



Up Front

by **JOHN CROUCH**, executive vice president, American Angus Association

Full speed ahead

Angus breeders, along with the entire beef industry, have enjoyed an extended period of unprecedented success for the past 20 years. With the decreasing cow numbers that have prevailed since the turn of the century, drought in areas of large cattle populations, national disasters that bombarded our coastal states, fires that swept across our plains and the loss of export markets, we should all be very thankful that we fared well as an industry.

If American Angus Association statistics for the first four months of fiscal year (FY) 2006 are any indication of the future, then the remainder of the year should be excellent. The Angus business is good. Statistics for January 2006 indicated phenomenal increases. Registrations increased by 23%, making it the second-highest month in our history. Likewise, transfers, weights, ultrasound measurements, memberships, embryo transfers (ETs) and the sale of artificial insemination (AI) service certificates also posted noteworthy increases.

Considering the first four months of the fiscal year, registrations posted

an increase of 12.4%, with increases recorded in every category. Sale activity for the fiscal year saw females averaging \$3,149 and bulls averaging \$3,216 in sales reported to the *Angus Journal*.

In my February column, I wrote about AngusSourceSM its importance in marketing calves sired by registered Angus bulls and the relevance of transferring registered Angus bulls to commercial producers so they could take advantage of marketing opportunities. Both purebred and commercial producers are realizing the advantages of AngusSource, as we have seen the percentage of bulls registered, compared to heifers, increase from 42.15% of registrations in 2004 to 43.78% in the first quarter of FY 2006. This is just part of the retooling process taking place in the beef industry.

Industry trends

Lots of things happen to provide food for thought. I was somewhat startled not very long ago when a breeder commented to me, "All we hear anymore is that change is occurring in our industry. What changes are you talking about?"

For starters, consolidation in the beef industry is happening almost on a daily basis. The top five supermarkets in the United States account for 50% of all supermarket sales. The top 25 feeding companies feed 46% of our cattle. The top three packers process 70% of our finished beef. Once dismissed as a passing fad, the natural/organic food market is growing at the rate of 20% per year.

From a demographic standpoint, the number of farms in the U.S., at 2.11 million, is decreasing; the average farm size, at 443 acres, is increasing; and the average age of farmers, at 55.4 years, is also increasing. According to the U.S. Department of Agriculture (USDA), we just passed the peak of the cattle cycle, and the number of cows in the national cow herd increased the last two years in a row.

Breed associations are consolidating resources for genetic evaluation purposes. Private companies are building databases for their exclusive use. Large-scale ranchers are generating expected progeny differences (EPDs) and dollar value indexes (\$Values) on

commercial cattle in an attempt to gain market share.

Instrument grading is becoming a reality. Research is under way to develop technology for assessing tenderness in the packing plant at chain speed. USDA Process Verified Programs (PVPs) are rapidly gaining acceptance to aid in marketing. A national animal identification (ID) program will be mandated by USDA.

Giant retailers, such as Wal-Mart, are beginning to dictate specifications for the beef products they sell. Consumer loyalty is being directly tied to performance and service. And, finally, the war on fat has been redeclared by feeders, packers and consumers.

Leading the way

We are a fragmented industry, but also a vibrant, dynamically evolving industry. Is this a bad thing? Of course not. It simply means we must work hard, work smart and remain objective to benefit from this evolution.

Angus leadership must continue to be strong. We must lead by example and make sure we plot the right course. These are our responsibilities as officers, directors, staff and members of this great organization. We have no choice but to create an atmosphere whereby future generations of Angus breeders can enjoy the same success we have enjoyed.

What a future we have!