



"Capturing Value" was the hot topic that drew a crowd as Angus producers gathered in Fort Worth, Texas, this fall.

FOLLOW THE MONEY

When buyers turn a profit, it brings them back.

Story & photos by Miranda Reiman, senior associate editor

You remember when you make money, and you remember when you lose money."

Kelli Payne, Oklahoma National Stockyards Co., said that's practically a universal truth of cattle feeding. When it comes to getting the most for your cattle, Payne's best advice is to make certain they make money for the next person in line.

During the busiest run of 2020, her Oklahoma City-based auction market featured 18,000 head selling on a single day, and Payne watched buyers return with strong bids for the 3,500-head special Angus turn.

"They had confidence that every animal coming into that ring was handled right — minimum 60 days weaned,

two rounds shots and some of them were AngusLinkSM," she said. "They were buying the same cattle they had bought before. You'll never forget the bad cattle, but you're certainly going to remember those cattle that you buy and put in the feedlot that grow and grow and grow."

Giving buyers more information and more assurance was a theme

during the Capturing Value Panel during the 2021 National Angus Convention in Fort Worth, Texas, in November. Payne joined Clint Berry, Superior Livestock Auction; Doug Slattery, Prime Pursuits; and Bruce Cobb, Certified Angus Beef, in sharing their perspectives on how to increase calf price.

The cycle is right

The cattle cycle itself should help, as fewer calves hit the market in the coming years.

"I've probably never been as optimistic about the beef business as I am right now," Berry said, but that doesn't mean profitability is guaranteed. He said he expects the rate of change to continue to accelerate.

Slattery predicted, "There's going to be less and less cattle, I think, marketed without a third-party verification of some kind as we go forward."

Prime Pursuits, the feeder-calf procurement arm of 44 Farms, has been purchasing cattle for its McClaren Farms brand, sold in 500 Wal-Mart stores throughout the Southeast. The program purchases cattle verified to not have been administered hormones and traceable with an electronic identification (EID) from producer to store shelf. Last year they bought 450,000 head of Angus-sired calves from across the United States.

"The thing we wanted to do is work with these producers individually," Slattery said. "We wanted to help them add value, help them with steps that would work in their environment with their cattle, with their management style that would add value."

However, producers have to be willing to "take the extra steps," Slattery said, such as:

- Have a relationship with a veterinarian.
- Get expert nutrition advice.

Continued on page 102



- Use a seedstock producer who will give feedback.

Whether trying to sell into their program or not, those are best practices, he noted.

“Anybody who’s not weaning their calves is losing a lot of money. You have to wean your calves,” Slattery said, especially considering the effect on health. “You can have a pen of cattle — and we’ve had them — grade 40% Prime, 99% Choice, but we had an 8% death loss. We’re probably not going to buy those cattle next year, because you cannot sustain that kind of death loss.”

Providing proof

Using third-party verification gives buyers confidence to step outside their usual purchases, Berry said, and the programs moving beyond the well-known vaccine protocols.

This summer Superior started publishing some of the AngusLink Genetic Merit Scorecard® (GMS) values on cattle selling on video.

“It goes back to helping to differentiate what the product is that we’re looking at, especially on a set of cattle that maybe you have no experience with,” Berry said. “It’s a lot like what’s underneath the hood without popping it up to know what’s there.”

Expectations are high these days.

“If I kill a set of calves, and they don’t grade in the high 80s (for percent Choice), I’m beyond frustrated, and I expect them to all grade in the 90s,” he said.

Holding value

Cobb noted cattle feeders are rewarded based on carcass quality, so they continue to dial in to which cattle are likely to perform well on a grid. Even as, nationally, quality grade levels and *Certified Angus Beef*® (CAB®) brand acceptance reach record-high levels year after year, that’s still true.

“Whatever increase in supply we’ve had from the quality grade standpoint, it’s always been more



Industry marketing experts (from left) Clint Berry, Doug Slattery, Kelli Payne and Bruce Cobb tell moderator Troy Marshall, American Angus Association director of commercial industry relations, that change continues to be a constant when it comes to adding value to feeder calves.

than offset in the increase in demand we’ve experienced,” Cobb said.

Last year there were 6 million carcasses certified into the brand.

“In most all of agriculture, when you continue to add volume on volume on volume, what happens in the commodity world? Price decreases, correct?” he asked. “Not so in high-quality beef.”

Through November of 2021, CAB grid premiums were holding at just more than \$5 per hundredweight (cwt.).

“That’s on top of exponential growth that we’ve had, not just last year, but in the last several years,” Cobb said.

Consumer value adds

Health and genetics are both places to add value today, but sustainability is a growing area that all panelists were eyeing.

“No matter what topic you’re talking about, whether it’s animal care or environmental management, these are things we’ve been doing in the industry for generations, but now we have an opportunity to talk about those attributes and really share that

story with our consumers and chefs and retailers and help them understand that these are topics that are extremely important to us as producers and certainly as Certified Angus Beef,” Cobb said.

Berry noted that people shift in their seats when they hear that word, as it can make everybody a little uncomfortable with the unknown.

“It is a chance for us to continue the legacy we’ve been doing and actually get paid for it, because that is a terminology for something that, in essence, we’ve been doing, or at least the lion’s share of,” he said. “When you hear that word, there is opportunity in that word. You may need to take care of some paperwork on your side, but there’s going to be a lot of money made in being able to deliver a sustainable product.”

Working with one of the nation’s largest retailers, Slattery says sustainability comes up often.

“We literally have a sustainability conversation, if not every day, several times a day. It’s that high of a priority for Wal-Mart and for 44 Farms and Prime Pursuits,” he said. “Each and every

one of us is going to have to get behind that, because there’s people working against us every day that are trying to trip us up through the media and every other known possible way to hurt animal agriculture. It’s just a fact.”

Yet it’s not all simply a defensive move. There’s already value for verifications like non-hormone-treated cattle (NHTC) or third-party humane-handling programs, and, he said, he expects that list to grow.

“All of the big companies, the big corporations, it might be their biggest focus right now,” Slattery said, noting that is especially so in the food industry.

Stay tuned

Berry said producers should stay in tune with trends and the direction of the industry, because it will continue to evolve.

“If you think there’s been a lot of change in the way we differentiate and market cattle in last five years, wait until you see what the next five years have,” he said.

One thing that seemingly won’t change: Buyers will continue to buy cattle that make them money. |