



Movin' Forward

by **BRYCE SCHUMANN**, chief executive officer, American Angus Association

The virtuous loop

Recent discussion about breeding systems has very old roots, but a recent shoot comes from Nevil Speer's November 2011 white paper, *Crossbreeding: Considerations and Alternatives in an Evolving Market*. Far from promoting an agenda, Speer simply pointed to economic facts that explain why a great number of successful ranchers do not take advantage of the proven benefits of crossbreeding.

Today's discussion

The culture of crossbreeding in beef cattle science has become so entrenched among many within the industry that any suggestion of alternative logic is met with harsh criticism.

A guest editorial from a competing breed executive appeared in another beef industry publication this fall. The column reminded us of "indisputable" science and warned us not to be "foolish" as it proceeded with the assumption that the American Angus Association has dismissed those crossbreeding advantages. In fact, we have no doubt that the science of heterosis meshes with business for many successful cattlemen.

Many cattlemen have other ideas, however, and today they are enjoying at least equal success with those who crossbreed by maintaining an exclusive focus on Angus genetics.

Perhaps more importantly, the white paper and recent national advertisements demonstrate that commercial producers are increasingly investing in longer-term goals; they want to avoid the whims of a commodity market. Within that context, they're making serious, long-term decisions about their seedstock. Many of them are choosing to straightbreed, offsetting efficiencies gained by heterosis with market premiums for uniformity, color, breed type and carcass quality.

Long term, the economy does not suffer fools. Those who find ways to include most aspects of crossbreeding on the ranch while improving beef quality are to be commended. Those who acknowledge and weigh all the science and yet prefer the straightbred Angus route to profitable business have earned the beef industry's respect. After all, their success is often called impossible.

Common goal

This is not a breed battle by any means. Our common ground is the effort to win more consumers over to increasingly expensive beef through whatever means possible to deliver the best product profitably. That "virtuous loop" is the only model producers can use to keep bringing new money into the production chain instead of just trading dollars among segments.

In other words, it's no longer about just raising cows; it's about having a plan for growing this business.

During the last 20 years, thousands of cow-calf operations have exited our industry. Our market share continues to give ground to pork and poultry. Consumer demand for commodity beef has remained relatively flat.

While we accept the fact that in any free market there will be winners and losers, we also need to recognize that those who remain are becoming increasingly sophisticated. Industry data tell us that today's producers are increasingly inclined to be price makers rather than price takers, and therein lies the "virtuous loop" mentality: quality, consistency, efficiency and volume are all essential to creating demand. Plus, the more we establish that effort on the supply side, the more demand we create among consumers.

With this in mind, the American Angus Association launched a new advertising campaign in October asking commercial producers to consider the advantages

of producing quality and consistency through straightbred genetics.

Some industry influencers have described the campaign as "bold and new." In fact, Angus advertising has advanced straightbred advantages since at least the 1980s. In actuality, what really is bold and new is how most other breed associations now promote crossbreeding with Angus rather than focusing on what their breeds have to offer the industry.

Given the drought, the high cost of feed, land and labor, we think it's time to talk about how a breed can play a role in expanding this business for ranchers and feeders and every stakeholder in the beef industry during one of the most volatile and high-risk periods in memory.

If the advertising series has a main goal, it is to help producers evaluate the merits of the "Angus opportunity," an all-encompassing concept that includes not only a great breed of cattle, but also the opportunity to reduce risk through the use of one of the world's most comprehensive genetic evaluation systems, and add value through the growth and consumer demand of the *Certified Angus Beef*[®] (CAB[®]) brand.

So, again, while we fully acknowledge the benefits of heterosis, simply asking producers to capitalize on hybrid vigor for its own sake or to believe that "best science equals best business" is not a plan for making tomorrow a better day for our industry. It's not a way to add value in the eyes of consumers.

