

Show Me the Future

Angus members and friends gather to discuss the breed's future path.



American Angus Association members and affiliates from across the United States, Australia, Canada and Denmark gathered Sept. 27-29 in Kansas City, Mo., for the National Angus Conference & Tour. The conference

focused on preparing for and predicting the future of the breed, and the tour allowed Angus enthusiasts a glimpse into Missouri's Angus industry.

With all the turmoil within the beef industry in recent years, conference speakers focused intently on educating producers about other possible upcoming trends and changes. Speakers encouraged a change in mind-set and emphasized the importance of looking beyond one's everyday world to take note of the changes in the rest of the industry.

Facing the future

At Tuesday evening's banquet, American Angus Association

Executive Vice President John Crouch introduced speaker Tom Field with a question: "Wouldn't it be great if we could predict those opportunities and challenges that lie before us?"

Field, a Colorado State University (CSU) professor of animal science, spoke about what challenges and changes lay ahead for the Angus and beef industries. He began by providing three rules for dealing with the future: Don't let success get in the way of opportunity; deliver unique attributes by combining innovation with core values; and get out of your comfort zone.

The challenges Field described included increasing global competition in the form of unrealized rivals (such as China), and the "burden of accumulated aggravation" (see "Outside the Box" in the March 2005 *Angus Journal*) faced by customers.

In the future, he said, the seedstock sector will have to evolve into a servant to the industry, focusing on the needs of the commercial customer. To do so, he recommended seedstock producers castrate 10% more bulls this year than the previous year and feed the steers to obtain

carcass data. Feedyards and packing plants, Field noted, know more about a producer's genetics and the performance of his customers' cattle than he or she does.

Field explained that the status quo will not accomplish what is needed to survive in the future. "We must innovate, invest and engage, or fade into the sunset," he said. "We need to think about how we move and change ourselves."

Especially crucial for the Angus industry, he said, is that brands will have to evolve to maintain their position in the future. Instead of focusing on simply fulfilling needs, Field emphasized the need to create awesome experiences and to make dreams come true. To do that, he noted, products will be less important than the stories behind them, because products can be replicated. (See "Outside the Box" in the October 2005 *Angus Journal*.)

"It's going to be more than just the bull; it's going to be the story behind the bull, the story behind the genetic program, the story behind you," he said.

In closing, Field affirmed that producers can make a difference in forming their future. "I don't believe the future is an accident," he said. "I believe it happens through intent."

— by Brooke Byrd

Welcome to Missouri

"There are some who think we are on top, and we ought to just stay there," said Minnie Lou Bradley, 2005 Association president. It will take more than we've done in the past to stay on top, she added.

The Angus producer from Memphis, Texas, welcomed participants to the 2005 National Angus Conference Wednesday, Sept. 28.

Bradley recognized the contributions the host state, Missouri, has made to the Angus breed in the United States. The first annual meeting of Angus breeders, she noted, was in Saint Louis, Mo., and the first home of the Association was in Independence. The state hosted the first National

Junior Angus Heifer Show in Columbia in 1969.

Three native Missourians have taken leadership roles as Association executives, Bradley noted. And, Ben Eggers would soon become the ninth Missourian to serve as Association president.

— by Shauna Rose Hermel

Prepare for the future

Today, the cow-calf and seedstock industry is enjoying its peak in the cattle cycle, but producers should look toward the future to maintain profitability, said Randy Blach, Cattle-Fax executive vice president.

Blach told conference participants Sept. 28 that he foresees continued profits for the seedstock sector within the next year.

"In the next 12 months, we're probably going to see bull prices at as high a level as we're going to see in the next five, six or seven years," he noted.

However, Blach cautioned the group that such an environment will change — and global competitiveness, fluctuation in the national cow herd and the closure of U.S. export markets will contribute to that change.

"You think we have competition now — you wait and look at it five years from now," he said, noting the steady expansion of processing plants and cattle numbers in competing countries.

"We've awoken the sleeping giant around the world by being locked out of these export markets the last two years."

The closure of the U.S. border to Canadian cattle and beef imports also added to that competition. In fact, the U.S. fed-cattle packing industry was built to utilize fed cattle out of Canada, Blach said. "We shut the spigot off on that," he remarked. "Canada was basically a raw material provider to the U.S. for

15 years. We were adding value to it and benefiting from that as an industry." Now, the northern neighbor will serve as stiff

competition in vying for key export markets like South Korea, Japan and Taiwan.

As producers continue to expand their herds and the U.S. regains its supply, the most critical thing for the industry in the short term will be to regain access to export markets, Blach said. "If we don't, by late next summer, fall or the year after, we could have more supply than we can absorb in our marketplace at a price that we have become used to."

In addition to globalization of the marketplace, Blach foresees consolidation of retail and

foodservice sectors, an increase in capital requirements, more coordinated production systems, and an increase in product branding and differentiation.

With all the foreseen change, Blach said it's critical the industry maintain demand levels. Beef demand has increased 25% within the industry during the past several years, but he

said producers need to think about what they, as individuals, can do to increase demand.

"As individual producers, you have to put on your hat and say, 'I better take care of demand, because without demand, I don't have anything.'"

— by Crystal Albers

The future of Angus beef

Angus dominance will continue, but it may take a different form in the future, said Tom Brink, vice president of cattle ownership and risk management for Five Rivers Ranch Cattle Feeding. While we can't always predict the future, we know it won't be the same, Brink said, sharing insights as to what Angus producers can expect to see more of, as well as what they will see less of, in the future.

He explained that while many things might change, the basic structure of the cattle industry will stay the same: founded on a base of low costs and production efficiency.

"There are some basic production principles that are critical, and they won't go away," he noted. However, he predicted more emphasis will be placed on adding value to products and differentiating products from one another.

Brink said Angus producers will



We have to get our export markets back, Cattle-Fax's Randy Blach told participants.



Only one segment of the beef industry — the seedstock sector — is expendable, said CSU animal scientist Tom Field. Field offered tips for how seedstock suppliers could stay relevant to the industry.



Association Immediate Past President Minnie Lou Bradley welcomed participants to the National Angus Conference in Kansas City, Mo., Wednesday morning.

see more Angus popularity in the marketplace. While *Certified Angus Beef*® (CAB®) was the “earthquake that revolutionized the beef business,” many packers and distributors have their own Angus brands. “Angus beef is everywhere,” he said. “It’s the most recognized name in branded beef.”



Tom Brink, Five Rivers Ranch Cattle Feeding, provided a look at how Angus cattle and Angus beef could fit into the beef industry of the future.

He noted some important areas of growth and differentiation that will happen in the future, including a renewed emphasis on hybrid Angus cattle. “No success goes unchallenged,” Brink said, adding other breeds have decided they need to get a piece of the Angus action. He predicted more Angus beef from hybrid Angus bulls mated to Angus-based cows. He also predicted that by the year 2010, there will be 100,000 registered Angus-based hybrids each year.

Brink explained that Angus producers will see less opportunity to produce cattle from unidentified backgrounds; less potential to profit from cattle not eligible for branded beef programs; less room

for seedstock and commercial cattle without any Angus influence; and less distinction between breeds, as Angus will form the common link.

“Angus genetics are going to be continually recognized as being the main ingredient into the commercial cattle sector,” he said. However, they won’t be the only ingredient. In a future where he thinks Angus purebred cattle and Angus hybrids will sell side by side, he said, “Angus genetics are going to continue to dominate the industry” — but in nontraditional forms.

— by Brooke Byrd

Identify the competition

The beef business has changed, and it will never go back to “the good ol’ days,” said Don Schiefelbein of Schiefelbein Farms, Kimball, Minn.

The simple days of breeding seedstock are gone, and in an ever-changing industry, it’s important to identify the competition, Schiefelbein said. “That competition is yourself,” he stated. “Who’s going to prevent you from being successful? Who’s going to allow you to be successful? It’s you. It’s absolutely you.”

To achieve success in today’s marketplace, Schiefelbein suggested producers start by analyzing their customers’ needs. “Every seedstock

producer should ask themselves that question. What do our customers need? Why should they buy from you?”

It’s also important, he noted, to improve your cattle offering collectively, not just by single-trait selection. Both expected progeny differences (EPDs) and functionality in the environment are important aspects of raising quality seedstock, he added. “If you really want to be successful, you better have good, functional cows that have good, tremendous EPD genetic inputs.”

Most importantly, cattlemen must provide value-added customer service.

“Value-added customer service is quickly becoming the most effective way to differentiate seedstock operations,” Schiefelbein said. However, creating value-added customer service isn’t easy. Producers must find a way to help their commercial customers sell their calves. That may require the use of a source identification (ID) program such as AngusSourceSM, special feeder sales, working with Certified Angus Beef LLC (CAB)-licensed feedyards, or implementing a calf buy-back program.

— by Crystal Albers

The future is here

Jim Gosey, University of Nebraska-Lincoln (UNL),



The industry and the market are changing, said Don Schiefelbein of Schiefelbein Farms, Kimball, Minn. Schiefelbein asked National Angus Conference participants if they were ready to change.

spoke about the challenges and opportunities available to Angus producers to help them succeed in the future.

Gosey discussed the advantages of crossbred cattle. “Crossbred cows have 25% greater lifetime productivity than do their straightbred counterparts,” he said. In his research with UNL, he found British breeds crossed with Continental breeds do a better job of meeting carcass targets than straightbred cattle or other crossbreds.

The point of crossbred cattle, Gosey stated, is to obtain cattle most responsive to change. While in a low-stress environment, a purebred herd might perform on par with a crossbred herd; in difficult regions or environments, crossbred cattle are better able to



University of Nebraska beef cattle specialist Jim Gosey urged attendees to take what they know, put it on the table and look at what they can do differently.

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adapt to their circumstances, he said. In the future, Gosey predicted, the perfect commercial herd will be half to three-fourths Angus. Angus, he said, will be “the source of genetics for high taste.” However, he advised against focusing solely on marbling, as tenderness and flavor also contribute to taste.

Gosey emphasized the need for genetic estimates of fertility and continuing efforts to stabilize cow maintenance needs. Angus seedstock producers, he noted, “must enhance commercial customer profitability.” Their job can’t be to just sell bulls. Gosey predicted a few obstacles and profit drivers for the future, including fertility, inventory and payweight; land

investment per cow and appreciating land prices; environmental stewardship and the challenges posed by increasing government regulations; the number of cows per person and the need for low-stress, low-labor cattle; choice of cattle season to avoid having to buy as many feedstuffs; going beyond commodity marketing; and increasing the role of beef in a healthy lifestyle.

He closed by emphasizing that Angus producers must use their knowledge and creativity to get beyond the present and get ready to face the future. Instead of assuming you know more than your customer or not listening to him, Gosey noted that Angus producers must be more proactive in helping commercial customers be successful.

— by Brooke Byrd



Purina Mills Marketing Manager Rod Nulik shared with attendees the leadership philosophy of company founder William Danforth, and how that philosophy affects the company's business strategy and product development.

Taking responsibility

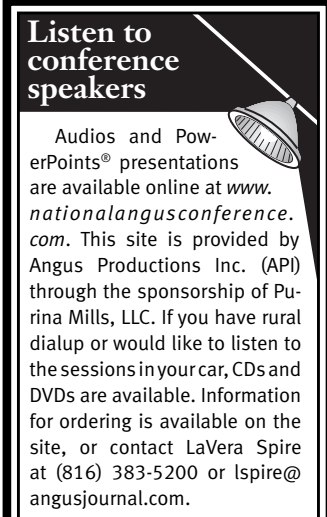
Conference sponsor Purina Mills, LLC, differentiates itself with a philosophy set by company founder William Danforth, said Rod Nulik, Purina Mills marketing manager. Nulik shared some of Danforth's philosophy and the company mind-set with participants.

Danforth and other great leaders accept responsibility, Nulik said, encouraging producers to take responsibility themselves. As a producer, he added, you have the responsibility to:

- understand changes needed in the cattle industry;
- effect change in your operation to optimize your resources; and
- align with those who can help you make those changes.

Nulik shared information about Purina's research farm at Gray's Summit, Mo., where it focuses on palatability, eating behavior and intake modification.

— by Shauna Rose Hermel



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