

Third-generation Angus breeder Art Butler (left) split the cost of AngusSource tags with bull customer David Rutan, who chose the RFID matched-pair set option. The set includes a visual and electronic tag, both marked with a 15-digit EID number matched to the visual tag's management number.

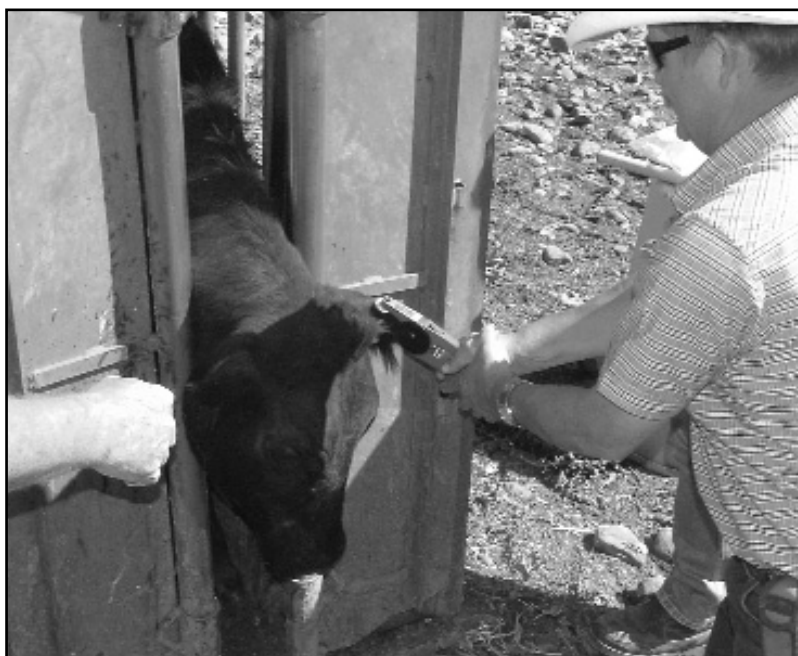


Rutan, Morgan Ranches operating manager, is taking a solutions-type approach to individual ID. He enrolled close to 400 head of calves in AngusSource this past summer as a way to better understand individual ID while differentiating his product from "generic black" cattle.

Get With *the* Program

Idaho commercial outfit differentiates calves with AngusSourceSM while getting on board with an individual ID program.

Story & photos by **KIM KANZLER HOLT**



Morgan Ranches cattle were tagged with matched-pair sets before leaving their ranch of origin. Butler applied the EID tag in the top of the ear so it didn't compete with the visual tag. All electronic tags were placed in the left ear, the U.S. standard for electronic devices. The electronic tag is always applied so the device is inside the ear for maximum retention and readability.

Morgan Ranches, South Mountain, Idaho, believes in turning out reputation feeder cattle. It's something in which the operation's Rutan family takes pride, because ranching on the Idaho-Oregon border is their chosen way of life.

The ranch is overseen by operating manager David and his wife, Ann. Their son Doug works with them on the ranch, and their younger children, Breann and Carlen, help out much the same as their four older siblings did when they lived at home.

Embracing quality, not commodity, they signed on with the American Angus Association AngusSourceSM program in June 2005 as a way to differentiate and market their Angus-sired cattle.

Several thought processes led David to begin implementing an identification (ID) and marketing program for Morgan Ranches. The initial seed was planted when his bull supplier, Art Butler of Spring Cove Ranch, Bliss, Idaho, offered to reimburse him for the AngusSource tags if Rutan put them in his calves.

"I thought, 'Well, what could it hurt?'" Rutan recalls. Soon after, in late April, RFD-TV aired the segment "Animal Identification: Opportunities and Challenges," a panel discussion of leading industry experts, including a McDonald's representative describing the restaurant chain's desire for more and more source-verified product. In May, Rutan attended an animal ID symposium sponsored by the Northwest Pilot Project (NWPP), a discussion about the realities of implementing the National Animal Identification System (NAIS) in the West.

Rutan says the TV program really got him thinking, and the symposium impressed upon him

that national ID was going to happen whether one agreed with it or not. Therefore, he decided Morgan Ranches would take a solutions-type approach.

"We thought if we got out in front we could have a little input into making it more user-friendly," he explains. "I just felt like we had to get started with a program," one that included radio frequency identification (RFID) and went beyond just meeting upcoming regulatory NAIS requirements.

Rutan believes incentives are in the works for electronically tagged cattle. He's counting on AngusSource, along with the NWPP (see "NWPP: Finding ID solutions for the West" on page 52), to help him figure out how to best implement electronic technology at the ranch level, while bolstering buyer support for Morgan Ranches' Angus-sired calves. Furthermore, when NAIS comes into play, AngusSource 15-digit ID numbers should be NAIS-compatible.

Why AngusSource?

Rutan met Butler, a third-generation Angus breeder, at a Montana-based Sitz Angus sale some 15 years ago. Butler says AngusSource promotes his belief in the breed and is why he agreed to sponsor tags for customers like Rutan.

"If we can verify calves are all Angus-sired, not just black, then we're more likely going to get a better grade and yield out of them," Butler explains. "Buyers will be more willing to step up and pay for them. Right now we have a \$27-per-hundredweight (cwt.) premium on Prime cattle. We're more apt to get a higher percentage of Prime out of Angus-sired cattle than we are the generic black."

Butler believes that eventually premiums paid for AngusSource cattle will trickle back to Rutan, and then back to him as a genetic supplier, similar to results seen with Certified Angus Beef LLC (CAB). Butler views the AngusSource and CAB programs as very similar — both are designed to create pull-through demand for Angus-sired cattle.

Getting on board

Enrolling. Enrolling the ranch in the AngusSource program was easy, Butler says. Morgan Ranches has bulls in its ownership on Association records, so Butler and his wife, Stacy, helped Rutan enroll online at www.angussource.com, using the ranch's nonmember code.

For a tagging option, Rutan chose the RFID matched-pair set, which includes the program's visual identifier, the white AngusSource ear tag and an electronic tag.

With the matched pair, the 15-digit electronic ID (EID) number is printed on both tags and is always matched to the visual tag's management number, provided by the customer.

In order to obtain tags, Rutan provided information such as herd location, number of steers/heifers, month and year calves were born, all calf sire registration numbers (even if sires are no longer owned), cow herd breed makeup, customized tag options, and shipping information.

His tags were shipped directly from AngusSource tag supplier Allflex USA, and he and Butler split the costs of the sets, \$3.25 per set. Rutan concluded a visual tag would alleviate their need for a reader if a few calves had to be pulled off a load. "The visual tag is a way better system for us right now," he says.

Tagging and marketing. Morgan Ranches cattle were marketed July 14 on the Western Video Market broadcast from Reno, Nev. They were listed on the AngusSource marketing Web site at no charge for up to 90 days prior to this, and listings were e-mailed weekly to more than 400 prospective buyers who, in turn, could further research calf sires and their respective expected progeny differences (EPDs) in the Association database.

Rutan has sold the majority of Morgan Ranches' cattle on video for four years and, in July, he sold five lots of natural and/or *Certified Angus Beef*[®] (CAB[®]) candidates: two groups of fall steers, one group of fall heifers and two groups of spring steers. All calves were videotaped in June, and the fall calves were tagged prior to leaving the ranch of origin in August and September.

The morning Morgan Ranches' cattle sold, Rutan reports, it was as tough a video market as he'd ever seen. But, bidders definitely spurred into action when his cattle sold. He and Butler witnessed this at the sale site, as did viewers tuning in.

"Typically our cattle have sold right up there with the better end of them," Rutan says. "I'd never seen as much activity as we did that day, even on a good market."

Bidding on the first group of fall

steers topped out at \$119.75 per cwt. According to Butler's research, there was a \$10 difference in price that day when he compared lots of six-weight calves to Morgan Ranches calves.

"We're talking \$60 to \$75 more per head for those tagged Angus-sired calves versus cattle of the same weight," he says.

The fact that Morgan Ranches calves

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Differing from many ranches in Idaho, Morgan Ranches has both fall and spring calving seasons. The three lots of fall calves and two lots of spring calves they sold this past July on the Western Video Auction were AngusSource-tagged and sold as natural and CAB candidates. Four of the five lots are bound for natural branded beef programs.

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sold as “natural” wasn’t lost on bidders seeking cattle to fit natural branded beef programs such as Painted Hills Natural Beef and Niman Ranch (see “A preference for Angus genetics” on page 54).

Doug Maag of Vale, Ore., secured the second top lot of fall steer calves for \$115.50 per cwt., and the fall heifers for

\$113 per cwt., for a Painted Hills member-supplier. He comments, “That sale will spark a little bit if they’re natural. That’s usually a different set of buyers, and they’ll pay a little more.”

Maag adds, “It’s another way to get a little more money out of your cattle, and you can join up with different programs and benefit from it.”

Rutan doctors less than 1% of his

calves. He sees no reason to not take advantage of additional premiums from the soundness they’ve built into herd-health and management programs.

Good genetics, information pay

While there is little doubt that the Angus influence and natural designation secured more bids for Morgan Ranches’ feeder cattle, good quality and information

were also key drivers. And, from earlier experiences with the Angus breed, Rutan knows good bulls pay.

Rutan learned a lot about Angus pedigrees while working as a 17-year-old for the former Foote Angus. This knowledge later proved valuable when, in 1987, he started using Angus sires exclusively to build a reputation cow herd for Joe Parkinson’s Bonus Cove



Butler introduced AngusSource to Rutan, who believes incentives are in the works for EID-tagged cattle. With Butler supplying the bulls, Rutan is figuring out how to best implement electronic technology at the ranch level.

NWPP: Finding ID solutions for the West

Two hundred head of Morgan Ranches’ AngusSourceSM-tagged cattle are being tracked from birth to harvest through the Northwest Pilot Project (NWPP). The NWPP is a seven-state producer-driven coalition working to influence the development of the National Animal Identification System (NAIS) and find solutions that are workable, practical and cost-effective for western producers like the Rutans.

According to Julie Morrison, NWPP coordinator, the project officially began Nov. 1, 2004. To date it has enrolled 119 producer participants. They represent about 23,000 total beef and dairy cattle, bison, and sheep, with beef cattle making up the vast majority.

Morgan Ranches’ cattle are individually identified in the NWPP database with the same 15-digit number from their AngusSource tag so that movements — such as “tag applied” or “movement out” — can be individually recorded. Owners are paid 75¢ for each movement they record with the NWPP, but Morgan Ranches’ David Rutan says their participation is about more than money. “It’s about education and figuring out how to make individual ID work,” he says.

Ranch. This Angus herd dispersed in load lots off the ranch in 1997; to date, they were some of the highest-selling commercial cows Association Regional Manager Rod Wesselman says he has ever helped sell.

“We learned on Parkinson’s cows that the best dollars spent are in genetics,” Rutan says. While managing Bonus Cove, he bought about 10 Angus bulls a year and had a 1,000-head calf crop. He upped their bull budget by \$1,000.

“We just flat jumped the weaning weight 100 pounds (lb.),” he says. “There’s nothing you can do for \$10,000 to produce 100,000 pounds of beef.”

Solid genetics were the foundation for the Morgan herd when Rutan signed on as operating manager four years ago. Owner Walt Morgan was a Hereford man who bought the best bulls he could find for the working ranch that he and his wife, Grace, spent a lifetime putting together southeast of Jordan Valley, Ore.

But, Morgan could foresee changes coming in the industry and, in 2001, gave Rutan the nod to buy Angus bulls and replacement females.

“Walt could see that we were going to have to make some changes to stay competitive in the market,” Rutan explains.

Morgan Ranches’ first Angus purchases were from Butler’s Spring Cove Ranch. Morgan passed away before the Angus sires were actually bought, but Rutan continues to follow the lead initiated by his family’s longtime friend and mentor in the cattle business.

He believes he gets better females, more pounds of beef and a product he can easily market by using registered Angus


bulls. He also likes the fact that calves can be marketed as CAB candidates and are eligible for the AngusSource program. Plus, Angus genetics easily fit this expansive, high-desert operation’s need for moderately framed, early-growth cattle.

Rutan’s ideal cow weighs 1,000 lb. and weans a 600-lb. calf. “Basically, these cows have to do it on grass and grass

hay,” he explains, adding, “I never buy a bull that I don’t intend to keep a female out of.”

The Butlers run their registered cows in South-central Idaho under similar conditions. “Our goal has been to produce all-purpose Angus cattle that will perform under a variety of range conditions found in the West,” he

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Morrison explains Rutan’s production scenario represents one of the biggest issues the pilot project is trying to address: the practicality of individually identifying cattle when they are managed on extensive grazing allotments in remote locations, where they may only be handled a couple of key times each year. Morgan Ranches cattle run on deeded land, public lands managed by the Bureau of Land Management (BLM) and state-owned rangelands in Idaho’s Owyhee County. Elevation ranges from 4,600 feet (ft.) at their home place to 8,000 ft. on summer range.

She says producers like Rutan provide invaluable input as they try out different ID forms in their various production scenarios.

“We take that input and our producers’ ideas to USDA to give them real-world recommendations for what is practical and how we can ensure the NAIS will work in our region.” Morrison adds, “If we can find ways to make ID fit in a practical way on the Rutan operation, we’ll have solutions that should apply to many other western ranches.”

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Rutan's experience in the cattle business has shown him that good genetics pay. The average of all EPDs for the sires of Morgan Ranches calves enrolled in the AngusSource program were above average for all traits except frame score and birth weight, which were below average.



explains. "We've kept our birth weights moderate, weaning weights heavy and our cows maternal."

Spring Cove has also selected for carcass genetics for some 30 years. "Bottom line is you get paid on what the value of the carcass is worth," Butler says. "I'd like to see David get that benefit because he is the producer. He's buying the quality bulls at our sale that should produce quality steers."

Through books and stacks of industry publications, Rutan studies the beef business. He's a user of information, and that's how he buys bulls. "I want all of the information I can get in order to make the best buying decisions," he says. Likewise, when he sells feeder cattle, he is willing to supply all known information to buyers.

Rutan doesn't see any value in trying to sidestep issues associated with traceability. "We need to give these feedlots all the information we have and can as far as birth dates, vaccinations and genetics. If you can give them more information, and they're willing to pay you something for that, why not take that route?" That's precisely the thinking behind AngusSource.

Applying what they've learned

Like anything new, Rutan and Butler agree they're learning more about AngusSource as they go. A marketing system like this isn't built overnight but,

A preference for

Doug Maag of Vale, Ore., secured Morgan Ranches' second top lot of fall steer calves and also their fall heifer calves from the Western Video Market (WVM) sale in July.

Maag, a feeder for the Painted Hills Natural Beef program, bought the Morgan Ranches cattle for a Painted Hills supplier-member in Burns, Ore. Painted Hills Natural Beef Inc. is a group of seven Oregon ranchers who raise their cattle without the use of any supplemental hormones or antibiotics. Cattle must grade USDA Choice or better, and that's why this program makes a point to seek out Angus-sired genetics.

Before Maag buys cattle, he wants to have a good idea if they'll perform on feed and grade on the rail. "I am always digging for information on cattle. I scout them before we buy," he says. "We've been going with the Angus breed because they have a reputation for grading."

Although the AngusSourceSM tag wasn't yet a factor in his WVM buying decisions, the idea of being able to follow up on bloodlines that lend to grading definitely appeals to

as Butler says, during two or three years.

Initial thoughts for next time include trying to tag calves before they're videotaped. Rutan believes the tag "made a world of difference" to further unify the cattle. They also plan to customize and print marketing profiles from the AngusSource database to send to past and prospective buyers, and further assist the Association in its efforts to educate buyers and marketing outlets about AngusSource advantages.

One pointer Rutan has for sellers is to be sure you're buying bulls from reputable genetic suppliers. Commercial producers qualify for the AngusSource program if they own registered Angus bulls as documented in the Association database, so registration papers must be transferred. Producers may also lease Angus bulls or use Angus AI sires, but lease agreements and semen records must be maintained.

Another consideration: Your feeder cattle are also a representation of your bull supplier's program. "If I wasn't confident in the integrity of the breeder I am buying from, I'd be buying from a different one," Rutan advises.

"Stamping" their program

In retrospect, Butler doesn't believe all of the 10¢ premiums obtained by the Morgan Ranches cattle that sold in July can be attributed just to the tag. But, as

the program grows, it's going to gain momentum.

"It goes back to what David says, 'Genetics pay.' And, these calves are Angus-sired. We're verifying that they're Angus, and that guarantees the feeder and packer they're going to have a higher gradability." He adds, "My dad always told me, 'Someday we're going to get paid for what the cattle are worth.' We're getting closer."

Rutan was encouraged by the fact that even in a down market, his cattle still gathered a lot of buyer interest. And, seeing the activity on the calves at the auction, he says he, too, believes AngusSource is doing some good and has a lot of potential.

Rutan's goal was to get Morgan Ranches started with an individual ID and marketing program — something he's

achieving through AngusSource. "It's putting a stamp on our own program — showing that we have a program, rather than just running cows," he says. "We're trying to offer a better product and all the information for that product. And, we're verifying that it's Angus-sired."



Angus genetics

Maag. "If we can get the grade out of them, it's more valuable to us," he says.

Aside from genetics, age, source, location and reputation also influence Maag's buying decisions. He was familiar with the Morgan Ranches cattle, having bought them before. "We knew they were reputable cattle," he says.

He explains, "We need cattle every week for this program, so we get as many of the good quality fall calves as we can. And, usually, you have to pay a little more for them." Location of cattle was also a major factor in his July buying decision because the rising costs of shipping are becoming a bigger concern for them.

Maag also sees source verification coming around the corner. Painted Hills likes to follow the cattle right back to the ranch. "That's important for their program," Maag says. "Source verification is going to be really important in the future." He adds that the Morgan Ranches cattle already fit the criteria really well.