Profit Potential

The American Hereford Association will make a slight change in profit indexes to show potential profit differences between animals on an economic scale.

Shane Bedwell is the chief operating officer and director of breed improvement of the American Hereford Association. He can be reached at sbedwell@hereford.org.

I want to wish you all a blessed Fourth of July. Independence Day is a great time to honor the sacrifices so many Americans made for this country. I hope you get some time with friends and family to celebrate the values laid out by the Founding Fathers.

A change in profit indexes

The American Hereford Association will implement a slight change to the profit ($) indexes Sept. 3. This change has nothing to do with the economic assumptions or component traits that go into the relative weightings for these indexes. Rather, it changes how the $Index is expressed and, more importantly, changes how to communicate the difference between two animals for a specific index.

Last December, we introduced the updated genetic evaluation and added three key economically relevant traits into the $Indexes: Carcass Weight (CW), Dry Matter Intake (DMI) and Sustained Cow Fertility (SCF). These traits significantly drive profitability, which resulted in some reranking when comparing the current indexes to the old indexes.

Including CW, DMI and SCF traits increased the absolute value of these indexes dramatically. Currently, the indexes are scaled and, consequently, they do not reflect the true economic values. This was done to maintain familiarity between the old indexes and the current indexes we have today.

Going forward, the three $Indexes will be expressed on an economic scale showing differences between animals for their profit potential in respective scenarios. For example, an animal currently needs a value of 37 to be in the top 1% for Certified Hereford Beef Index (CHB$). The change of scale will increase the 37 value to approximately 130. When the index is left unscaled, it shows the major impact CW and DMI actually have on profit.

Additionally, when comparing two animals on the new scale, a $1 difference actually means $1. For example, when comparing an animal valued at CHB$ 130 to one valued at CHB$ 100, the resulting $30 difference means the animal valued at $130 will be $30 more profitable when marketed under the CHB$ definition.

The same applies for the Baldy Maternal Index (BMI$) and the Brahman Influence Index (BII$), but the economic scale is substantially bigger. The increase is a result of these two indexes predicting a female's profit potential over her lifetime, whereas CHB$ predicts profit potential per year.

Today, animals in the top 1% for BMI$ need a value of 33, which will increase to approximately 450 using the updated scale. This value is substantially different, but it is expressed over a female's lifetime and shows how fertility contributes to potential profit. BII$ will be on a very similar scale.

The take-home message

A change to the $Indexes will not cause any reranking of sires or dams for the respective indexes. The only difference will be interpreting the new numeric values. Animals currently ranked in the top percentile for the breed will still rank in the top percentile Sept. 3. To the left are examples to help familiarize yourself with the index values. **H**W

Today's $Index values

	BMI$	BII$	CHB$
Top 1%	33	28	37
Bottom %	2	3	3

$Index values after Sept. 3

	BMI$	BII$	CHB$
Top 1%	450	533	168
Bottom %	36	64	11

Examples of new $Index values:

CHB$
Sire A: $130
Sire B: $100
Difference: $30

Explanation — Sire A will sire progeny that should be $30 more profitable when fed out and marketed on a dual-based grid when compared to the progeny of Sire B, if comparably mated.

BMI$
Sire A: $450
Sire B: $300
Difference: $150

Explanation — Sire A will sire daughters that are $150 more profitable over their lifetime due to their added longevity and/or their ability to raise more profitable offspring when compared to daughters of Sire B, when comparably mated.