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Capitalizing on Angus Genetics

The brisk and well-deserved demand for Angus bulls has whetted Angus breeders' appetites for market share.

by ED BIBLE

There's no place for "laurel-resting" in the minds and management of purebred Angus producers as they organize special feeder-calf sales designed to enhance the value of Angus-sired calves.

State Angus associations, livestock groups and individual breeders have initiated — or are planning — sales that offer Angus feeder calves in pot loads that hopefully will bring top premium for their owners. The example sales described here are by no means all-inclusive; they are just samples of what state organizations are doing to maintain and increase the Angus breed's share of the market for top-quality bulls.



In Virginia

The Virginia Angus Association and the Virginia Livestock Markets Association (VLMA) launched a series of Angus-sired feeder-calf sales last November. The sales are designed to benefit producers of feeder cattle with known genetics that fit the visual appraisal for the Certified Angus Beef (CAB) Program. Cattle sell by individual breeder groups and must be sired by purebred Angus bulls.

In announcing the sales, Michael Gothard, executive director of the Virginia Angus Association, says, "This program stimulates sales for Angus bulls and fills

a demand for Angus-sired feeder cattle. Buyers are provided a complete history on the cattle, including herd health, cow-herd genetics and sire EPDs (expected progeny differences)." Bunk-broke cattle are identified, and the previous diet is stated.

Gothard says advantages to sellers include:

1. Cattle are sold by individual ownership and are not commingled prior to the sale;
2. It's an opportunity to market preconditioned calves;
3. It targets buyers who feed for CAB Program licensed packers;
4. It creates demand for registered Angus bulls; and
5. It creates demand for calves by providing information on sale cattle.

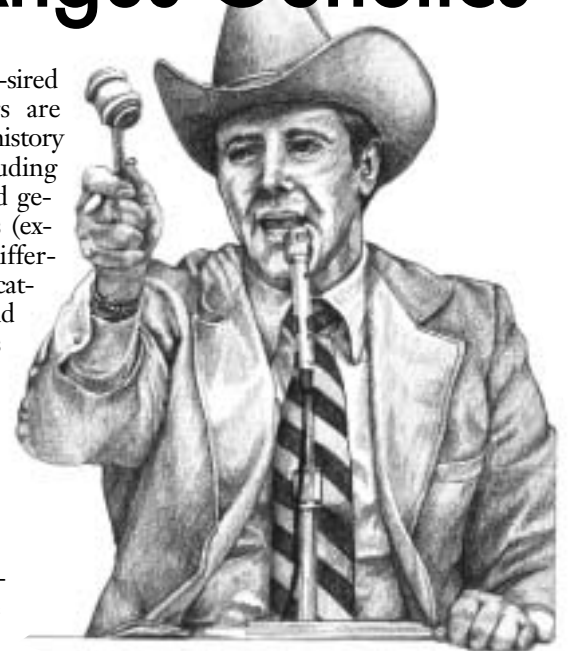
All cattle are sold with an accurate description and are grouped by sex and weight. Forms used in making the sale order include information on EPDs of sires (if known), breed makeup of dams, herd health and preconditioning, and weighing conditions.

Dairy-cross calves, shorts and stags are not accepted. Bull calves are accepted if they weigh less than 700 pounds (lb.).

The sale fee is \$1/head in addition to the \$1/head checkoff. Also, depending on where the cattle sell, carcass data is available for an additional \$6/head on cattle sent directly to feedyards.

Gothard reports cattle sold last fall commanded at least a nickel premium per pound.

"In talking with the guys buy-



ing these cattle, we found they really liked these sales because we put all the information out on the calves, such as how they were bred, health treatments and how long they'd been weaned," says Gothard.

"We plan to keep it going," he continues, "because it's turned out to be such a good partnership for us with the Virginia Livestock Markets Association. They know the marketing end of the business, so it helps us all."

Numbers of calves sold have been encouraging. For instance, at the Spring Lake market, 759 calves were sold in January, 360 in February, 227 in March and 176 in April. They expect to have four or five sales this coming year. The Virginia Angus Association offers to cooperate with any member of the VLMA to try having a sale in each area of the state.

"We have 650 members in the Virginia Angus Association, with a number of them being commercial producers," Gothard says. "These sales let us offer another good mar-

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keting alternative to them.”

Gothard says producers sell around 12,000 bulls in Virginia each year, 80%-90% of which are Angus. “We felt we just needed something to offer those bull buyers,” he says. “In Virginia feeder sales, they commingle calves and, therefore, the producers get an average price. So we decided not to commingle and go for the premium for the Angus calves.

“Right now we’re selling the program as much as selling the calves, but we’re excited about it and know it will pay off.”



In Illinois

The Illinois Angus Association and Les Reel’s Reel Livestock Center in Congerville also have worked together to co-sponsor a special feeder-calf sale for CAB Program candidates. Reel is unabashedly proud of the sales, the center and of being a hub of purebred Angus activities.

“When we opened the livestock center,” Reel says, “so many breeders didn’t have a place to market their livestock, and the CAB Program was so popular. We just knew something like this would catch hold.

“We’ve had four of these sales, starting in 1996,” Reel continues. Numbers have increased from 500 head in the first sale to 800 head in the most recent. The sales are in November and January, with the January sale a little more popular.

Sale organizers set a goal of gaining a premium for owners of smaller herds who individually couldn’t muster the numbers needed to attract volume buyers. It’s working.

“Right now the owners of the Angus-sired calves are taking home a 10¢ per pound premium,” Reel says. “Because of the success they’re having in these sales, many of them are buying a few more Angus cows and adding to their herds. They’re just making more money.”

The sale is open to any producer who has Angus-sired calves, including black baldies and calves out of Charolais cows, but 98% are black. It’s not required, but the sale would prefer the calves have all their shots and be preconditioned, which again puts more money in the producers’ pockets. Since the series’ inception, they have had around 2,000 consignors and 2,000 buyers involved. Most calves have been going to com-



“Right now the owners of the Angus-sired calves are taking home a 10¢ per pound premium,” says Les Reel, Reel Livestock Center, Congerville, Ill. (ANGUS JOURNAL PHOTO)

mercial feedlots in Illinois and Nebraska.

Besides the facility and management help, Reel also contributes \$1/head to the Illinois Angus Association for promotional and advertising purposes.

“This center was built for Illinois breeders,” he says, “and as it gets stronger each year, the word gets around, and the farther they haul cattle in.

“The Angus breeders, especially those with smaller herds, and the Reel Livestock Center both benefit from these sales. The producers are getting more money for their cattle. It helps build the Angus breed, and we get repeat customers.”



In Iowa

“The jury’s still out, but we know it’s a step in the right direction,” says Phil Schooley, commenting on the Iowa-Missouri Beef Improvement Organization (IMBIO) feeder-calf sales.

Schooley, who operates the Bloomfield Livestock Auction, Bloomfield, Iowa, explains that in 1995 a group of cow-calf producers wanted a better opportunity to market their feeder calves.

“They thought that by grouping the cattle and setting some standards for such practices as vaccination and preconditioning, they could add value to the calves,” he says. “We just required them to have their vet put an Allflex® tag in their ear at the time of vaccination.” The tag identifies the source

and allows traceback. “Source identification is getting to be more important in the industry,” adds Schooley.

IMBIO has set standards for bulls used to sire sale-destined feeder calves. Regardless of breed, qualifying bulls must rank in the top 60% of their breed for growth and performance EPDs.

“We gave the list of standards to all members,” Schooley says. “When they went to purebred breeders to buy their bulls, they could see how breeders’ bulls ranked.”

For their calves to qualify for the sale, Angus bulls must meet these standards: frame score of 5.0-7.5; minimum weaning EPD of 28; minimum yearling EPD of 51; minimum ribeye area of 11 square inches; maximum fat cover of 0.45 inches. Bulls must be ultrasound by a technician certified by the Animal Ultrasound Practitioners Association (AUP).

“These standards were set in cooperation with the purebred breeders,” Schooley explains. “They helped set the standards, establishing them to get as many producers involved as possible, but without being too limiting. It’s much better for producers to organize themselves than to be organized.”

Sales are conducted in October, November and December with some 7,500 calves tagged each year.

“As an average, we’ve gained a

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GENETICS (from page 4)

2¢ to 3¢ premium,” says Schooley. “We’ve had enough numbers the days ahead of and right after these sales to track our progress. But still, the most important thing is our producers started the process of using better bulls. This is more important than commingling the calves.”

Schooley says the average herd size of participating producers is between 60 and 70 cows (the largest is 600 cows), and around 100 producers from Iowa and Missouri have participated. Sale organizers also enlist the cooperation of Iowa State University.

“We sort real close for frame,” Schooley says, “so the Angus-sired calves don’t necessarily sell with the other black cattle. The black exotics usually end up selling together. Take the guy with 100 cows and 50 steers to sell — the steers don’t necessarily fit together. By the time you sort them, you might have five or six groups, so we combine them with other producers’ calves to put together pot loads.

“All this was sparked by association members realizing the need to do something for their commercial customers and to improve the environment for marketing Angus-influenced cattle.”

— Troy Marshall

“We’ve had pretty good response from feeders as to how the calves performed, but we need a little more success in getting carcass data back,” he continues. “We were set up initially with Monfort in Des Moines to collect carcass data, but they closed the plant.” The group is still working on collecting carcass data, and it is considering electronic ear tags.

“Right now the only extra expense is the Allflex tag, and it costs under a dollar,” says Schooley. “Our producers don’t consider the preconditioning an extra expense because 90 percent of the producers were doing it anyway. Our other charges are just the same as at any other sale held here, and the producers don’t have to join an organization and pay dues in order to participate.”

The bulk of the calves in the early sales have been going to backgrounders, many close to home. The Bloomfield market then has the opportunity to see how the calves perform and to resell them weighing around 850 lb.

“We’ve been pleased at how well the calves grew together,” Schooley says. “The backgrounders have been pleased, too. They’ve been able to come to the auction, buy uniform sets of calves and then sell them in uniform groups.”

Schooley is strongly committed to keeping the Bloomfield sales a grassroots program. “It’s much better for local grassroots people to set up such a

program rather than have someone start dictating. It’s important for the whole industry, including breed associations. A fellow marketing 10 Angus bulls a year has as much opportunity as anyone in a program like this. He’s able to compete, at least on a per-head basis, with the breeders selling large groups of bulls.

“The purebred industry should endorse sales like this, as should independent cattle feeders,” he continues. “From our perspective, if we’re not careful, all those good cattle will get absorbed, and all that’s left for the independents will be the outliers.”

**In Idaho**

Idaho Angus Association President Mike Patton, Gooding, explains his group has a two-pronged effort under way as they plan for an Oct. 30 sale of Angus-sired feeder calves. Their intent is to help market their commercial customers’ calves and, in turn, continue to build demand for Angus bulls.

“This is our very first time, so we’re finding out as we go,” he says. “We sent letters to all the members of the Idaho Angus Association announcing the sale and giving details. Our members were then asked to reprint the letter and send it to all who had bought bulls from them in the past.

“Our goal is to make our customers some money,” Patton explains. “Our customers have said they would continue to buy black bulls, so we wanted to do something to let them know they could afford Angus bulls. A commercial guy originally approached me with the idea.” Other commercial producers Patton talked to also were excited about it.

“By the first of July, we’d heard from producers interested in selling 1,700 head. Once our entire membership gets the letter in circulation, we expect we may have 2,000 to 3,000 head in the sale.”

The Idaho breeders researched potential sites in the state. They settled on the Producers Livestock Association in Jerome. Producers will pay the association \$2/head for all the calves that go through the sale, with that money earmarked for sale advertising.

“We’ll try to reach buyers who might be looking for pot loads,” Patton says. “Of course, we hope the local buyers will be there, too.”

The sale will be open to all calves sired by Angus bulls — both heifers and steers.

If a producer can’t bring his calves in for the Oct. 30 sale, they’ll also run an in-house video for buyers to view and from which to bid.

For this first time, the sale management will try to identify calves by sire. They’re encouraging a complete vaccination program, but it won’t be required this time. However, vaccinations will be called as the calves come in the ring. Organizers are confident con-

signors will see how much difference it makes in the price received.

“We know there will be some calves brought to the sale that are not Angus-sired,” Patton says. “We’ll cut them off and sell them at the end of the sale. If a commercial guy has 300 head of Angus-sired calves and 20 of another, we’ll still give him an opportunity to sell them all.

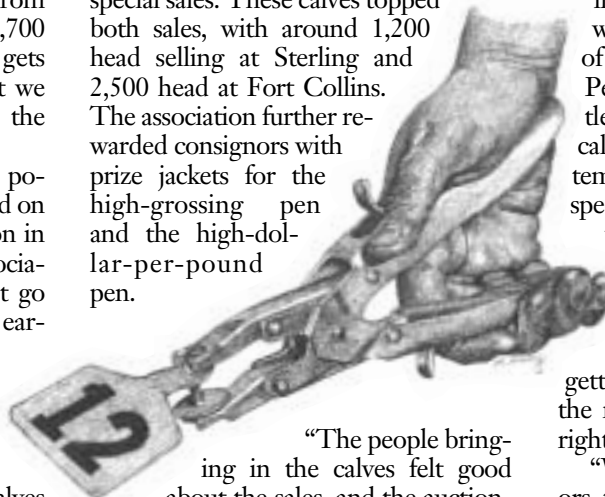
“We hope to make it an annual event. Ultimately we just need to get cash in producers’ hands. The CAB Program has helped a long way, but the more money in the producers’ hands, the more likely they are to buy more Angus bulls. We’re hopeful we can keep selling Angus bulls like hotcakes.”

**In Colorado**

Colorado Angus breeders worked every angle to ensure the success of their two Angus-influenced feeder-calf sales last fall. In sales at Fort Collins and Sterling, they involved Angus breeders, commercial operators who’d bought Angus bulls, feeder-calf buyers and auction-barn operators.

“We had excellent results with these sales,” says Troy Marshall, Denver, president of the state association. “We really got serious about marketing Angus genetics and are planning to expand our sales to the western slope this fall. Plus, another group of breeders put on a similar sale last year at La Junta. All this was sparked by association members realizing the need to do something for their commercial customers and to improve the environment for marketing Angus-influenced cattle.”

The sales were on regular sale days at the auctions, with the Angus feeder calves grouped separately for the special sales. These calves topped both sales, with around 1,200 head selling at Sterling and 2,500 head at Fort Collins. The association further rewarded consignors with prize jackets for the high-grossing pen and the high-dollar-per-pound pen.



“The people bringing in the calves felt good about the sales, and the auction-barn operators loved us bringing in extra consignors and buyers,” Marshall says. “Plus, producers of other breeds got to see the calves and how well they sold.

“We had a number of key points. First, by bringing in more calves and buyers, we got the sale-barn operators on our side. They helped us advertise and promote the sales.”

Using lists of bull buyers from the American Angus Association and lists of feedlots and order buyers, the breeders

sent letters and faxes to those potential buyers of Angus feeders. They gave complete sale information and descriptions of the cattle.

“We also made phone calls to some of the alliances we thought would be interested in these calves,” Marshall says. “Several of the Angus breeders made personal phone calls to invite their customers to consign calves. These phone calls generated the most response.”

Consensus was that sales like these can benefit any producer, regardless of herd size. Even producers with smaller numbers of calves, who might not get much interest from the load-lot buyers, are able to get the real value of their calves by coming to a sale where load lots can be put together. Without the ability to sell in load lots, they’re likely to get just the average of the market that day.

**In California**

Jim Pennington, owner and operator of Western Stockman’s Market, Famoso, Calif., has found a way to draw out the premiums for Angus-sired calves during his regular Monday sales. Always looking for opportunities to enhance the marketing of his customers’ calves, he showcases special sections of the sale, including special Angus-sired calf sales in June and January.

“Last January we offered around 800 head in this special section of the sale,” he says. “We make no guarantee that these calves will fit a specific program’s specifications, but we do offer sorted, uniform lots of Angus-sired calves that do attract buyer interest.”

For the most part, yearlings are sold in the January sales and calves are sold in June. This year the summer sale was postponed until August because of the adverse weather in California. Pennington says by offering the cattle in sorted, uniform lots, buyers can call the yards that feed cattle in attempts to meet *Certified Angus Beef*[™] specifications and work on firm orders that will let them be more aggressive.

“The consignors really like these showcase sections because they’re earning a premium and getting a little pat on the back for using the right kind of sires to produce the right kinds of calves,” says Pennington.

“We do this for calves of other colors, too, but the way we make it work is to make out the sale order on Sunday for the Monday’s sale. The crew and I know ahead of time what’s coming through the ring, so we can sort and sell these cattle in logical groups to enhance their value,” he explains. “The buyers like it, too, because they can bid on larger numbers of like kinds of cattle to fill their loads.”