

Angus Quality, Texas Style

Texas feeders manage risk with Angus genetics as a CAB feedlot partner.

Story & photos by

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A year ago, Stacy McCasland was concerned. He and his father, Don, had become known for their expertise in managing risk with commodity cattle. That helped keep their 32,000-head custom feedlot near Wheeler, Texas, in the black. But it was becoming harder to impress packers with unknown cattle.

"We had to do something different to limit risk," Stacy says.

"We've always bought light heifers out of the East, and that included some sorry cattle priced right," he explains. Like most commodity feeders, he would distribute some "blacks" around to several pens to help them sell. "When a pen was ready, on the average, we were glad to have the buyer take them all."

In 2002, Stacy says he noticed

packers were paying less attention to color and more attention to quality. "They'd beat us to death on those plainer cattle last year — made us feed them and feed them till they killed us on performance. So, I said, we've got to change." When the Swift & Co. plant in Dumas, Texas, began to offer \$3 per head late that year for cattle sold on the Angus GeneNet grid, McCasland wanted in. The deal only applied to cattle from Certified Angus Beef LLC (CAB) feedlot partners, and that's one reason he licensed Wheeler Feed Yard Inc. last spring.

Appreciation for Angus

As a CAB partner, Stacy says he has a new appreciation for Angus cattle. Longtime friend and feeding partner Bert Hutson, Elk City, Okla., may be one key to developing a network of retained ownership customers. With more than 1,000 registered and commercial Angus cattle, Hutson Farms markets most of its bulls through ProfitMaker Bulls Inc. (PBI). That includes the PBI bull-leasing program, with its buyback provisions that could generate 800-1,000 Angus feeders of known genetics for the Wheeler yard by next fall, Hutson says.

The feedyard had little experience with cow-calf and retained ownership customers, but Stacy saw the need to go there. "Being CAB-licensed is leading us

into this new role," he says. One of the first steps McCasland took after licensing was to send letters to current and prospective ranch customers noting the importance of using high-quality Angus genetics.

The letter took a cattle feeder's position in asking producers to look beyond weaning weights. "The premium market requires something more than that," Stacy wrote, "something easily added at the ranch, but impossible to add at the feedlot or packing plant."

That something is the genetic ability to grow and grade.

Stacy, like an increasing number of custom feeders, looks for cow-calf partners to help develop cattle that work from pasture to plate so that everyone from cowboy to consumer feels good about beef. He and Hutson tell ranch customers the Angus breed has the largest and most accurate genetic database and the most adaptable cattle in the world.

"While it is true that cattle with more Brahman influence tolerate heat better, the resulting beef does not tolerate the heat of the grill better, and that is the ultimate test of beef value today," the letter noted.

"Some of our customers want to improve and are slowly changing their herds," Stacy says. "As a CAB feedyard, we're grabbing some data on most of the blacks here, just to find out how much Angus type we



When it became harder to impress packers with unknown cattle, Don (right) and Stacy McCasland decided to cash in on the \$3-per-head premium offered to CAB feedlot licensees on the Angus GeneNet grid at the Swift & Co. plant in Dumas, Texas.



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Through his bull-leasing program with its buyback provisions, Bert Hutson, Elk City, Okla., could generate 800-1,000 Angus feeders of known genetics for McCasland's Wheeler Feed Yard Inc.

because of the 535-pound (lb.) limit," he explains.

When the Choice-Select spread was near \$30 per cwt., Vanwey could use Yield Grade (YG) 4 as an indicator of finish on such groups of expected, but unknown high quality. "Jon gets that specific in the sorting alley," Stacy says.

The \$20-per-cwt. discount for YG4 was literally overshadowed by the Choice

premium, McCasland explains. The Choice-Select spread was bound to narrow somewhat, but the market led GeneNet president Ken Conway to sweeten his target in October.

"We're cutting the YG4 discount to \$15 per cwt. and increasing our premium for the *Certified Angus Beef*® (CAB®) brand to \$5 per cwt. on top of whatever the Choice premium may be," Conway

says. "We have increased our grid premium for CAB several times since the start six years ago, but never floated it back lower."

Wheeler Feed Yard is "doing a nice job sorting to our grid," Conway adds. "They're getting a steady improvement, and the more they sell that way, the more they are inclined to go out and get a little

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have in these cattle." They were pleasantly surprised by some of the put-together calves from the Southeast. Several groups exceeded 80% Choice and even achieved 40% CAB on the GeneNet grid.

Some of that was due to a change in buying orders last spring. "We got a few smutties (Charolais crosses), but more blacks," Don McCasland says. "We ordered Angus, and the percentage seemed to improve every week into April, unless they fought price or weather." Targeting Angus genetics, their first order was for 60% black or black baldies, 30% smutties and 10% reds; but, most of the loads came in 90% black, 10% smutties and no reds.

"That was fine with us," Don says. "Out of Kentucky, we get some solid-black loads, and that's fine, too."

Sorting for profit

Part of retooling for higher quality meant adding expertise in receiving light calves, and sorting them to end point and market finish. That's why the McCaslands hired Jon Vanwey from Hooker, Okla., as feedlot manager last winter. "Jon brings a lot to the table," Stacy says. "We do a lot of straightening out calves, and he was brought up on that. He's an excellent manager, and he knows sorting."

Until early summer, Vanwey concentrated on sorting, but cut back during the hottest months to avoid dark cutters. Better weather and a hot Choice-Select spread had him sorting for the grid again by September, adding a \$5-per-hundredweight (cwt.) premium to at least one group.

When some of the Alabama cattle came in off wheat pastures, they were supposed to be short yearlings, Stacy says, joking that many were just a little too short. "The light heifers still worked well on the GeneNet grid

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better cattle because they can see it pays.” The Wheeler yard was one of the top-volume GeneNet customers in 2003, certainly the top in sales to the Dumas plant, with more than 2,200 head.

A starting point

McCasland says group data is all he

needed this year — a starting point to illustrate overall carcass values and the spread between top and bottom individuals. He saw what high-marbling Angus bulls could do with his father's Brangus heifers.

“We jumped the Choice percentage by about 50 percentage points over the 20%

to 25% we used to get with Charolais bulls,” he says.

And more customers are showing interest in data.

“A few years ago people would ask us to catch data on some cattle, and we said, ‘Right.’ Half the time, before we were CAB-licensed, something would go wrong,” McCasland says. “Now we feel confident, though we know it is still a

human-based system. We're a year or two away from individual data concerns, but group data will lead the way.”

Conway knows some progressive ranchers who don't tag their calves.

“But we try to show everybody what each carcass does, top to bottom, to get people to look at the individuals, to see some make \$150, and some lose \$150,” he says. “Then they want to know.”

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—Stacy McCasland

Selling on the grid and gathering data has “added another dimension to what we do,” Stacy says. “The people who have been investing in these cattle are ready to do it again, looking to pick up a little premium on the tail end; it has built confidence [among] the investors.”

He's continuing the Angus-focused, Eastern calf-buying program, waiting for the time when retained ownership is more attractive.

“A few guys are still retaining, and I think that has to do with the CAB target and pursuing that goal,” Stacy says. The last year proves how much the market can change, but depending on prices next fall, he and Hutson plan to start on the ProfitMaker buyback or a partial retained-ownership program.

“Demand for the Angus bulls has really come alive,” Hutson says. “We've had a request for a potload of bulls through Dave's [Bittner, of PBI] leasing program. If we get enough to qualify, there could be 1,000 of their progeny out there by next fall, but it takes an excellent bull to qualify. The buyback proposal is in front of the producers, but you never know what people are going to do.”

Hutson usually feeds 500 ranch calves at Wheeler and buys more as an investor. He and McCasland held off on those investments this year, saving up to launch network activities with ranchers in 2004. “We'll keep improving our cattle with all the data we get from GeneNet and ProfitMaker,” Hutson says.

Looking over a pen of Hutson's cattle, McCasland says, “We're still going to feed a light heifer, but they are going to look like this when they're done, and more of them are going to make the CAB brand.” Data will help it happen. “We have several guys out there with good-size cow herds, always looking for more information,” he says. “That always boils down to improving quality grade, and that always boils down to Angus.”