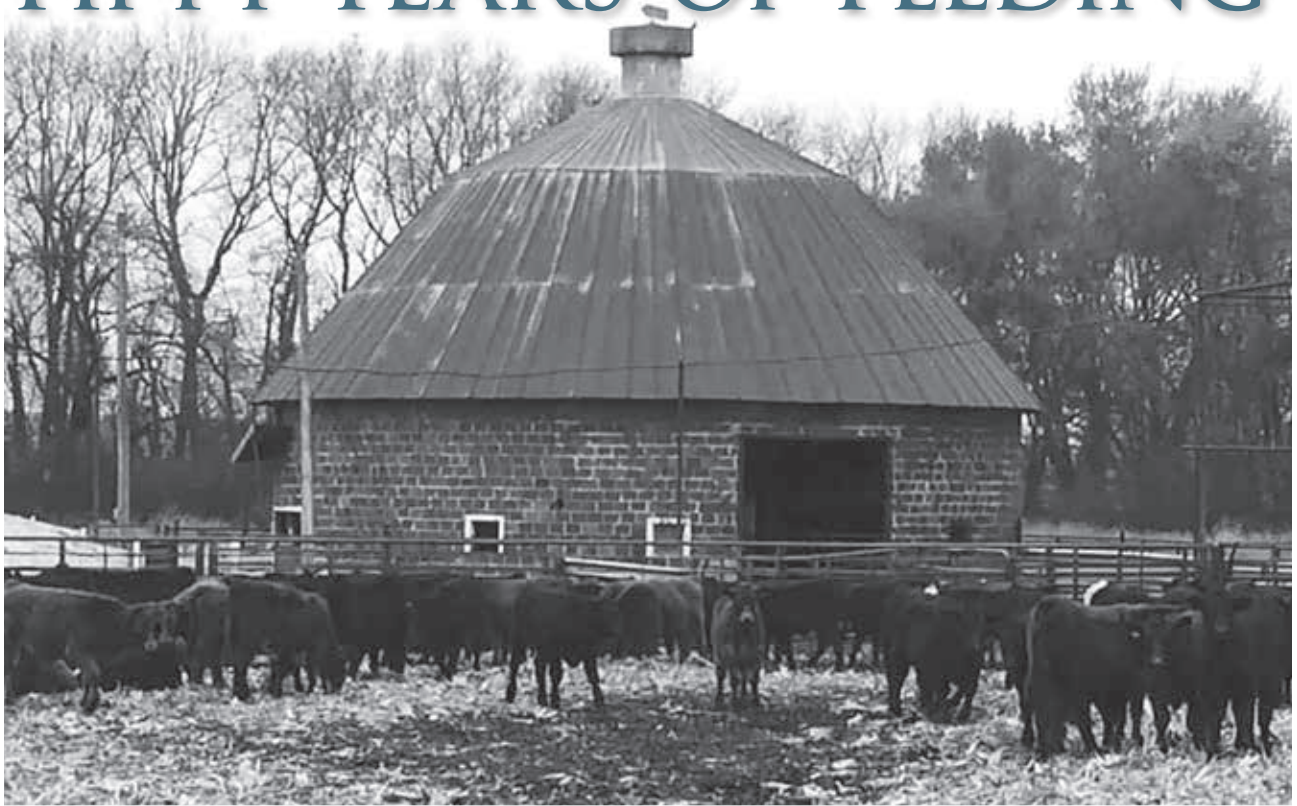


# FIFTY YEARS OF FEEDING



PHOTOS COURTESY JOHN & LORNA HAVERHALS

## South Dakota's John Haverhals shares his playbook for successfully feeding cattle.

by Kindra Gordon, field editor

**I**want the best ones I can get my hands on," says John Haverhals when asked what he looks for in purchasing cattle for his 8,000-head custom feedlot at Hudson, S.D. Called Haverhals Feedlot, the operation is located in abundant corn country about 30 minutes south of Sioux Falls along the South Dakota-Iowa border.

Haverhals admits calves he considers "the best ones" do cost him more money, but they also make him more.

"I've kept a lot of records [over the years] and good cattle cost more up front, but they are more profitable — and, even if the market doesn't cooperate, you lose less," he explains.

In total, his feeding experience

and number-crunching have helped him conclude: "Good cattle are predictable."

### **Adding value to crops**

As a third-generation cattle feeder, Haverhals has seen his fair share of cattle. His grandfather fed cattle, and in 1972 Haverhals began feeding cattle with his dad.

"We had farm ground and fed our

Above: In 1983, John Haverhals and wife Lorna established the feedlot they still operate today. Stepson Tyler has worked in the business for the past decade and is now operation manager.

crop to cattle to add value," he shares.

In 1983, John and wife Lorna established the feedlot they still operate today. Stepson Tyler has worked in the business for the past decade and serves as operation manager. The business includes five employees.

Today, they source cattle from throughout South Dakota, western North Dakota and Montana. About half of their feedlot placements are purchased through direct sales with producers. The other half are purchased via auction markets from producers with whom Haverhals has built a long-term relationship.

### **Cattle criteria**

Haverhals says he looks for two



Haverhals finds that when producers visit the feedyard it helps build a relationship with this segment of the beef industry chain.

key elements when seeking cattle coming into the feedyard: predominantly Angus genetics and two rounds of vaccinations.

He says he also likes to partner with producers on ownership of the calves on feed.

“I like it if the ranch owns a percentage — at least 25% — of their calves,” says Haverhals, “the reason being that makes them a stakeholder. ... I’m old school. When you touch it and feel it, you learn it a lot faster.”

He continues, “I like the ranch producers we work with to come see their cattle on feed one or two times as they gain. A 500-pound calf growing to a 1,500-pound finished steer is a whole different-looking animal. I have found that producers understand what we are working with much better when they come and see it.”

Haverhals says performance of sire groups, and especially seeing the importance of good feet and legs, becomes evident when cow-calf producers take time to visit their cattle on feed.

“We try to know feed prices through the year so our cost of gain is predictable.” — *John Haverhals*



PHOTO BY BOB FITCH, AGE MEDIA, PUB

John Haverhals and his wife Lorna got advice from an industry mentor to make sure they take care of those who work alongside them. Their operation has five employees.

As an added bonus, when producers visit the feedyard it also helps build a relationship with this segment of the beef industry chain.

“Relationships are hugely important between producers and their feeder, and the more you talk the faster you get comfortable with each other,” says Haverhals. “That in-person visit to the yard can be huge.”

Haverhals says he enjoys learning what a producer’s tags mean, especially if they indicate sire groups.

Then, as the feeding

period progresses, Haverhals says, “I can give my feedback on what I saw for performance. I don’t tell producers what sires to use, but they can make some decisions when they know what we observed. And, I believe most producers want to know they are on the right trend.”

### Data analysis

Number-crunching is an important component to Haverhals’ feeding.

“Every calf we buy, we do a breakeven [on] before we buy,” he explains.

Then, he’ll use strategies to reduce risk. As an example, a put option \$10 below the breakeven price “can help keep us out of Black Swan events,” says Haverhals.

Feed prices and costs are also tracked.

“We know silage and ethanol coproduct costs at different periods of time during the year,” says Haverhals. “We try to know feed prices through the year so our cost of gain is predictable.”

Another strategy Haverhals has come to find valuable for spreading out risk is timing. Today, they strive to keep the lot a 50:50 ratio of feeder calves and yearlings.

“This spreads out our marketing,”

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he explains. “We can have some calves ready [for harvest] every month.”

Also, because yearlings are on feed for fewer days, Haverhals can bring yearlings in a couple times during the year. Calves, on the other hand, fill the pen space for a longer period of time.

Most recently, Haverhals is excited about a new analysis software called Margin Trax developed by Sioux Center, Iowa-based Midcon.

“We can track profitability for every calf, every day, by pen,” he explains. “That lets us take advantage of different basis, and it allows you to be more comfortable about making selling decisions. When you sell, you know what those cattle made.”

### Predictability = profit

In total, Haverhals’s 50 years of feeding have taught him that predictability produces profit.

“I like to feed the same cattle year after year, and follow performance and manage rations,” says Haverhals. “You learn cattle history, and you can build better efficiency with certain rations.”

As one example, Haverhals points to wet distillers’ feed and says: “There’s an inclusion point that we won’t go over a certain percentage in our rations. We’ve tried it in the past, and it didn’t work for us. It wasn’t predictable. You learn that from years of experience.”

Post-COVID, Haverhals says his feedyard learned that supply chain disruption is real. With that, they are adapting by planning further ahead.

“We’re being more proactive about what we may need and trying



PHOTO BY LAURA NELSON

History helps Haverhals make better management and marketing decisions. That’s why he says he likes to feed the same cattle year after year.

to look two months or further out,” Haverhals says.

That said, Haverhals attributes his success to having a flexible mindset.

“A mentor years ago told me: ‘Be a friend to change.’ I’ve always remembered that,” he shares.

“Whether it’s business or markets or the government, we can’t get stuck on how it was or is. We’ve got to remember to adapt.”

His advice to others in the ag industry is to take care of those who work alongside them. Haverhals says he will always remember this advice from another mentor, “If I have any money left when I retire, it’s not because I stole from my employees.”

Says Haverhals: “They deserve a good wage for the work they do.”

He encourages the feedlot industry to focus on getting more young people into the business.

“It’s capital-intensive, so most people will likely need to be a stakeholder and work into the business, but there are opportunities for a successful career, and we need to tell our story and work more to recruit the talent pool out there.”

Editor’s note: Kindra Gordon is a freelance writer and cattlewoman from Whitewood, S.D.

### Industry views

As a longtime leader in the cattle-feeding industry and involved with several industry organizations, John Haverhals has meaningful perspective on today’s beef industry.

When asked what the beef industry has done well during the past decade or more, Haverhals says the answer lies in the research and development of new beef products funded by the Beef Checkoff.

“We have new beef products, and a variety of recipes for beef, and I feel that has helped build huge beef demand. Every sports bar has a signature burger because that’s what customers want.”

Regarding what the beef industry needs to improve upon, Haverhals points to the division within the industry.

“When it comes to regulatory and political issues, some are the same things we debated 50 years ago. If we could come together, we could be so much further ahead,” he states.

Regarding the direct-to-consumer meat sales movement, Haverhals says he supports it — and has a customer who has been doing it on a small scale for 20 years. Haverhals is hopeful more 100-head to 250-head harvest facilities will be able to open to accommodate this trend for the beef industry’s future.