

‘Connect the Dots’

Opportunities exist for cattlemen to profit from both grade and growth.

by **MIRANDA REIMAN,**
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Childhood dot-to-dots are simple and straightforward, with an easy plan for getting from the starting point to the end and complete the picture. In the beef industry, connecting those dots among segments is not always so clear.

“As input costs have spiraled, cow-calf producers continue looking for ways to add value to their calf crops,” said Larry Corah, Certified Angus Beef LLC (CAB) vice president, at the Northern States Beef Conference in Watertown, S.D., in January.

He said cattle buyers are looking at three main profit drivers: growth, grade and health.

During a 150-day feeding period, every tenth of a pound (lb.) increase in average daily gain (ADG) equates to 15 lb. more total weight. For example, adding 0.3 lb. per day would increase final weight by 45 lb., adding nearly \$60 to the harvest value.

Don’t sacrifice growth or grade

“Keep in mind that growth is very heritable and easy to change in your calf crop,” Corah said, suggesting the use of yearling expected progeny differences (EPDs) and the Angus \$B value index.

“Producers do put pressure on growth, since they get some of the benefit in added pounds at weaning,” he said.

“Unfortunately, grade is often overlooked as folks think, ‘It’s not my problem.’”

More than 70% of today’s cattle are sold on a grid or formula where quality is a key component.

Cattle that do well in such market channels routinely earn \$100 to \$150 per head above their “average” counterparts, and the “genetically superior” cattle can net more than \$200. Buyers keep track of sources and pay more for those that hit the target.

Corah shared examples from real cattlemen who have gone far beyond today’s average 22% to 24% *Certified Angus Beef*[®] (CAB[®]) brand acceptance. Missouri producer Johnnie Hubach hits 85% CAB routinely, for example.

“The key to quality grade is marbling, which is highly heritable,” Corah said. “As the genetic engineers of that calf, today’s cow-calf producers can create a great eating experience and get paid for it.”

Many cattlemen are concerned that they must choose growth or grade, but the CAB vice president said they don’t have to.

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Feedyard data on more than 800,000 pens analyzed by Professional Cattle Consultants shows cattle in the highest-profit group had the best grades and highest gains, 592 lb., compared to 536 lb. in the lowest group. The top money-getters were 58.2% Choice or higher, with 13.8% premium Choice, while the bottom third made 52% Choice and 10.9% premium Choice.

In addition to EPDs, new commercial DNA tools can help producers hone their herds by selecting replacements that both grow and grade, he said.

“Health issues have always been a key economic driver, but with today’s cattle prices, the impact of sick cattle and death loss is staggering,” Corah said.

Data on nearly 70,000 calves in the Iowa Tri-County Steer Carcass Futurity (TCSCF) show that a calf treated twice in the feedlot loses \$365.01, due to treatment costs, lost quality grade and performance.

Cattlemen who work on gain, grade and health need to work to capture that value they’ve added.

“Every day, the marketplace lets you sell top-value calves for commodity prices,” Corah said. “To rise above that, producers need to network with feedlots buying their calves, or participate in supply chains being formed or alliances that exist.”

Industry trends such as cow herd consolidation, consumers’ demand for a quality eating experience and their desire to buy “local” all contribute to the opportunity, he said.

Corah suggested the cattle infrastructure of eastern South Dakota, North Dakota and Minnesota will change in the coming years, creating distinct networking opportunities.

Now it’s up to producers to connect the dots.



Editor’s Note: *Miranda Reiman is industry information assistant director for Certified Angus Beef LLC.*