

GATEWAY Offers Producers Attractive Marketing Opportunity

The American Angus Association's newest age- and source-verification option expands services to a larger number of commercial producers.

Story by
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New calves on the ground are a welcome sign of spring on ranches across the country. If you plan to age- and source-verify this year's calf crop, the American Angus Association has a program with online marketing assistance that may be a good fit for you.

The AngusSource® process-verified program (PVP) offers two levels of verification. AngusSource documents source, age and a minimum of 50% Angus genetics for Angus-sired calves. Gateway, a second-tier verification option, verifies source and group age.

Debuted last summer, Gateway was designed to expand verification services offered through the AngusSource PVP to more producers. While AngusSource requires all calves be sired by registered Angus bulls, Gateway fits producers who may manage two breeds of bulls in one pasture or who may manage their herds with other producers' cattle on what's known as common allotments, especially prevalent in the West. All calves must be enrolled by the ranch of origin, have known group

age (month, day and year) and be identified with official program tags.

Similar to AngusSource — but without the genetic-verification component — Gateway offers producers the potential to receive age-verification premiums for their calves, which will be eligible for export markets.

Another benefit of Gateway is the marketing assistance offered via the online listing site. A Verification Certificate is created and electronically stored by the Association for all cattle enrolled in Gateway. This certificate documents source and group age. Participants may also customize it by adding additional management, vaccination, past group performance and sale information for feeder cattle and/or replacement females.

If participants include a sale date on the certificate, the date is then added to the online AngusSource/Gateway Cattle Listing site and e-mailed to more than 600 individuals, including feedyards and auction markets, interested in purchasing AngusSource and Gateway cattle.

Gateway provides opportunity
Angus breeders Art and Stacy



PHOTO BY ANN RUTAN

Dana Rutan (left) wanted to participate in the AngusSource program his father, David (right), had been using since 2005. However, because his cattle ran in common on an allotment, he couldn't participate until the second tier of the program, called Gateway, was debuted last summer.

Butler of Spring Cover Ranch, Bliss, Idaho, believe the Gateway program is a "good alternative" for producers who manage Angus bulls but whose calves may not qualify for AngusSource.

The Butlers have several customers who manage cattle under range conditions on common allotments such as those managed by the Bureau of Land Management (BLM).

"This is where Gateway fits," they say. "It opens up more opportunity for our customers to get into a program that could result in getting them a premium for their product."

Producers who stock two breeds, but don't necessarily manage the bulls separately, can also benefit from Gateway, Art points out.

"It's another vehicle to get exposure to the feeders about people who are doing things right and want to feed for those branded-beef markets," Stacy adds.

Age and source required

Dana and Billie Rutan are Spring Cove bull customers who marketed their calves last summer through Gateway. In fact, the Rutan feeder cattle were the fourth set of calves enrolled.

The Rutans' calves are all-natural and sired by registered Angus bulls. However, they don't qualify for AngusSource because the cows

graze in common on southwest Idaho rangelands in the GrandView-Bruneau area. There they are exposed to bulls from which the Angus genetic component cannot be verified.

These calves can, however, qualify for Gateway, which has no genetic verification component. "I was waiting for a program that I could age and source my calves under that would allow you to run in common," Dana explains.

He was very familiar with AngusSource because his father, David Rutan (see sidebar), has enrolled calves in this program for five years. The Butlers helped David get started with AngusSource, and also helped Dana with Gateway. Along with being their seedstock supplier, Art is a Western Video Market (WVM) representative.

"Art got me into it," Dana shares. "He did a great job; the program was brand new, and he found a buyer in Wyoming. I wouldn't have gotten the calves sold without it, I know that — not for what I sold for at the time, anyway."

Dana and Billie received \$4 per hundredweight (cwt.) more through Gateway than the bids Dana procured from buyers closer to home.

He did pay the \$50 per group enrollment fee and \$2 apiece for visual program tags. "But I still came out money ahead on the deal, and it

Enrolling in Gateway

To enroll cattle in Gateway, producers need to first complete and submit the Producer Participant Enrollment Form and Agreement, then contact the AngusSource® department via phone to complete the Producer Training and Evaluation (training/evaluation needs to be done for each enrollment).

They also need to make sure required records and documentation pertaining to source and group age are available. The enrollment process can be expedited if these records are submitted prior to completion of training.

Cattle may be enrolled into the program over the telephone once the steps outlined above are complete. There is a \$50 fee per enrollment group plus the cost of program tags. Visual tags are \$2 per head; radio frequency identification (RFID) tags are \$3 per head; and ChoiceSets™, which contain a visual tag and an RFID tag, are \$5 per head.

Some management practices will require an on-site review prior to completion of cattle enrollment. If enrolling in Gateway, the cost of an on-site review is \$150 plus travel costs. Once enrollment in Gateway is approved by AngusSource, it is processed and program tags ordered.

Producers are responsible for the purchase and placement of ear tags. Tags are linked to the Verification Certificate that documents the source and group age of the enrolled cattle.

For more information on Gateway, visit www.angussource.com or call 816-383-5100.

AngusSource® helps market Angus-sired genetics

It was summer 2005 when David Rutan, the operating manager of Morgan Ranches, South Mountain, Idaho, put the first AngusSource® tags in some 400 calves. That was just about two months before AngusSource became a U.S. Department of Agriculture (USDA) process-verified program (PVP).

His bull supplier, Art Butler of Spring Cove Ranch, Bliss, Idaho, offered to buy the AngusSource tags if Rutan would try the program. Since then, Morgan Ranches has marketed numerous sets of AngusSource calves each July on Western Video Market (WVM). It's been a positive way to differentiate and market their all-natural, Angus-sired candidates for the *Certified Angus Beef*® (CAB®) brand.

The six-weight calves Morgan Ranches sold this past year are on feed in a Nebraska lot that only entertains buying age- and source-verified cattle. It's the second time this feedlot has fed Morgan Ranches stock.

Rutan's cattle are fall calves, so they fit a time slot, he says. "There are not a lot of cattle around with an August 1 delivery. They like to buy a six-weight calf — that's what they feed." But he thinks age and source also plays a role. "I think it's definitely part of the equation."

He also says he believes AngusSource has increased marketing visibility for their feeder calves. This visibility is assisted by the online AngusSource/Gateway Cattle Listing that is e-mailed to more than 600 individuals, including feedlots. "Buyers are looking for AngusSource cattle," he says.

Also, at the WVM sale, American Angus Association regional managers Rod Wesselman and Logan Ipsen make sure the WVM staff and buyers know what AngusSource calves are selling that day.

"Angus reps like Rod Wesselman have been at the July WVM sale each year," Rutan says. "Every morning they make printouts of AngusSource cattle selling and place those on the table for buyers to see." WVM also has been very good about making sure buyers are aware of these program cattle.

Last July, Rutan was able to use past feeding and grading performance as a marketing tool. He gave this information to the auctioneer, who read it from the block. He believes this also helped him sell calves. And why wouldn't it?

A representative from Beef Marketing Group (BMG) in Kansas had called to let Rutan know that a group of Morgan Ranches cattle harvested in 2009 graded 87% Choice, 13% Prime, 0 Selects and were 72.5% CAB.

"The only sort on the cattle was size. They were the big end of the steer calves is all they were," Rutan explains of the calves born in fall 2007.

Rutan turns out registered Angus sires with his cows that calve outside. He can use the AngusSource program because he transfers all registered Angus bulls and can verify Angus genetics. He calves in the fall, so he is able to share bulls with another operator who calves in the spring. This arrangement can be tracked through a lease agreement, which is also acceptable to AngusSource.

His son, Dana, who uses registered Angus bulls, is required to use the Gateway option, operated under the AngusSource PVP, because he manages cattle in common on rangelands with other producers (see main article).

Of the Gateway option that verifies age and source, Rutan says, "I thought it was great for somebody like that who, through no fault of their own, can't use AngusSource."

Rutan says he's kept with AngusSource because, "I think there's a definite premium in them. I can't attribute it all to AngusSource, but we sell these calves as all-natural, all-black, all-AngusSource. When they'll fit enough of those programs, it definitely helps them."

He adds, "I can't see why anyone would not age and source their calves. That makes no sense to me. So many of these feedlots are absolutely forcing producers to it. I think there's a premium in it for the guys who want to do it. The way it is, we definitely get the benefit out of doing the extra little bit of work."

"It really isn't as difficult as it would appear once you get used to doing it. It's just not that hard. The gals at AngusSource are outstanding."

From the beginning, Rutan's goal was to get Morgan Ranches started with a marketing program — something that would repeatedly show buyers their ranch offers a better product that comes with information and, no less, all Angus-sired genetics. And AngusSource has helped do just that.

opened up a market I couldn't get into. The guy who bought the calves said he would not take them unless they were age- and source-verified. It worked out very well."

Art had read in the July *Angus Journal* that the Association was adding a second verification option to its AngusSource program. Gateway was actually approved later that month. He verified with Association Regional Manager Rod Wesselman that it was a done deal before he called Dana.

Dana got in touch with Ginette Kurtz, AngusSource program manager. She and Art helped Dana get enrolled. He completed the producer training and evaluation via phone and submitted the required documentation to verify group age. He enrolled one group of calves and, shortly thereafter, his tags were on the way. The calves were gathered, tagged, weighed and on their way to a Nebraska feedyard in mid-August.

"Gateway is pretty simple," Dana comments. "Ginette is super to work with. She really helped with the process and made sure everything happened like it needed to. Art did a ton of work on it, too. They were awesome."

Dana has recommended Gateway to other

producers, and believes that age and source is a "good idea. My take on it is right now there is a premium; in 10 years there'll be a discount. Something else is bound to come along that will get a guy a premium. Get in the lead of it. If you still don't do it by the tail end, you're going to get discounted."

And what about next year? "I'm planning on it. It sure showed that it worked last year, so I don't know why I wouldn't. It made me money; anything that makes me money I'm going to try to do again."



PHOTO BY KIM HOLT

Art Butler (left) encouraged David Rutan (right) to enroll in AngusSource and Dana Rutan to enroll in Gateway to help them realize the value in their calves.