

Identifying Cattle That Work

Brink identifies two important areas that need improvement in the cattle industry.

Story by

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The marketing system is built upon what the consumer wants and what the producer

gets paid for. So what can cattle producers do to satisfy consumers and get paid?

Tom Brink, senior vice president and chief risk officer for Five Rivers Ranch

Cattle Feeding LLC, Loveland, Colo., provided thoughts in a presentation at the Missouri Livestock Symposium in Kirksville, last December. "Our focus in

the cattle feeding business is taking the product the nation's farmers and ranchers produce and finishing that for the consumer," he explained.



Tom Brink

Brink provided a brief history of Five Rivers, then explained two issues of growing concern in the cattle industry: health and breed composition, including recognizing premiums.

Five Rivers

Five Rivers is a combined effort consisting of 50% ContiGroup, 50% Smithfield. The conglomerate manages 10 feedyards in five states and has a one-time capacity of 811,000 head of cattle. A large majority of the cattle are sold on grids, but commodity principals are still foundational.

"We are the largest cattle feeder in the world," Brink said, leading into the company's long-term goals, which are to be efficient in all aspects of business, specifically production and marketing. "At the foundation, we still are in a commodity business. ... Because of that, we focus a great deal on being cost- and production-efficient in everything we do."

Five Rivers sorts and segments its cattle inventory, targeting branded beef programs to earn premiums. Above all else, cost of production, efficiency and value in added markets are identified as top priorities.

To satisfy consumers and remain profitable, Brink said, two things need to be improved upon in the cattle industry: health and breed composition. "We market cattle before the five major packers, so we have a pretty good idea of what they're looking for. ... We care a great deal about the final carcass value of the cattle we produce, but cattle also need to perform well while they're on feed."

Health

While health may seem an old problem, it's still the No. 1 productivity concern among cattle feeders. The effect of health on cattle performance and carcass quality has been well-documented. "Cattle health is now a social problem, not a technological issue," Brink said. "A lot of the issues that we deal with in our industry are still pretty basic — and things that you've maybe heard about, but in many cases are still challenged with."

The industry has the technology and know-how to solve most cattle health issues, but implementation of

these technologies is still lacking, Brink said. "Many cattle still need stronger immunity when they leave their farm or ranch of origin."

Among those areas that could stand some improvement is dry-matter conversion (DMC), since cattle gain is affected by health. So is mortality. In yearling cattle, Brink said, death loss averaging more than 1.5% signifies a red flag.

To combat poor gain and mortality, Brink recommends a three-step vaccination preparation program for cattle before they enter a feedlot.

- **Step 1:** At 2-3 months of age, vaccinate and dehorn all calves.
- **Step 2:** Two to three weeks before weaning, vaccinate calves a second time, treat all calves for internal and external parasites, and castrate any male calves not being kept for breeding purposes.
- **Step 3:** Implement a 30- to 45-day weaning period and train all calves to eat from a feedbunk.

Breed composition

Issues with breed composition often fall on the shoulders of cow-calf producers, but Brink admitted cattle feeders are sometimes guilty of not communicating consistently with producers about what they need to produce.

Five Rivers, Brink said, wants cattle that are 50%-75% Angus, 25%-50% Continental. As a rule, cattle of this breed makeup feed, grade and yield well, and they finish at the right size.

He warned that cattle with a high percentage of British genetics often lack muscle and produce too many YG 4s. In the same breath, he notes cattle with predominantly Continental breeding lack quality grade and frequently get too big before they are finished, resulting in excessively heavy carcasses.

"A balanced combination of Angus and Continental breeding is tough to beat," he said.

Brink recognized that eared breeds (*Bos indicus*) are necessary in the Southern U.S. for heat-tolerance and insect resistance, but he encouraged producers using eared breeds to stick to a breeding plan that yields no more than 25% eared genetics in their calf crop.

"You will be paid more for avoiding breed composition problems in your cattle," he reiterated.

Adding to that, Brink encouraged producers to retain ownership in their cattle at least once so they could see what their genetics can do.

"It's a very good experience for everybody that produces cattle to have to live with their own genetics on through the feeding phase, and maybe even see them on the rail and get them valued according to a value-based grid," he said. "You really get an idea of what you're contributing to the industry — good and bad — and you can learn a lot in doing that."

Premiums

But why is breed composition so important? Quality grade decreases as you move from North to South on a map, Brink said. The week of Nov. 11, 2006, Choice and Prime carcasses represented 63.1% of the harvest mix in Nebraska, 46.7% in Kansas and 40.9% in Texas. That same week the Choice/Select spread

was \$11.37. Putting the numbers into perspective, Brink said, "An 800-pound choice carcass was worth \$91 more than a Select carcass of the same weight."

The problem with breed composition is visible when you drive through Southern feedlots, he continued. Many cattle perform alright while on feed, but too often they don't grade, which

is why balanced breed composition is so important — to capture those upper quality grade premiums, or at least reach an acceptable percentage of Choice-grade carcasses.

Twenty years ago, Brink said, the cattle industry operated in a pure

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commodity market. Ten years ago, premium brands were introduced as incentives for better breeding. Today, most premium opportunities lay with branded beef programs that oftentimes implement stringent breeding and carcass specifications.

And with those specifications comes

an increasing demand for animal identification (ID) and age and source verification. If nothing else, Brink said, he encourages the use of individual animal ID for within-herd use.

To summarize, Brink uses the following formula to identify feeder calf value.

- If a producer has the right breed combination, his/her cattle will sell at market price, not below.
- If a producer has verifiable immunity/health protocols, his/her cattle can justifiably sell above the average market price.
- If a producer has met the above

conditions, and selected the best genetics within the breed he or she is utilizing, that producer has access to grid premiums.

- And, if a producer has completed all of the above criteria, and has participated in an age- and source-verification program, he/she has access to branded beef premiums.

“I think it’s a very exciting time to be involved in the beef industry,” Brink added, “because never, never in the history of our business have we had a marketing system from top to bottom that is more aligned in terms of what the consumer wants and what the producer can get paid for.”



WANTED: Angus genetics

Tom Brink, senior vice president and chief risk officer for Five Rivers Ranch Cattle Feeding LLC, Loveland, Colo., gave a presentation at the Missouri Livestock Symposium, Dec. 2, 2006, at Kirksville.

Five Rivers, Brink said, wants cattle that are 50%-75% Angus, 25%-50% Continental. Overall, these cattle feed, grade and yield well, and they finish at the right size. “A balanced combination of Angus and Continental breeding is tough to beat,” he said.

Commercial producers using registered Angus bulls — properly transferred into their name — are producing this exact genetic package of cattle, and could possibly recognize additional premiums by enrolling in the American Angus Association’s AngusSource® program, a U.S. Department of Agriculture (USDA) Process Verified Program (PVP).

“AngusSource provides feeders a way to identify cattle that are a minimum of 50% Angus genetics,” Sara Moyer, director of AngusSource, said. “Feeders know tagged cattle are more than just black-hided — they are Angus.”

For more information about AngusSource, call (816) 383-5100 or go online to www.angussource.com.