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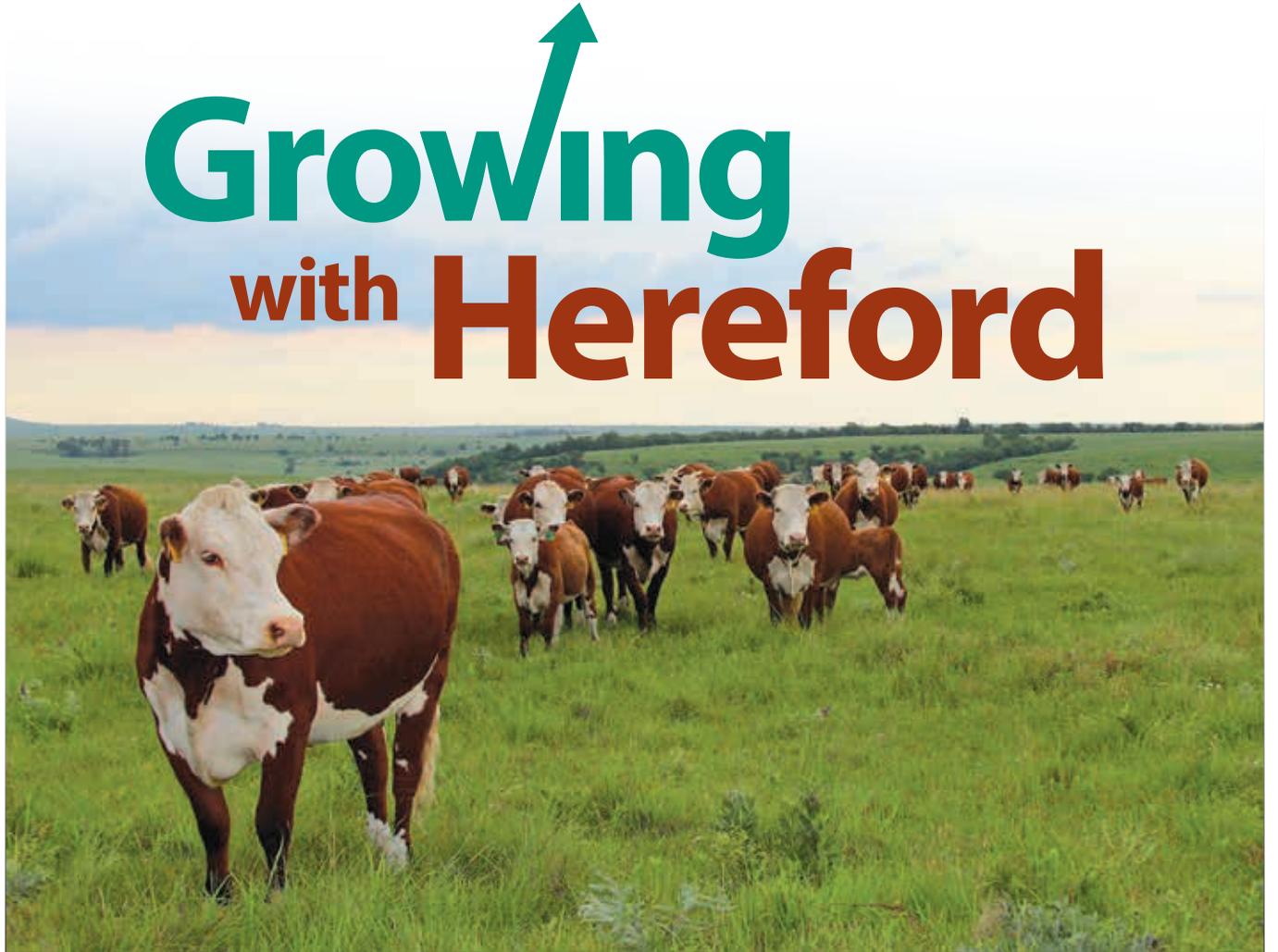
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Growing with Hereford



The Spring Creek division of Matador Cattle Co. is using these powerful females to raise its own seedstock.

Matador Cattle Co. purchased Hereford seedstock to maintain its place as one of the most well-known ranch conglomerates in the world.

by Sara Gugelmeyer

It's an exciting time to be in the cow-calf business. Calf prices are up, many places have received healing rains, and even cattle feeders are whistling that "I'm making money" tune. It's easy to get caught up in it all and write big checks for the wrong kind of cattle, though.

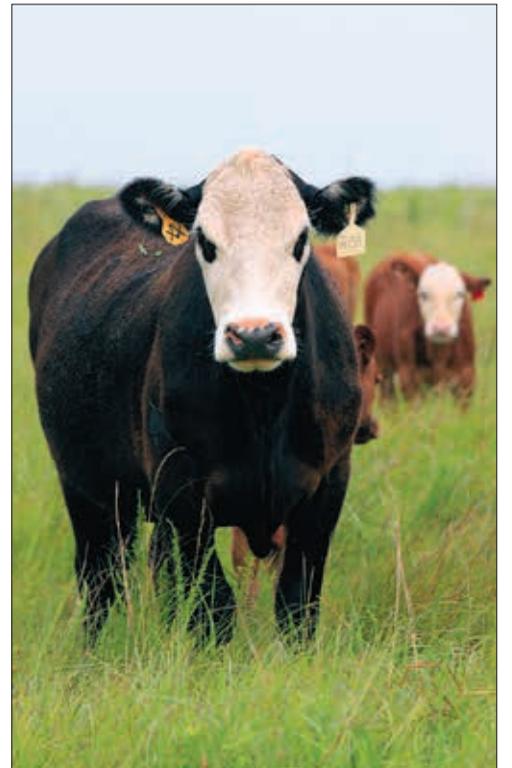
In this article, longtime cattleman for the Matador Cattle Co. John Russell and a couple of Extension specialists share what they're expecting in the future.

Seeing Hereford
Matador Cattle Co., owned by Koch Industries, is one of the largest

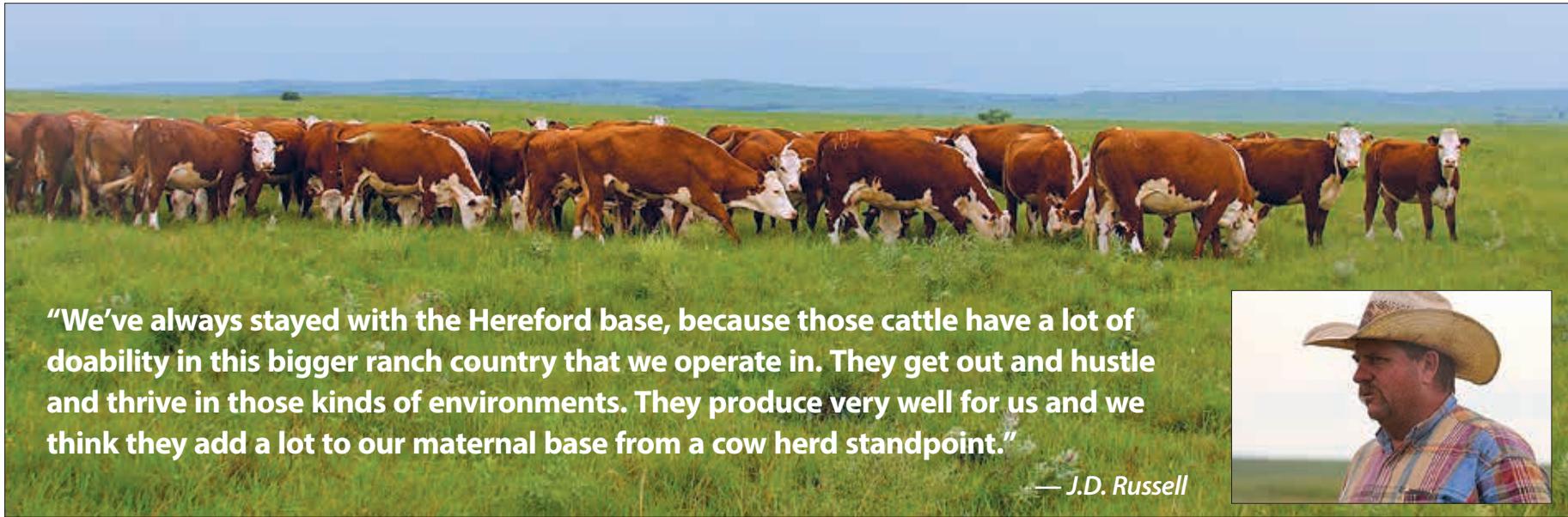
and most well-respected ranching enterprises in the world. It includes three ranches: one in Montana, one in Kansas, and the original Matador Ranch in Texas. John "J.D." Russell has worked for Matador since 1987. He's seen the ups and downs of the cattle business. Now, as manager of Spring Creek Ranch near Eureka, Kan., he's in charge of the seedstock division of Matador Cattle Co. And what's he been up to? Buying Hereford cows.

"This year we had the opportunity to purchase the registered Hereford herd from Jack Turner," Russell says, putting it simply.

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Quality Hereford-Angus cross cows have been an important part of Matador Ranch's success.



"We've always stayed with the Hereford base, because those cattle have a lot of doability in this bigger ranch country that we operate in. They get out and hustle and thrive in those kinds of environments. They produce very well for us and we think they add a lot to our maternal base from a cow herd standpoint."

— J.D. Russell



More specifically, Matador Cattle Co. purchased a set of Hereford cows from Turner Bros. Herefords at Oklahoma City, propelling Matador Cattle Co. into the Hereford seedstock business. See, Matador Cattle Co. has always known the value of Hereford genetics. As fads have come and gone, Hereford bulls and at least part-Hereford cows have always been an important part of the calf-raising business at all three Matador-owned ranches.

And throughout at least the past three decades, Jack Turner's bulls have been integral in the Matador bull battery. "We've bought probably at least 80% of our Hereford bulls from Mr. Turner," Russell explains. "We have worked very closely with him, and had a very good working relationship. He would ask us what we are needing from a commercial production standpoint, and he worked diligently to meet those needs so that we could meet our goals as well."

When it became clear that Turner was planning to slow his pace, Russell says Matador took advantage of the opportunity to purchase his herd and maintain that stream of high-quality Hereford genetics to which they've been accustomed.

Now at Spring Creek Ranch in Kansas, Hereford, Angus and Akaushi seedstock will be produced to supply the bull needs of the commercial herds at the Kansas, Montana and Texas ranches. And those needs are considerable. Russell says if the Texas ranch was fully stocked, Matador would be running about 185 Hereford herd bulls between the three ranches. In fact, he was counting on needing a lot of bulls soon to restock the Texas ranch after prolonged drought.

"When we bought them we were of the mindset that we would have the opportunity to expand in Texas because we were hopeful that the drought was going to break," Russell says. "We've recently had some relief from that but not to the extent that we could start expanding the herd again after we had to reduce from the drought."

Restocking vs. rebuilding

It seems that much of the country is poised to either restock or rebuild in the aftermath of drought-caused cow reductions and discouraging calf prices.

Texas A&M University Extension Economist Stan Bevers reminds

cattlemen that although some throw the words around interchangeably, there is a difference between restocking and rebuilding the nation's cow herd.

"As we start talking about restocking or rebuilding, you've got to be looking forward," Bevers says. "Because from a cow-calf standpoint, we aren't talking about one set of cattle in a feedlot pen that we know when they are coming out. We are talking about females that we are going to spend considerable dollars on, and have hopefully for a considerable amount of time. So when we look at these markets from a cow-calf standpoint, we have to look at it down the road, not just now."

He reminds producers that although now is good, and even the next two to four years will likely be good, if one looks at the five-year or longer projection of calf prices, the overall trend is likely down.

That's not to say ranches shouldn't and won't restock. He explains that what's happened is ranches have reduced the number of cows because of drought but fixed costs have stayed the same. That situation has driven up the cost per cow. Restocking is a no-brainer. When conditions improve, it's necessary to buy cows to make the business model more efficient.

"Restocking is getting back to an efficient number on my investment

in land. Rebuilding is increasing the nation's cow herd. Restocking is my issue, rebuilding is a national issue," Bevers says.

And Bevers doesn't know if that's likely to happen.

"For true rebuilding to happen, somebody has to step outside their comfort zone. Say, I choose to go buy a ranch. If I go from 500 cows where I'm most efficient, to 800 cows that's a dramatic increase. I am going to be uncomfortable for a little while with such a dramatic increase in costs. How many are going to rebuild? How many are going to step out of their current comfort zone after restocking? The people that want to do it are getting fewer and fewer. Especially when a ranch costs \$65 million. They're out there, but they are harder to find."

He adds, though, "I am not saying don't do it. Because we've got to get back to what we do, we've got to get back to ranching, and using our resources. But we've got to be efficient at it and choose carefully."

Buy the right kind

That's what Matador Cattle Co. is doing. While Russell may not be ready to restock the Texas ranch completely yet, Russell and his team have done some rebuilding of sorts with the Kansas place.

"We had a little room here in Kansas," Russell says. "So, what we did was not take in any stockers this year so we could purchase these Hereford cattle, because we didn't want to miss the opportunity to buy these Hereford genetics."

Matador Cattle Co., at all three ranches, maintains a Hereford-Angus cross commercial cow. She is bred to either Hereford or Angus to keep the next generation as close to 50-50 as possible, or the Japanese breed Akaushi for a terminal cross.

Russell says he and others at Matador were confident in Turner's genetics and that gave them the push necessary to expand into the Hereford seedstock business.

"We didn't want to lose those genetics because we knew what they have done for us," he says. "That's what brought us full circle to go ahead and invest by purchasing those cattle," he says.

Just as Matador has done, New Mexico State University Animal Scientist Marcy Ward says whether one is expanding or restocking, it's important to choose the right kind of female.

Ward says there are certainly advantages to raising your own females.

"They're your genetics, raised in your environment and you know their background," she says.

However some operations sold completely out during the prolonged drought in the Southwest. And the time, extra feed resources and costs might be prohibitive to getting a heifer calf all the way to the second or third calf, when she starts to pay for herself, Ward says.

Also worth considering is that buying females is the quickest way to make large strides in genetic improvement if it pencils out, profitability-wise.

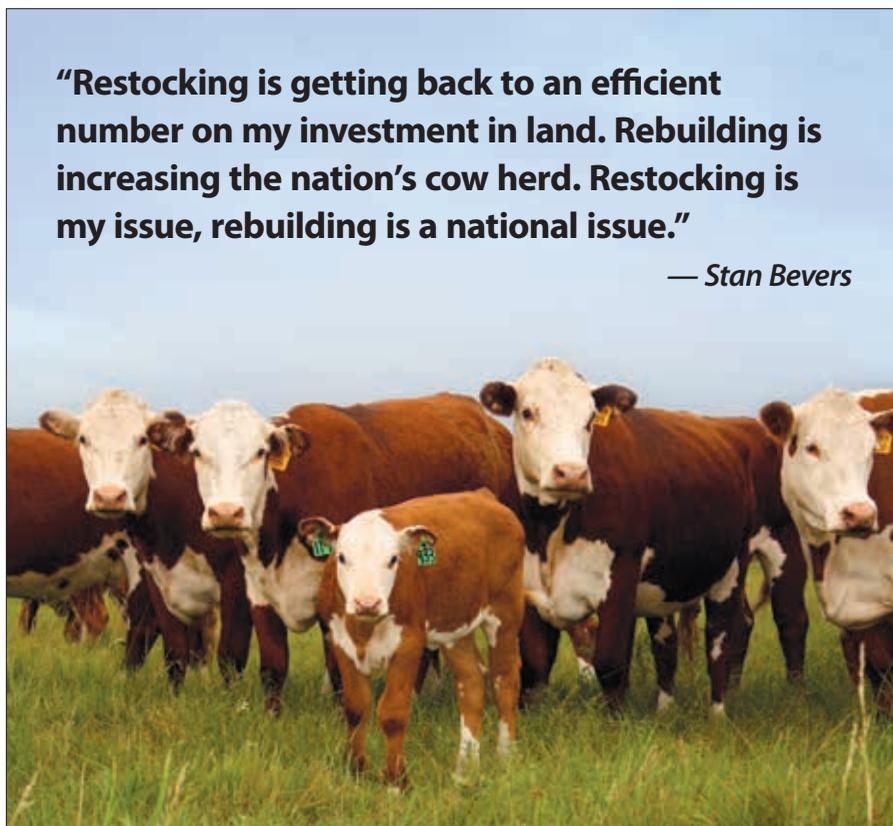
"The bull may dominate the genetic pool, but the cow herd drives production," Ward says.

If you've decided buying females is the best way to expand or restock, there are generally two options. Go find some mature bred cows or heifers that will make a payment the first year, as Matador did, or buy some heifer calves, raise them and breed them how you like. Each operation is different, so there's no right or wrong answer, but it's critical to their success that you choose females that are adaptable to your operation.

"Match like resources," Ward stresses. "I suggest crossbred cows

"Restocking is getting back to an efficient number on my investment in land. Rebuilding is increasing the nation's cow herd. Restocking is my issue, rebuilding is a national issue."

— Stan Bevers



because they are more likely to be raised in a challenging environment. And with a purebred animal, there is no heterosis or hybrid vigor and that poses some other challenges.”

Hereford has been an important component of the Matador Cattle Co. cow for...well, ever.

“They had straight Hereford cattle until around the late 80s,” Russell explains. “Then they started crossbreeding them. But we’ve always stayed with the Hereford base, because those cattle have a lot of doability in this bigger ranch country that we operate in. They get out and hustle and thrive in those kinds of environments. They produce very well for us and we think they add a lot to our maternal base from a cow herd standpoint.”

It’s for these reasons that Matador decision-makers have decided to raise their own females instead of buying replacements.

“We got into that trading mode some years ago and it didn’t work well for us and we came to the determination that many others have. You have to have cattle that are genetically suited to your environment. Both of our ranches are big and in semi-arid areas so we have to have a pretty efficient cow that can produce well on somewhat-limited resources. A lot of times, those types of cows are hard to come by and are in high demand. We can

produce replacement females that are suitable to our environment and do it more economically than we could go out and source those genetics from someone else.”

Ward and Russell agree that Hereford is a good breed to consider whether restocking or expanding.

“The thing about the Hereford breed is you can stick those cows anywhere and they do well,” Ward says. “Their hardiness, adaptability and ability to travel are really important when selecting females.”

Russell says the word is spreading in favor of the Hereford breed.

“We’re members of several different groups where area ranch managers get together and talk about what challenges we’re facing and opportunities each of us see coming. I’ve heard some comments from other large ranches that have gone all black that they are introducing Hereford back in. I’ve had several people contact me since we acquired these Hereford cattle saying they are starting to incorporate more Hereford. I think there’s several large ranches that are adding Hereford to a larger degree than they have in the past to take advantage of that hybrid vigor, get more doability and range-ability back into their cattle to get across the country and utilize the resources.”

Although it wasn’t Matador’s original objective, Russell says it will likely offer some Hereford bulls to



Matador Cattle Co. has long been a believer in the Hereford-cross female, like this one at the Kansas ranch.

the public after in-house needs are met. He calls it an added benefit to Matador’s situation because of the demand for Hereford.

The value of Hereford genetics may become more important as cattlemen restock or expand their herds in response to better conditions and better prices. But that value is something Matador Cattle Co. has always prioritized and may be something that has made it more successful as a result.

“We’ve kept the Herefords in there. Not to sound cliché but sometimes you’ve got to dance with

the one that brought you. Hereford cattle have been a mainstay on our Texas and Montana ranches for years and in a lot of the country. We saw the benefit of crossbreeding and hybrid vigor and the advantage of that. Hereford and Angus is just a good cross for our environment.” **HW**