



# Sustainability of a Robust Seedstock Industry

This month, my commentary is not directed toward any one segment of our business or any particular individuals but is simply a humble perspective of the Hereford breed's history that I hope will be taken in the right context.

It is certainly not my job to prescribe breeding objectives for individual breeders; those decisions are certainly your job. However, I just want to make a few points and possibly provide a cautionary note or two as the Hereford breed faces one of the greatest opportunities many of us have ever witnessed in our business.

There was a time in our breed's history — within the last 20 years — when the production and marketing of elite females dominated many Hereford breeders' breeding and marketing objectives. This still may be the case for some Hereford breeders, but there was a time when the pursuit for the female sale became so great the Hereford bull for all intents and purposes became a by-product — a steer by-product.

For many, bull demand slid in the 1980s and '90s for the Hereford breed for a variety of reasons. Consequently, the goals of many programs changed. Breeders were driven to produce the great show female and sometimes ignored what made a good range bull because it was a time when even good range bulls were sometimes tough to sell.

I think we can all agree that a show female breeding objective can sometimes be in conflict with a commercial range bull breeding objective. If you do not believe these objectives are sometimes in conflict, then I challenge you to study the 2010 *Drovers-Vance Publishing Commercial Survey* results and ask yourself if the majority of elite show heifers meet the bull selection trait preferences of the majority of commercial cow-calf operations across the country. Many elite, unproven females do indeed meet the commercial industry standards, but there is a risk that many are on the outer edge.

Today, there are two very dynamic marketing paradigms developing in the Hereford breed that, if kept in the right perspective, could lend themselves to long-term prosperity, provided the Hereford breed doesn't get caught up in old traps.

During the last three to five years, two parallel markets have developed for the Hereford breed: 1) a dynamic heifer calf market principally driven by heavy investment in the youth show program and 2) a commercial Hereford bull market that is witnessing amazing market-share growth with the greatest opportunity the breed has seen in the U.S. since post-World War II.

It is hard to put these trends into historic perspective because many of

the tax laws changed in the mid-1980s, removing cattle as an opportunity for a tax shelter; consequently, the economics of the business have changed dramatically, and frankly, there are not as many people or capital invested in the purebred business as there was in the middle portion of the century.

However, even though there are fewer "Wall Street-corporate types" in the business, we are currently seeing demand for Hereford cattle increase at a rate many of us have never seen, both in the commercial bull market and the elite female market.

During times of market opportunity, history has demonstrated that breeders sometimes take the path to easiest prosperity and sometimes neglect long-term objectives. We have seen this in virtually every breed of cattle that have experienced prosperous times. The temptation is great to focus on selling the individual "great one" instead of producing the consistent "good ones" that our commercial industry demands.

Another tendency during prosperous times is the temptation to sell deeper into our calf crop than we should, thereby compromising quality and fooling ourselves into

believing that the demand is too great to pass up.

There is no question the economics of our business are challenging, and we strive to maximize the value of our seedstock calf crop, but let's take our lessons from the past seriously — the same lessons that our nation's automakers, Ford, Chrysler and General Motors, learned in the 1980s and '90s about quality, lessons that we have learned in our own breed in the last 30 years.

A quick buck is not always a sustainable buck. History has demonstrated that sustainable and prosperous seedstock markets are driven by fundamental economics with a commercial focus. We need not let greed lead our way like the prime rate banking industry last decade. Talking to many breeders around the country, I have heard many wise comments resembling the following:

1) We are in the beef business first.

The purpose of a beef animal is to produce a high-quality consumer product. The show business should be a by-product of the beef business with all of the enjoyment the competition provides breeders.

2) A focus on the commercial customer will determine how well the Hereford breed will maintain a prosperous commercial business, which is fundamentally necessary for maintaining a vibrant seedstock business.

3) Never sell something that you would not purchase yourself. Quality is critical in every new opportunity. We should never shortchange our commercial customers. New customers are hard to come by, and it's a lot less expensive to keep existing customers satisfied as opposed to cultivating new ones.

Let's make sure our knives are sharp when we think of taking care of these new prospects. **HW**

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## Hereford, Brahman partner on ad

As part of American Hereford Association's new national ad campaign developed to promote the value of Hereford genetics in the commercial industry the Association partnered with the American Brahman Breeders Association to develop a tiger-stripe female ad that promotes the value of the Hereford-Brahman cross. This ad will be placed in state and regional publications in the South. **HW**