



Efficiency. Marketing. Heterosis.

Young Guns Conference focuses on Hereford efficiency, marketing strategies and the value of heterosis.

by Amber Jones, Crystal Young, David Mehlhaff, Amy Cowan and Angie Stump Denton



Participants spent Thursday evening at Findley Farms viewing bulls and horses on display and enjoying a Certified Hereford Beef steak dinner.



Gallagher Animal Management Systems staff demonstrated the Gallagher scalehead at Findley Farms.



Vermeer Manufacturing had equipment on display at Findley Farms.

Approximately 100 Hereford producers attended the third Young Guns Conference Aug. 22-24 in Kansas City. The conference, which was at Harrah's Hotel and Casino, included individual presentations and panel discussions on a variety of topics ranging from efficiency to ethanol and how the Hereford breed is measuring up in research projects across the nation.

Participant Kevin Schultz, Sandhill Farms, Haviland, Kan., says, "Young Guns is a great opportunity to visit with and get acquainted with many fellow breeders. It is a mini Beef Improvement Federation (BIF) meeting for Hereford enthusiasts."

Ethanol and the Hereford industry

Ethanol and economics discussions kicked off the conference on Thursday morning. Speakers discussed the effect ethanol production is having and is going to have on the cattle industry.

The discussion began with the presentation "The Cattle Industry... Now and Down the Road" by Kevin Good, Cattle-Fax market analyst and manager of corporate accounts. Good said the main difference in cattle prices today is corn.

Good explained that every 30-35 years corn prices go into a new trading range that causes the prices to increase. "We believe that this is what has happened."

Another economist who discussed the ethanol effect was Ron Plain, University of Missouri-Columbia Extension. "What is really driving the growth in ethanol is that gas is not cheap," Plain said.

He described ethanol and corn production separately and explained what kind of effect the production of ethanol has on the livestock industry. "All ethanol does is a little bit of tinkering to the fuel supply, but it has a huge impact on the livestock industry. As long as energy prices remain high, ethanol plants can outbid livestock for corn. That's going to present a challenge for the livestock industry."

As more and more corn is being used for ethanol production, there will be less and less to feed to livestock.

Kelly Bruns, South Dakota State University nutritionist, explained how to understand byproduct feeds and how to use them to ensure maximum quality grade and performance. Some of the benefits and concerns that were discussed included improved mixing and bunk management, and the variability of the byproduct.

Bruns also explained marbling development and ways that growth has changed dramatically in the last 20 years. "The priority of tissue, marbling and back fat is important," Bruns said. "We probably don't manage cattle to the potential that they can be."

Why Hereford

Dave Daley, California State University, Chico, talked about the value of heterosis in the commercial cattle industry. "Heterosis is the superiority of the crossbred progeny compared to the average of the parent breeds," Daley said. "Maternal heterosis is the increase in calf performance due to the maternal effect of the crossbred cow."

Daley announced the first-year results of a heterosis study being

conducted in cooperation with the American Hereford Association (AHA), Lacey Livestock, Harris Feeding Co. and Harris Ranch Beef Co. The objective of the study was to conduct a controlled crossbreeding system comparing Hereford and Angus bulls under commercial conditions, emphasizing economic differences at the ranch, feedlot and packing plant.

Differences in weaning performance, feedlot performance, carcass value and overall profitability were measured. "Commercial cattlemen are most concerned with dollars," Daley said.

He said the preliminary economic data suggest crossbreeding has the potential to significantly boost return in a vertically coordinated marketing system. To have more numbers for the project in year two and three, Lacey Livestock increased the number of cows to 600 for the remainder of the study. The feedlot study will be repeated in 2008 and 2009, and the effect of maternal heterosis will be determined by tracking productivity of the replacement heifers that were retained and identified to a specific sire.

See Page 52 for a complete first-year report.

Mark Akin, Circle A Angus Ranch, shared with Young Guns participants why and how Circle A chose to utilize Hereford bulls.

Circle A has a commercial and seedstock division with several locations in the northern Midwestern U.S. The commercial focus is the development of genetics throughout the herd, along with research and development for the seedstock herd.



More than 100 producers attended the third Young Guns Conference.

Akin explained the Angus Sire Alliance that the ranch initiated in 1995. Through this study, sires were tested based on their offspring for all the traits affecting ranch profitability, and results were utilized for genetic improvement.

He said Circle A utilizes its commercial herd in real-world management conditions and management remains consistent at all locations to keep track of studies and results. "Quality beef is our business," Akin said. "We are consistently trying to improve what we are doing."

The relationship between the AHA and Circle A was developed in 2006, Akin said. Last fall Circle A tested 10 Hereford sires through artificial insemination (AI). Commercial Angus cows at each Circle A ranch were bred AI to Hereford bulls.

"We want to compare the best of the Angus herd to the best of the Angus-Hereford F1 cross," Akin said.

Both terminal and maternal performance will be measured. Steer progeny will go through a feed efficiency test and carcass evaluation. The females will be retained to measure conception rates, stayability and maternal effect on birth and weaning weights.

One of the Midwest's largest farming and ranching operations, Amana Farms, located in Amana, Iowa, is testing young Hereford sires on its 2,500-head commercial cow herd.

John McGrath, farm manager for Amana Farms, said one of the reasons the people at Amana Farms decided to test Hereford bulls was because of the breed's ability to adapt to the range.

They wanted also to test the economic effect of using Hereford bulls in their commercial operation.

The AHA's National Sire Reference Program (NRSP) tests young Hereford bulls in cooperarator cattle herds across the U.S., and the progressive Amana Farms operation is an ideal Midwest test for Hereford genetics.

"Fleshing ability and disposition were two key selling points in our decision to try Hereford bulls with our herd," McGrath said. "We used 11 Hereford young sires and two proven AI sires for comparison to breed our heifers. Birth weight and calving ease scores have been collected, and we will be tracking weaning weight scores in a month." McGrath added that yearling and carcass data will also be collected in the future.

The Amana test steers will be fed at the University of Missouri-Columbia, where researchers will collect feed efficiency data, and the females will be retained at Amana Farms to improve the herd's disposition, longevity and efficiency.

Hereford efficiency

"Hereford cattle are doing a lot of things right in terms of efficiency," says Jack Ward, AHA

chief operating officer and director of breed improvement. "By adding Hereford genetics to their herd, commercial producers can increase efficiency traits including conversion, hardiness, fertility, longevity and disposition. Efficiency means power and profit in today's cost-driven beef industry."

Dan Moser, Kansas State University associate professor, said the next frontier in national cattle evaluation is fertility and longevity.

"Herefords have long been known for traits such as hardiness, docility and fertility," Moser said. "Customers expect it. If we are going to continue to deliver on those expectations, we need to start measuring and documenting those traits."

Most producers realize economically the most important factors of a cow herd are fertility and longevity. Although environment and management can easily influence fertility, it is still genetically important, Moser explained.

He commended Hereford breeders for incorporating whole-herd reporting. "If we didn't have that program, it would be difficult to evaluate fertility and longevity," Moser said.

He asked attendees to consider what expected progeny difference (EPD) would be the most useful for breed improvement — pregnancy rate, calving rate, age at first calving or days to calving. Moser said by the summer of 2008, he hopes to have data ready to release and publish related to fertility and longevity.

Mark Allan, U.S. Meat Animal Research Center (MARC) beef cattle geneticist, updated participants about the feed efficiency project at MARC.

Allan showed data that summarized 71% of the total cost of a calf fed, excluding purchase cost, is feed cost totaling \$288. Cattle-Fax data, he summarized, said annual cash cost per cow in 2006 averaged \$366 with 62% or \$226.92 of the total cost being feed cost.

Allan said he'd argue efficiency is specific to each operation. It depends on which part of the production cycle a producer is involved in. "The most efficient cow may not produce the calf that is going to be the most efficient on a high-energy concentrate diet in the feedlot," he said.

Allan summarized efficiency is difficult to define but technology today is aiding in the collection of data. He predicted that in the next several years, beef producers will see a lot of progress related to evaluating efficiency.

Monty Kerley, University of Missouri animal scientist and professor, said the Hereford breed is as far, if not further, along than other breeds in regards to feed efficiency.

Kerley explained to Young Guns participants the difference between RFI (residual feed intake) and feed efficiency. RFI



The ethanol panel included Kelly Bruns, Kevin Good and Ron Plain. Economists Good and Plain discussed current trends in the beef industry and how ethanol is affecting the industry. Bruns shared information regarding the ethanol production byproducts and their use in the feeding industry.

is also known as net feed efficiency (NFI). Kerley said in order to calculate NFI, a producer should take actual intake minus predicted intake at a specific body weight and daily gain. Kerley gave the following example: an 850-lb. bull calf with a 4.0 average daily gain (ADG) with an actual intake of 15.3 and predicted intake for the group of bulls at 20.4 would have a RFI of -5.1, so the calf consumed 5 lb. less feed than the average calf to perform the same.

Kerley said NFI is a moderately heritable trait, similar to growth and carcass traits. Kerley stressed education is very important regarding RFI testing. What producers are looking for is a calf with a negative RFI, which means he takes less feed.

He also warned not to single-trait select for feed efficiency. A producer can have a very efficient calf, but he will not gain, Kerley said. He agreed with Allan, suggesting the development of an index and the use of a balanced approach to selecting for feed efficiency.

Kerley shared several research projects that included Herefords. Based on the data, although limited in number, Herefords are ranking the best in feed efficiency. "Based on the data, if I was involved in developing a marketing slogan for the Hereford breed, I think I'd pick 'The Efficiency Breed,'" he said with a chuckle.

N.T. Cosby, Land O'Lakes Purina Feed senior consulting nutritionist, said Purina Mills has a commitment to the beef industry and is working toward maintaining beef's competitive advantage and value.

To meet this goal, Purina researchers have focused on intake management, labor saving technology, cattle appearance,



Members of the Why Hereford panel were Dave Daley, coordinator of the Harris research project; Mark Akin, Circle A Ranch; and John McGrath, Amana Farms. The three panelists shared how Herefords are being utilized in real-world commercial programs.

land utilization and resource management. By improving in each of these areas, Cosby said, producers can increase their herds' efficiency and, as a result, improve their bottom lines.

Another key issue, Cosby pointed out, is the ability to properly utilize supplementation. Through the use of intake modifying technology, researchers have been able to learn more about feed intake habits.

Electronic tracking systems are used to measure the amount an animal is eating, how often and when. From this data, Purina Mills has discovered that by allowing livestock access to continuous supplementation, producers can increase feed efficiency.

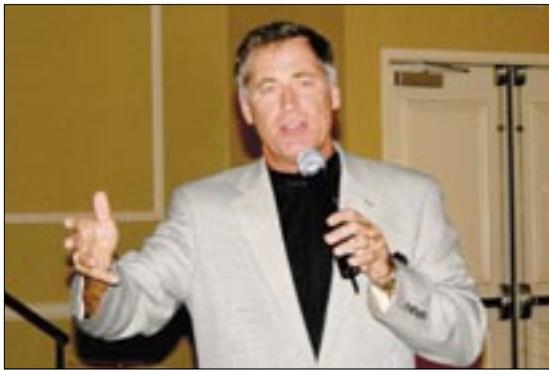
Cosby said studies in New Mexico have shown that when producers leave supplement out all year instead of choosing only specific time periods to provide it, they not only use less supplement but are also able to reduce costs.

Also, when cattle have the opportunity to access this supplement constantly during

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Dan Moser, Mark Allan and Monty Kerley discussed efficiency. Moser gave an update on the process of developing a fertility and longevity genetic selection tool. Allan described the feed efficiency trials at MARC. Kerley shared results of how Herefords are stacking up in feed efficiency trials in Missouri.



Keynote speaker Mark Mayfield challenged the minds of participants during the Wednesday night opening reception. He encouraged producers to get off auto pilot and look at things in a third perspective. He said those who are more creative are the ones who survive.



Danny Herrmann, Ford County Feed Yard Inc., and Art Wagoner, National Beef Packing Co. LLC, both said they want more whiteface cattle.

the day, they are able to maintain a steady pH level in the stomach. This allows the animal to more efficiently break down and utilize the feed the producer is providing.

Furthermore, Purina Mills realizes the importance of providing a reliable, scientifically sound product. "Tests are completed on our own research farm, other contract farms and universities," said Cosby. "If the product proves to be successful, it will move into a local market first and then onto the national scene. When a product comes out of our facilities, it has to be thoroughly tested and proven to work."

Marketing 101

Friday morning the focus was on marketing. Two family-owned seedstock operations — Thomas Angus Ranch and Harrell Hereford Ranch both of Baker City, Ore. — work together to better serve their customers. The two ranches market bulls together and the two families agree that they compliment each other's programs. The ranches host their sales on consecutive days, as most of their customers purchase Angus and Hereford genetics. They even share customer databases.

Rance Long, Thomas Angus Ranch, told the group that bulls are the ranch's business and it markets 500-600 bulls and 400 females annually. He said Thomas Angus Ranch is in the people business and customer service is job one. "To be successful, one has to establish relationships; they mean everything," he said. "There are many options for seedstock customers, so build friendships and provide genetics that work."

Long added that he listens to his customers and also manages any problems they may have with the cattle they have purchased. "We have a no problem guarantee," he said. "Master breeders go broke; master marketers stay profitable."

Long closed by saying that the two breeds, Angus and Hereford, working together make the greatest mama cow in the world.

Bob Harrell explained Harrell Herefords identifies its customers and their needs and offers them service after the sale. "Our ultimate customer is the consumer and retailer. They demand a certain product," Harrell said. "Our other customers are the commercial producer, the feeder and the packer. The avenue to reach the consumer is the commercial cow-calf producer."

Harrell said purebred producers must be critical and evaluate their programs and make changes. Seedstock producers are in the people business, beginning with relationships, then partnerships and finally friendships. "Our customer's success makes us successful, and we differentiate ourselves by selling a program, an image and a reputation," he said.

The two breeders work to make sure their sales are more than just another cattle sale. They want their sales to be an event. During the winter the two ranches team up with a local feed store to offer cattlemen educational seminars as well as fun social activities. They also have vendors participate to display new products and encourage their customers and neighbors to attend.

Harrell and Long finished by saying that service after the sale is everything. They both try to deliver bulls and visit each customer's ranch. They try to touch every customer with a telephone call and also conduct follow-up calls to see how the cattle are performing.

Hereford breeder Ryan Topp of Grace, N.D., said his family has taken a common sense approach to genetic excellence and built their

cow herd on input from customers. "We do a tremendous amount of research on our sires and eliminate any high-maintenance cows. We use EPDs (expected progeny differences) as a tool but hard numbers as our bible," he said.

Topp explained that consistency is critical to their customers and they attain it by visiting with customers on an on-going basis. He said that commercial producers are their main customers and he visits with them and infuses their advice with his plan.

"Our only day is the sale day. When I visit customers, I want to listen," he said.

He told producers to believe in their vision for their individual operations.

Topp said that he and his family stand behind their product and fix any problems that may arise. He added that he writes and distributes a quarterly educational newsletter. He also conducts a customer appreciation day that includes a cattlemen's conference. The event is fun as well as informational.

He closed his presentation by telling the group, "We are selling to an Angus world. We can maximize the Angus cow's potential with a Hereford bull. We need to work together."

Danny Hermann, Ford County Feedyard Inc., Ford, Kan., said his operation feeds Hereford Verified cattle.

The Ford County Feedyard is a family-owned operation with a feeding capacity of 55,000 head, which ships more than 120,000 head annually to National Beef packing plants.

Hermann said that the feedlot partners with producers and open, honest communication is critical to success. "Performance is our main concern along with conversion, cost of gain and health," he explained.

Since 2006 the feedlot has fed more than 15,000 Certified Hereford Beef (CHB) cattle from more than 150 producers, representing 26 different states. Hermann closed his presentation by repeating that performance is his operation's main concern and healthy Herefords make profitable Herefords.

The final Marketing 101 presenter was Art Wagner, head cattle buyer for National Beef Packing Co. LLC. National Beef, with plants in Liberal and Dodge City, Kan., processes more than 36,000 cattle a week.

Wagner told the group that National Beef is now a buyer of Hereford cattle and it will continue to leverage and communicate AHA's Hereford Verified, which is a source, age and genetic tracking program. Wagner complimented AHA and CHB LLC for developing the program that connects the ranch, feedyard and packer with an incentive for quality and quality improvement.

"Our emphasis is on identifying and buying pens of Hereford genetics. Black-baldie cattle are the very best animal we can buy," Wagner said.

He wrapped up his presentation by saying that the CHB program will continue to grow as proven by the fact that only four years ago the company started producing Certified Hereford Beef product and now Hereford has topped 1.37 million head.

Taking home the message

After three days packed with educational seminars, the conference concluded with roundtable discussions. Topics ranged from "How is your operation prepared to deal with the need for extra heterosis?" to "What should future American Hereford Association marketing campaigns focus on?"

Jerry Huth, Oakfield, Wis., was a member of the group that discussed "How can the Hereford breed increase marbling without giving up our other breed advantages?" The group summarized that producers must pay attention to the breed's carcass traits but cannot fall into a single-trait selection trap. "Instead we need to continue to focus on a balance of traits to maintain the breed's progress," Huth said.

John Andras, Ft. Worth, Texas, summarized his group's discussion of what are the five take-home messages from Young Guns:

- 1) Sell a program, not a product. Give your customers a stable source of genetics with profitable marketing options.
- 2) Don't be afraid of heterosis; look at it as an opportunity.
- 3) Even though we as breeders face environment challenges and have different customer needs, the primary traits we need to focus on are do-ability and health and with these two traits will come efficiency.
- 4) Progressive, innovative, planned and positive marketing is the key to success.
- 5) Look at things from all angles with a positive attitude. Don't be afraid to step out of the box.

The roundtable discussions gave breeders one last chance to learn from one another and share ideas before going home to their respective states and sharing their knowledge with other Hereford breeders.

"If you want the opportunity to listen to industry specialists and ask them questions, as well as learn from other like-minded breeders, then every breeder who wants to improve their herd in this area, should make every effort to be at these events," Schultz says. For those breeders who could not make it to Kansas City, Web coverage of the event is available at HerefordYoungGuns.com. The site features synopses of the various presentations, PowerPoint® presentations saved as PDF files and audio clips of the presentations. **HW**



Seedstock producers Ryan Topp, Rance Long and Bob Harrell shared marketing tips during the Marketing 101 session.