



Steve Irsik of Irsik Farms, Ingalls, Kan., says he didn't understand the whole industry when he just ran stockers, nor when he sold calves from the cow herd.

Discovery for Fun and Profit

Cattlemen find value in learning more about their cattle through feeding.

Story & photos by
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Until you finish some home-raised calves, you just won't "get it," say those who took that leap. They were successful before feeding, but embarked on a voyage of discovery to assure continued success.

Ironically, most cow-calf producers stay away from feeding because of short-term risk. Those who feed their calves do so to reduce long-term risk, and what they "get" is a revelation about everything that goes into consumer demand and carcass value.

Vertical coordination was always part of Steve Irsik's vision. He had served on the Irsik & Doll Co. board that governs several Kansas feedlots and grain elevators, and made it a point to include enterprises with synergy on his allied Irsik Farms east of Garden City, Kan.

"Historically, we were into yearlings," Irsik says. But in 1996, the commodity market led him into an eight-year odyssey that revealed to him what happens when commodity-grade heifers stockered on wheat become brood cows.

"It was probably a mistake to start with feedlot heifers, compounded by using Salers bulls," Irsik says. "I was not cowman enough to know better then." He learned, switching to Hereford and, finally, to Angus bulls, where he found "quality in volume."

The cattle cycle low market provided the push, but Irsik had been considering cows. "We had so many health problems with the yearling heifers every time; we wanted to get a cow herd so we could control our destiny on health."

With confidence in genetics, Irsik built the herd to 1,750 cows before drought and market opportunities cut it back to the top 1,000 last fall.

The first 60 steers from 2003 earned a premium of nearly \$106 per head on the U.S. Premium Beef (USPB) grid in May. Irsik's education quickened when he joined USPB, which he calls, "the most revolutionary thing that happened to the beef industry, maybe to agriculture, in my lifetime. *Certified Angus Beef*® (CAB®) is part of that, too. Those premiums are on the table, but we have to change to get them," he says.

Looking back, Irsik says he didn't understand the whole industry when he just ran stockers, nor when he sold calves from the cow herd.

"We need to retain ownership of our calves and sell on a grid to really get it," he says. Although some of his calves literally walk across the road to Irsik & Doll Feedyard (IDFY) near Garden City, Kan., he knows most producers have to ship cattle far from home and personal control. "It takes trust and faith, but there is opportunity to get it all, and we don't have to sacrifice anything on the ranch."

Grab a parachute

Mike Molitor, registered Angus producer from Zenda, Kan., helps bull customers "get it," leading by example to feed at Pratt Feeders, LLC, Pratt, Kan. "We steer the bottom end of our bulls and feed them alongside our customers' calves," Molitor says.

With cousin Greg, their Molitor Angus Beef LLC also feeds up to 900 sire progeny each year. "As tough a business as feeding is, we're way ahead to know something about the genetics. They improve, too, as we share information with our customers," Molitor says.

A seedstock producer can be like a skydiving instructor, he says.

"When you are up in the plane and your students are ready to jump, they look at you. If you're not dressed for it but you're telling them how to jump, you better not tell them you have never jumped.

"It's the same if a seedstock producer talks about marbling and ribeye but has never fed cattle," Molitor says. "It's hard to get customers to feed, but if we're going to have a program, we feel that we have to be the first ones to jump out of the plane."

Another Pratt customer, Nathan Lee, Coats, Kan., says, "We have not sold a calf in 13 years, but we didn't understand the business very well until we had fed a couple of years. We wanted to know what our cattle would do. When you sell to somebody else, you lose out on that information."

Feeding a portion of the calf crop has never been easier. Several states have Extension-sponsored steer futures, and there are partnering opportunities with seedstock and feedlot segments. Feedlots may prefer customers who fill a pen, but they will talk about half a truckload.

Mark Sebranek, IDFY manager, grew up on a family ranch and recalls, "The biggest problem was finding a feedlot that would mess with us, as we only had 150 cows." Maybe that explains why he took in 27 head for a new customer a couple of years ago — a deal that expanded to more than 300 head per year. "We all grow together," he says.

Variability as a variable

Trying to get enough volume, small producers often give up uniformity in filling a load, Sebranek notes. "It's not unusual to have a 500-pound (lb.) difference; we'd like that to be 200 pounds, but we want to work with these guys."

Nearby, Triangle H Grain and Cattle Co. has pursued individual management while tracking in- and out-weights, carcass weights and average daily gain (ADG) during the past seven years. Heavier weights at every stage were positively correlated with gain, and faster gain meant slightly fatter cattle. The data (see Table 1) illustrate the uniformity challenge of dealing with retained ownership customers.

Manager Sam Hands points out the average weights and cumulative 3.53-lb. ADG for all 21,324 cattle show no problems. However, the challenge comes from the fact that there are extremes. The 25% most uniform cattle only varied 209 lb. on arrival weight, but the worst 10% varied 559 lb. within the pen, and daily gains among individuals varied by 4.89 lb.

That's why many Certified Angus Beef LLC (CAB)-licensed feedlots now offer individual animal management to sort off finished cattle as they are ready for harvest.



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Table 1: Variability in 265 lots of 21,324 cattle, 1997-2003

| | Avg. all cattle | Avg. spread per pen | Extreme range | Top 10% | Top 25% | Bottom 10% | Bottom 25% |
|---------------------------|------------------------|----------------------------|----------------------|----------------|----------------|-------------------|-------------------|
| Feedlot in-weight, lb. | 763.8 | 335.7 | 114-1,004 | 172.4 | 209.4 | 559.0 | 484.3 |
| Feedlot finished wt., lb. | 1,244.9 | 455.1 | 184-807 | 278.9 | 322.8 | 668.3 | 600.2 |
| Carcass wt., lb. | 801.3 | 291.8 | 106-528 | 179.3 | 206.9 | 430.9 | 386.1 |
| ADG, lb. per day | 3.53 | 2.83 | 1.06-6.18 | 1.45 | 1.75 | 4.89 | 4.17 |

Through its alliance program, Decatur County Feed Yard LLC, Oberlin, Kan., offers all sorts of options.

“On arrival, they stay in a home pen,” explains Dan Dorn, the feedlot’s supply development manager. “At a midpoint, or 70 days on feed for calves, we split them into early and later finishing groups with a 60-day spread. A week prior to the earliest out date, each set may be further split three or even five ways, depending on variability.”

Decatur Beef Alliance members agree to feed in community pens, so “even if you have just a few head, you’re part of a 38,000-head marketing group,” Dorn says. “And we can fill each pen whether it is 80 head or 320 head.”

Dorn points out that feedlots can do little to enhance beef quality if potential is lacking, but mismanagement can compromise genetics anywhere along the production chain. “Individual identification and management bring integrity — force integrity — into the feeding equation, so we can see if an animal was mismanaged or really is a genetic failure,” he says. “Most producers find out 80% of the losses in feeding come from the bottom 20% of the group.”

Profit in grids?

Grid marketing is a way to get more value out of your cattle — if you know they have value. Excel recently revised its exclusive grid with Decatur Beef Alliance, increasing premiums for CAB, Dorn says. He looks forward to helping producers find high-value cattle, but emphasizes performance variables such as feed efficiency.

One key to reaping top value in both performance and grade is to avoid basing decisions on the market outlook. “We let the cattle dictate the market date, says Council Bluffs, Iowa, feeder Roger Chambers, Silver Creek Feeders

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Inc. A few miles to the south, Gregory Feedlots manager David Trowbridge tells customers, "If you try to outguess the market you will lose. It's that simple."

Sometimes producers are wary of grid discounts and may not believe their cattle are up to value-based marketing. That's when the feeder must provide informed advice and explain why the cattle brought more money on the grid.

Wayne Smith, manager of Hergert Feeding Co., Mitchell, Neb., justified marketing a California customer's cattle on the GeneNet grid by analyzing the profit. "The heifers made \$91.69 per head; \$55.53 in carcass premiums, and \$36.16 from performance. Their profit increased 153% by selling the cattle on the grid," Smith concludes.



"As tough a business as feeding is, we're way ahead to know something about the genetics. They improve, too, as we share information with our customers," says Mike Molitor, Zenda, Kan., Angus producer.

Stocker link available

Stocker operators need not keep to the sidelines as networks evolve. Stan O'Daniel runs 500 to 1,000 stockers per year on his 2,000-acre fescue and clover Lone Wolf Ranch near Lynchburg, Mo. He liquidated a Simmental-based cow herd in 1996, and after six years of leasing to others, O'Daniel retired from business and got back into cattle.

"I soon realized this is not the same beast that I left," he says. "I decided to try to learn and be on the front end of the curve instead of being caught on the back end. I saw that if you wanted to be rewarded for your work, you had to have the right genetics or you were dead before you started."

O'Daniel is working with stocker partners who try to source better quality Angus genetics and retain ownership in a Nebraska feedlot. "The main problem we have had is most cattle with known history and genetics are going for seedstock," he says.

He plans to buy high-quality stockers as he can find them, "buy a sample weighing 500 to 550 pounds, individually tag and work them into a feedlot at 750 to 800 pounds. I want to learn more about both sides and how to coordinate better with cow-calf producers and feedlots, from birth to the grid," O'Daniel says. "Did they make it or not; how can I help?"

Advisors aplenty

Many producers are actively looking for advice, but the problem could be an oversupply.

"Somebody says this is the greatest breed in the world and they use a bull for two years," Trowbridge says. "Or they say this is the best vaccine program, so they give it a try. It's usually better to stay with a program and fine-tune it, but sometimes you have to cut your losses." The feedlot has a customer who geared all production to a narrow segment of the market. "Now he's trying to figure

out what he can do to get marketable cattle. When you are devoted to a niche market, you don't have other options; you are just stuck."

Irsik says he is interested in aiming for the CAB target, "but the industry gives conflicting advice."

Lee agrees. "I talk to animal scientists who don't think we should select for marbling," he says, "that we don't need any more Choice cattle. I take issue with that. I don't see any reason we can't feed pens that are 50% Prime in the next 10 years, and that's our goal. One Prime calf more than pays for the management it takes to get him there."

Thirty-year veteran Extension beef specialist, now Purdue University emeritus professor, Kern Hendrix says there are a lot of ideas in Extension and industry. "We have to find people with integrity that we can communicate with and establish relationships," Hendrix says. "We try their advice, find some things work and some don't."

"It's a matter of feeling comfortable with the individuals or organizations. How reasonable they seem, keeping communication lines going, being able to talk with them when it appears the wheels are falling off, but before they do," he says. "Problems can be simple or almost insurmountable, but you can work on any of them."

And the decisive test: "You do have to get results — talk only goes so far," Hendrix points out. "You have to maintain productivity at less cost, or if you are going to spend money, as often advised, you have to get enough extra productivity or premium to justify it."