

Stockers Rise Above Commodity Roots

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Tradition says the stocker business is simply about pounds of commodity feeder cattle, that stockers and quality are like oil and water. However, ignoring today's market demand for superior quality could mean less weight in your wallet.

Although margins are often tight in the stocker business, the higher-dollar risk of recent years points to a need to think beyond buying low and light and selling high and heavy. Seasoned stockers like Mark Yazel, who operates along the border from Kiowa, Kan., to northeastern Oklahoma, know there is more to it than weight. Higher quality always pays more.

"You can buy the (lightest) steer in the world and have the most



PHOTO BY MIRANDA REIMAN

condition in the world, but if he doesn't have any potential to gain anything and grade, he's not going to," Yazel says. "The least-cost deal is not always your best cost. You can spend a little more at the front end and stay ahead more than if you just went out and bought the cheapest thing you could."

For Yazel, sourcing stockers on gain and quality go hand in hand. He doesn't buy calves that aren't at least 60% black-hided, as an indicator of Angus influence.

"If you worry about gain and not quality, that's kind of an oxymoron as far as I'm concerned," he says. "If you don't have quality, you're not going to get the gains."

He considers consumer demand for beef when sourcing stockers, and his buyers pay attention to it. With fewer and fewer packers and feedlots in the market, Yazel says having an established relationship and reputation for quality calves is good for business.

"More and more, all the time, we're selling cattle on the grid, and basing our business more and more on relationships instead of individual trade," he adds. "The premiums that are out there now, it's hard not to focus on quality and try for the additional dollars per hundredweight you get on the grid for high-performance cattle."

The big picture

Yazel is not alone. Harold Wooderson, Blackwell, Okla., says focusing on quality is a necessity for the beef industry. The operator of Wooderson Farms retains ownership

on most of his stockers entering feedlots in Kansas and the Texas Panhandle, and always keeps the whole beef supply chain in mind when buying calves.

"We're thinking about the end result. We want something that will make the consumer happy, make the packer more profit, and something that will be a better end product for the ultimate users," he explains.

For him, adding value to the supply chain comes from adding more than weight alone.

"It's not necessarily just the total weight you put on the animal, but the total value you can increase that animal by in your stocker operation," he says. "Just weight alone doesn't mean the maximum amount of profit."

Wooderson knows there is money to be made buying light cattle and adding weight fast, but his experience also lets him know cattle that add weight along with quality are worth more in today's market.

"As a stocker, you can put weight on any cattle and any color cattle, but when you go to the feedlot, and the packer buys them, the color, breed and genetic make of the cattle makes a difference in what they're willing to pay for them," he says.

Experienced stocker operators don't represent outliers. They are following the market signals for long-term profitability. The margins between beef and competing proteins in the marketplace continue to widen. As consumers pay more for beef, you can bet they want a better quality eating experience.

When stocker operators think about buying cattle with the consumer in mind, the signals for growth in demand

for added value and quality are clear, says a Kansas feeder.

"We've seen a shift over the years to a higher percentage of black-hided cattle," says Allan Sents, co-owner of McPherson County Feeders, Marquette, Kan. "The shift is largely from the quality benefits and premiums available now."

Sents is not directly in that grazing business, but a large share of cattle entering his feedlot are stockers.

"The stocker operators we deal with recognize that the value of finished cattle coming out of the feedlot is going to be greater if they have a higher percentage of black-hided cattle in the mix," he says. "That has influenced the way they have bought their cattle, in recognition of that extra value when we sell them."

It's a trend Sents has noticed during the last 10 years, and one which he sees no suggestion of diminishing.

Stocker production might have little effect on carcass performance, but "pounds only" management can derail quality potential. Sourcing stockers on weight alone affects later demand from feedlots, packers and ultimately the consumer.

Granted, compensatory gains can still make money if the prelude doesn't withhold nutrition calves need. Yazel and Wooderson say a better strategy in today's market is to focus on the value-added premiums available by thinking ahead to the next buyer, and the buyer after that, all the way to the plate.



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