other keys to profitability, according to Field, are sound risk

management including avoiding variable interest rates, good utilization of the land and a commitment to make every input pay. And according to Rausch, Pond, Field and the Ehlkes, Herefords and Hereford-influenced cattle are the best genetic option for

Profitable producers are good at managing costs and capturing value.

— Tom Field

commercial producers to weather the current economic condition.

Field adds, "Now is an important time to develop relationships with input providers and customers; it is also a time to be creative and develop new income options and ways to manage costs. We are at a critical time as we see worldwide demand for animal protein on the increase with a relatively small national cow herd. There are a lot of profit opportunities.

"Cow-calf producers who are on top of their game will see, on the other side of these economic challenges, a big opportunity." **HW**

Try these tips for fuel cost savings

With the rising cost of fuel, many people are looking for ways to make their vehicles more efficient. How you drive and maintain your vehicle can affect your fuel usage.

"There are a number of simple things to do to save a few dollars on your fuel budget," says Carl Pedersen, North Dakota State University (NDSU) Extension Service energy educator. "All vehicles are different and will experience various levels of savings, but there are a few of the basics that work for all types of cars and trucks."

Here are some of the ways you can lower your fuel costs:

- Make sure your air filter is clean. Clogged air filters make your engine work harder, burning more fuel to create the same amount of power. Replacing a clogged air filter can save up to 10% on fuel costs, or up to 35 cents a gallon.
- Check the air pressure on your tires. Tires that aren't inflated to the proper level may reduce mileage per gallon as much as 3%. Properly inflated tires also last longer and are safer for you and your family. Paying attention to tire pressure could save you up to 10 cents per gallon. Overinflating a tire results in uneven tire wear.
- Slow down. Most vehicle mileage drastically begins to drop off at speeds in excess of 60 miles per hour.
- As a general rule, calm down. Aggressive driving and rapid acceleration and braking can affect fuel mileage. By avoiding such behavior, you can see savings up to 30%. That could be a savings of more than \$1 per gallon.
- Remove extra weight. Those bags of traction sand you left in the bed of the truck or trunk are reducing your mileage. Extra weight will affect smaller cars more than larger vehicles, but removing extra weight, especially in excess of 100 lb., can improve mileage from 4 cents to 7 cents a gallon.
- Car pool. Combining trips with friends, family or co-workers saves not only gas money but wear and tear on vehicles as well.
- Be leery of "gas-saving" claims. The U.S. Environmental Protection Agency has tested more than 100 fuel-saving products and has found none that significantly improves fuel mileage. In fact, a number of them actually caused damage to the engines in which they were used.
- Make sure your car is maintained according to its manufacturer's recommendations. Driving a car with the check engine light on or one that obviously is not running properly can affect mileage drastically. An improperly functioning oxygen sensor can make the engine use as much as 40% more fuel. At \$3.51 per gallon, that would be the equivalent of paying an extra \$1.40 for every gallon of gas used.
- Reduce extra wind resistance. Using a loaded roof rack increases fuel consumption.
- If you are in the market for a new vehicle, choose one that is more fuel-efficient. According to the federal government Web site www.fueleconomy.gov, a person driving 15,000 miles a year can realize a savings of \$878 per year by driving a vehicle that gets 30 miles per gallon (mpg) versus one that gets 20 mpg. That is a savings of more than \$4,388 in five years.

For more tips on cutting your fuel costs, visit these Web sites:

<http://agbiopubs.sdstate.edu/articles/ExEx14094.pdf>

<http://www.fueleconomy.gov/feg/drive.shtml>

<http://www.ftc.gov/ftc/oilgas/archive/061013.htm>

— NDSU agriculture communications

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— Mark and Della Ehlke