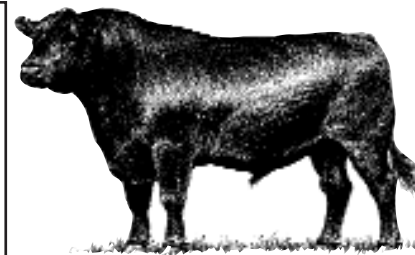


ANGUS

BEEF BULLETIN

"The Commercial Cattleman's Angus Connection"

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Producers wanting to get feedback as to how their herd's genetics perform beyond the pasture gate can participate in programs such as A to Z Retained Ownership Inc. to get valuable feedlot and carcass data.

Opportunity *from* A to Z

Northwest retained ownership program helps producers shoot for financial and educational profits.

Story & photos by
KIM KANZLER HOLT

For the last 13 years, Northwest cow-calf producers who seek real-world feed performance and carcass data on their cattle have had the opportunity to do so through a program known as A to Z Retained Ownership Inc. This program doesn't offer any financial guarantees for producers who choose to enroll and follow their calves through the program from birth to harvest. However, it does provide them with feedback they can use to fine-tune their herd's genetics and management and market calves based on understanding instead of on unknowns.

Producers themselves asked for an opportunity such as A to Z. University of Idaho (UI) Extension educator Gordon Keetch explains that producers from his area wanted to find out how

well their cattle performed in the feedlot and how they could improve their genetics and management.

Thus, A to Z started in Idaho in 1992 and has since expanded to include all of the Pacific Northwest. It is a collaboration of cow-calf producers, the UI Extension Service, Bruneau Cattle Co., Tyson Fresh Meats, veterinarians, bankers and animal pharmaceutical firms.

As a corporation, A to Z is governed by a producer board of directors, which determines the program's overall direction and management. The feedlot manager makes the marketing decisions, while UI collects, analyzes, and summarizes the feed performance and carcass data. UI also coordinates educational activities, which include a midyear meeting at the feedlot, carcass viewings at the packing plant and the year-end summary meeting.

A producer can consign from five to 50 head each of steers and/or heifers weighing between 550 and 750 pounds (lb.). The program requires calves be vaccinated and weaned at least 21 days prior to delivery in November to Bruneau Cattle Co. Here they are custom-fed and marketed in late spring to Tyson Fresh Meats' plant in Boise, Idaho.

Individual producers assume death loss and health costs of their animals. They receive individual feedlot, carcass, economic and marketing information, and are paid at the year-end meeting after all program expenses have been covered. The A to Z corporation arranges a loan to pay all costs — including feed, yardage and medicine — while the cattle are on feed.

Scott Jensen, UI Extension educator, says A to Z presents an excellent

(Continued on page 6)

Opportunity from A to Z (from page 1)



A to Z has built a good working relationship between industry segments. Representing the program are (standing, from left) Idaho producers Mike Routson and Mark Frisbie; UI Extension educators Scott Jensen and Gordon Keetch; (kneeling, from left) feeder Eric Davis of Bruneau Cattle Co.; and UI Extension Range Economist Neil Rimbey.

opportunity for producers of all sizes to get a good look at their herd's genetics. "I really see the value of this program not so much as a try-to-make-money program as it is an education on exactly how your cattle are performing," he explains. "As time goes on, buyers of cattle will be more and more concerned with what the carcass is like."

Real-world value

Eric Davis, manager of Bruneau Cattle Co., Bruneau, Idaho, markets the A to Z cattle to Tyson by using days on feed and visual observation as indicators of cattle reaching USDA Choice. The cattle are sold on the Real-Time Market Value (RTMV) pricing grid system (see Table 1).

The grid's base is a Choice, Yield Grade (YG) 3 carcass adjusted for quality grade, yield grade and carcass nonconformity discounts. For example, when A to Z heifers and steers were harvested on May 13, 2005, the base price was \$149 per hundredweight (cwt). Prime carcasses were worth an additional

\$16; *Certified Angus Beef*® (CAB®) carcasses, an additional \$4; YG 1s, an additional \$6.50; and YG 2s, another \$2.50. On the other hand, carcasses grading Select were discounted \$15, and YG 4s were discounted \$20.

Through grids similar to the RTMV, the packer sends producers economic signals of what it does and doesn't want. Davis points out that to effectively produce the desirable end product, "we need to understand those signals as well as what's producing them." This is where programs such as A to Z fit, because feed efficiency and carcass data can help producers better understand and assess if

[PHOTO COURTESY OF UNIVERSITY OF IDAHO EXTENSION]

they're actually doing a good job genetic- and management-wise — and if they're getting paid for it.

Putting information to work

A to Z has averaged close to 500 head of steers and heifers on feed through its years. Although record-high calf prices in fall 2004 were welcome, they did concern Extension staff projecting zero profit on A to Z cattle harvested in spring 2005.

The staff voiced this concern to numerous A to Z consignors in fall 2004. In doing so, they learned producers were well aware of market conditions. However, "they felt the information they got back on A to Z was valuable enough that it was worth the risk of losing money on those cattle," Jensen reports.

Mike Routson and Mark Frisbie, who raise purebred and commercial Angus, both believed obtaining the data was worth the risk. For a number of years, they have found

(Continued on page 8)

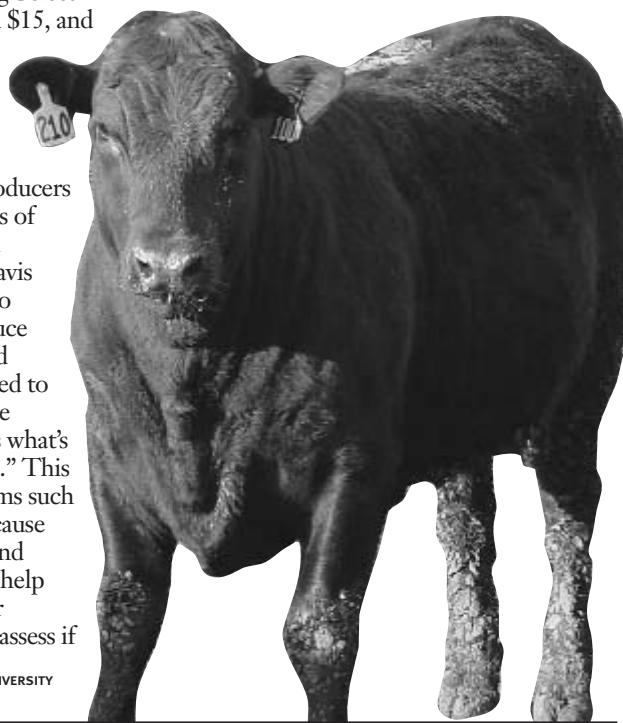


Table 1: A to Z calf prices, 2004 and 2005. Premiums (+) and discounts (-) in relation to Choice 3 base price (\$ per cwt. Real-Time Market Value grid)*

	4/23/04 Calves 87 Heifers 40 Steers	5/7/04 Calves 63 Heifers 74 Steers	4/22/05 Calves 24 Heifers 62 Steers	5/13/05 Calves 47 Heifers 60 Steers
Prime	na	+22.00	na	+16.00
CAB	+7.50	+6.50	+3.00	+4.00
YG 1	+6.50	+6.50	+6.50	+6.50
YG 2	+2.50	+2.50	+2.50	+2.50
Choice 3 Base	\$143/cwt. (\$90.09 live)	\$144/cwt. (\$90.72 live)	\$149/cwt. (\$93.87 live)	\$149/cwt. (\$93.87 live)
Select	-8.00	-13.00	-9.00	-15.00
YG 4	-20.00	-20.00	na	-20.00
<525 lb.	-21.37	-25.00	na	na
>950 lb.	na	na	na	na
Heifers	0.00	0.00	0.00	0.00

*Steers and heifers on the A to Z program are marketed to Tyson Fresh Meats on the Real-Time Market Value Grid. The grid's base carcass value is a USDA Choice, YG 3 carcass that is adjusted for quality grade, yield grade and carcass nonconformity discounts.

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Opportunity from A to Z *(from page 6)*

information generated from A to Z to be a valuable tool, especially for assessing their herd's genetics and for marketing feeder cattle.

A charter A to Z member from Weiser, Idaho, Routson says he's gotten along well with his cattle on A to Z. "We've kept that pattern of percent Choice," he says. For

example, in 2004 he averaged \$140 per-head profit, while the program averaged \$37 per head.

Routson, who strives to breed cattle that qualify for the CAB brand, uses A to Z as a testing ground for sires and also to see how retained ownership pencils out on paper. "I just figured it was a good thing to

get involved in," he says. "I really like the program."

Last fall was the second consecutive year he's sold his Angus calves in the country for a pleasing price. Each time, he's been able to show the buyer in black and white what his cattle are capable of doing, CAB- and Choice-wise, based on

data from his 12-year history with A to Z. Routson usually sends about 20 head each year, but he sent just five in 2005 due to high feeder-calf prices. Of the five, all graded Choice and were YG 2s and 3s; three qualified for CAB.

Routson says his experiences with A to Z have taught him more about the feeding and packing ends of the cattle business. "I've learned a lot more about what happens to the calf after the cow-calf person sells it," he comments. "I'd recommend the program to everyone. The education is so good; you've got to produce what will work for both the packer and the consumer."

Frisbie of Frisbie Cattle Co., Melba, Idaho, has participated in A to Z for seven years. For him, it's a way to receive feedback on the genetics in his family's purebred Angus and Hereford herds without having to send cattle to the Midwest for feeding trials. "It's an opportunity for smaller producers to get some carcass information without feeding a whole pen. That's what's been nice for me," he says.

"With smaller numbers, the information gained is more important

"I really see the value of this program not so much as a try-to-make-money program as it is an education on exactly how your cattle are performing."

— *Scott Jensen*

than making or losing money but, fortunately, my calves have made money almost every year. I've been extremely happy with the way the data has come out," he says. Frisbie consigned one of the top moneymakers to the 2004 trial; the YG 2, Prime animal turned nearly a \$300 profit.

Frisbie uses A to Z data like this to help market feeder calves and to help promote and sell bulls. He says data that shows his calves have graded well help validate his herd's genetics to buyers. "It's a positive. It helps reaffirm them paying a couple cents extra," he notes.

Both Routson and Frisbie have also gone into the cooler when A to Z cattle were USDA-graded and carcass data was collected by UI faculty.

"It's kind of fun to see your animals and compare them to the industry," says Frisbie, a former Kansas State University meats judging team member. "One thing about it, you see everything that there is when they collect the data — fat, thin, Prime, No-Rolls, little eyes, big eyes. You can see the differences and the variation that the industry has."

(Continued on page 10)

Opportunity from A to Z *(from page 8)*

Frisbie adds that he was familiar with grids and pricing before A to Z. “But when they’re your own cattle, it sinks in a little bit better,” he says. “When you’re actually getting the benefit for a YG 2 over a YG 3, you can see the benefits of what you’re trying to produce.”

Exploring retained ownership

While A to Z has provided producers like Routson and Frisbie with feed performance and carcass data, it’s helped breeders like Gary Chamberlain, a commercial Angus breeder from Challis,

Idaho, gain confidence with retained ownership.

“The main reason I got involved is it gave me an opportunity to try retained ownership without having the expenses out of my pocket,” says Chamberlain, who has run about six calf crops through the

program.

Since getting involved in A to Z, Chamberlain has retained ownership in all of his calves. He has sent around 60-70 of his biggest calves to A to Z each year; he kept and fed his smaller calves until May-June and then sent them to Bruneau Cattle Co. to finish and market.

“It’s worked real well until this last year,” Chamberlain says. “I would definitely recommend A to Z to other people. It’s a good way to get your feet wet and find out whether [retained ownership is] for you or not.”

Chamberlain has also found A to Z data useful in helping to select the cows out of which he’ll save replacement heifers. Those cows are then bred using artificial insemination (AI), he says.

Analyzing profits and losses

When A to Z cattle were harvested in spring 2005, the market was strong enough that they did turn a profit: Steers averaged a profit of \$21.38 and heifers earned a profit of \$69.71. But, UI data shows the range in profits and losses was large for both steers (+\$221.86 to -\$276.60) and heifers (+\$273.93 to -\$127.69).

Prime and Choice grades and CAB carcasses were responsible for the high end of the profitability scale. On the lower end of profitability were animals treated for illness or those that didn’t gain weight.

Keetch sorts each year’s A to Z groups into three levels of profitability, so he can analyze why animals fall into high-, middle- or low-profitability groups. “Consistently, you find that the high-profit cattle have a higher rate of gain; they have a higher feed efficiency, so their cost of gain is lower,” he explains, adding that these same cattle also grade higher, so they achieve higher premiums.

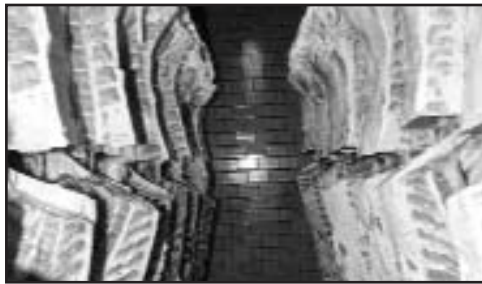
Even though some cattle still show red, UI Extension Range Economist Neil Rimbey believes better cattle are coming through A to Z. “Our grading percentages have gone up. Some of the genetic defaults that cattle showed in the beginning — smaller ribeyes, thicker outside fat that caused YG 4s — have been addressed genetically,” he says. The herds they have been able to track over time, he adds, have made genetic improvement.

Keetch comments that each producer is different. “Some of them just eat this information up and really utilize it.” Producers like this are analyzing and using the data to fine-tune their breeding programs so they can take advantage of grid prices that pay premiums for superior cattle. Keetch points out that A to Z has numerous Angus breeders who’ve “really capitalized on the premiums.”

He says A to Z participants as a whole have greatly increased their knowledge of the industry. They’re no longer raising a calf, selling it and forgetting all about it.

(Continued on page 12)

A to Z provides producers with numerous educational opportunities, including a chance to see how their cattle stack up in the feedlot and also on the rail during the USDA grading process.



Opportunity from A to Z *(from page 10)*

“They’ve had an opportunity to go to the feedlot, talk to the feedlot operator, and see and track their cattle’s performance there,” he explains. “They’ve been able to go to the packing house and actually view their own carcasses and watch the grader at work. Just the overall knowledge helps them to be much better

managers and actually more progressive in the industry.”

Eyeing the bigger picture

Based on annual reviews, producers indicate they are pleased with the A to Z program. They deem it is useful in the selection of replacement heifers and bulls, keeping abreast of industry changes, retaining ownership of a calf crop, and fine-tuning ranch management.

But, what they say A to Z does best is arm them with information — it provides the means through which they can obtain individual animal information to critically evaluate their own cattle. And, in today’s beef industry, it’s no secret that information like this is a powerful tool.

Keetch encourages producers to take that information and study it. “See why there was a profit or loss on each animal. Then see how you can improve,” he says.

Reflecting on 13 years of A to Z, Keetch comments, “I think it’s been very positive. The producers, feedlot operator, packer — we have a very good working relationship across the segments of the industry.”

Rimbey adds, “I think the producers have become more in tune to how their cattle perform later in the beef production chain. They’ve become more in tune with the market and with what’s going on — they’re looking a little further out there.”

For more information on the A to Z program, log on to www.ag.uidaho.edu/caldwell and click on the “A-Z Retained Ownership Program” link, or call Jensen at (208) 896-4104.



Retained ownership

A to Z Retained Ownership Inc. provides producers with:

- Individual feedlot performance;
- Individual carcass information and experience with value-based carcass pricing;
- Financial analysis, including profit per head and breakeven for incoming calves;
- Feedlot tour;
- Carcass viewing; and
- Year-end meeting summarizing feedlot, carcass and economic data.

