



The Source

by **SARA SNIDER**, director of AngusSource®, American Angus Association

The window of opportunity

You see or hear of it every year. There's always that one player — the overachiever who shows up for practice a half hour early to shoot baskets and put in more time on the court. He improves his skills with each minute, and his value as a player increases. The coach notices the dedication and commitment, and the player is rewarded with more playing time.

As time goes by, other players notice the improvement and the extra playing time this individual is receiving. A few start showing up early, too. They also get more playing time. Soon, nearly the entire team is coming early. They, too, improve their skills with the extra practice, but not all see more playing time. Eventually, the only players seeing guaranteed results from the extra practice are those who aren't showing up — and they are seeing more time on the bench.

What happened? Why didn't everyone see the same results from the same effort?

The answer is timing. In the beginning the players showing up early were setting themselves apart from the team. They were adding value to themselves, and they received benefits for it.

As more players began to participate in the extra half hour of practice, it became less "special," and the rewards within the team started to dwindle. Eventually, as most of the team started to show up early, it became the coach's expectation. A new baseline had been established.

Consider the cattle industry

This is a great analogy for what happens in the world of value-added marketing. Initially there are "premiums" available for management practices or participation in programs that set one producer's calves apart from another's. As more producers participate and supply the same product to the marketplace, monetary incentives dwindle and can eventually disappear.

They are replaced by discounts for calves that don't meet the expectation for what has become standard.

For example, consider castration as a management practice. Years ago, producers who castrated their calves were rewarded with higher prices for their steers. Today it is expected that feeder calves will be castrated before sale. Producers are not necessarily getting paid more for their steers, but those who choose not to castrate their calves before sale time receive a discounted price.

Before you say, "Why bother? The premiums will disappear, leaving us with just extra work," consider the end result. For that basketball team, although not everyone saw the same individual rewards for their efforts, they elevated the level of play for their team, they were more competitive as a whole, and they had a better chance of winning a state championship.

The same is true in the cattle industry. Everything you do to improve the quality

of your product improves the positioning of your team, "Beef," as a protein in the marketplace. Whether participating in a value-added program provides access to new markets, improves the quality of your cattle or increases profitability, it makes a positive impact on the beef industry as a whole. So, while the bar for receiving individual rewards may get raised, participation now elevates "Team Beef" and increases our chances of winning the consumer's favor and maintaining market share against competing proteins.

Finding the window

As I travel the country, the No. 1 question I get asked is, "Will I get paid more if my calves are age-verified?" I wish I could guarantee that you will receive more money, but I can't. As we all know, there are a lot of things that affect the value of your calves. A few of the biggest factors are the number of calves you are marketing, their uniformity, genetics and management.

Carcass Challenge winners announced for second quarter

Once again, the results of the AngusSource® Carcass Challenge (ASCC) are outstanding! It is amazing what known/documented Angus genetics can do when managed to target the *Certified Angus Beef*® (CAB®) brand. While the age-verification premiums are an added bonus, it is the outstanding carcass quality of the calves that paid big for these producers.

A couple of regulars once again took top honors for the Northeast and North Central regions. Osborn Farms, Savannah, Mo., owned and fed 38 steers that set a new ASCC record — 100% CAB and Prime! With 36.8% reaching Prime. How can you top that? John Osborn and Pete Mitts have now set a new goal of increasing the percentage of calves to reach Prime.

Beller Feedlot, Lindsay, Neb., had a group of 39 heifers go 76.9% CAB and Prime. Mike and Terry Beller have consistently fed winning pens in the North Central region and were the first feedyard to receive coverage through the AngusSource PVP feedyard umbrella.

These producers were joined at the top by newcomers from the University of Missouri who fed their calves at Irsik & Doll Feedyard.

Congratulations to all of our producers and feedyards. Here's an overview of the winners provided by CAB's Supply Development team.

Research Byproduct: Quality Cattle

Those qualities — consistency and attention to detail — recently helped cattle from the University of Missouri (MU) earn recognition in the second quarter of the ASCC. Steers from the school's Thompson Farms

research herd were fed at Irsik & Doll Feedyard, Garden City, Kan., where they took first place for the Central Region.

"With research, you have to have everything as close to the same as possible," says Missouri herdsman Jon Schreffler. "Then you get a lot of the variables out of the way."

A side benefit they've discovered? It pays to be homogeneous when the sights are set on high quality. The 38-head winning group hit 86.8% *Certified Angus Beef*® (CAB®) brand and Prime.

Missouri animal scientist David Patterson has used the university's commercial Angus herd for timed artificial insemination (AI) work since 2003, sticking with Angus for accuracy.

"The whole idea was if we could increase timed AI across the state, with an emphasis on high-accuracy bulls, we'd not only generate superior replacements, but also steers with more desirable carcass quality," he says.

So, they set out to prove it could be done, using the research herd as the example. They started out with a maternal focus, but now select for that in tandem with end-product goals.

"You can use genetics that are out of proven sires that you normally can't just go out and buy. That's the real advantage, and it's starting to show up," Schreffler says. "It's coming from both sides now because we've built the maternal and carcass traits into the cows and then we choose bulls for those benefits, too."

Of course those genetics are only part of the equa-

tion. Management at the feedyard makes a difference in final outcome, but they're confident in the harvest results because of their relationship with the staff at CAB-licensed Irsik & Doll.

"They definitely know how to manage these higher-quality cattle, and that really needs to be highlighted and complimented," Patterson says. "They're great to work with."

Schreffler echoes that: "It works better feeding where they're used to your kind of cattle, so you can get consistent data from one year to the next."

Other second-quarter regional winners include regulars from the Northeast and North Central regions. Osborn Farms, Savannah, Mo., owned and fed 38 steers that hit a new ASCC high, making 100% CAB and Prime, with 36.8% reaching the latter.

Beller Feedlot, Lindsay, Neb., had a group of 39 heifers go 76.9% CAB and Prime.

When the calendar-year contest ends, an overall winner will receive a \$500 cash prize, according to Sara Snider, AngusSource director. Groups of 38 head or more, enrolled in AngusSource at the ranch of origin and fed at a CAB-licensed feedyard, are eligible for the contest. As long as they are harvested in one group, both mixed sex and lots with multiple owners are accepted.

For more information on the ASCC call 816-383-5100 or visit www.angus.org/angussource.

— by **Lyndee Patterson**, CAB industry information intern

While I can't promise "premiums," what I can say with confidence is that right now there is the opportunity for producers to receive more money for their calves if they are enrolled in a source- and age-verification program. But, as with every marketing program, there is a window of opportunity for you to receive those "premiums."

As time goes by and there is more participation in verification programs, buyers may begin to expect and demand participation, and those who aren't providing it could receive discounted prices. The key to capturing the full value of the management tool is to participate during the window of opportunity.

Age and source verification

Age- and source-verification (ASV) programs aren't new. The knowledge of the industry has increased dramatically. During the past five years we have seen a huge shift in the questions we receive from producers, auction markets and feeders. Today, most people know what source and age verification is. They have read about it in an industry publication or heard about it at a producer meeting. The questions we receive now from producers are about how they can qualify, how difficult is it to enroll and where to enroll.

As auction markets see more tagged cattle showing up in their barns, they are calling to request certificates and to verify enrollments. Feeders no longer call because their processing crews have cut out the tags, they have learned those tags have value and mean more dollars. The industry as a whole is more aware of age and source verification. That awareness means opportunity.

Although the majority of feeder calves sold in the United States are not enrolled in an ASV program, the number does continue to grow. Since inception, the AngusSource program has seen growth in the double digits every year. Gateway was introduced in fall 2009 and is growing at a rapid pace. Other programs are experiencing the same increase in participation.

Japan requirements remain at 20 months, which means there continues to be market incentives for age verification driven by the international export market. Domestically, several large procurers of beef still call for source verification. It is my belief that we won't see a change in verification demands. They will continue and grow. The window for getting paid a "premium" for participating in these programs is now.

I have shared this data before, but it bears repeating. According to data from a major video auction, AngusSource calves sold June through September 2009 earned an average \$2.65 more per hundredweight (cwt.) than non-verified calves, and an additional \$1.08 more per cwt. than other age- and source-verified calves. Although we don't have results from the 2010 sale season yet, the markets have been strong, and it appears that verified calves are still at the top.

No one knows what tomorrow will bring or what the market will do when it comes time to sell this year's calves. What we do know is that the market signals are there now and the demand for ASV calves remains strong. Numerous producers are taking that extra step, age- and source-verifying to add more value to their calves, and they are reaping the rewards. If you have been thinking about

enrolling your calves in an ASV program, now is the time. Be a player who puts in the extra effort for the team. Remember, everything you do to increase the quality of your calves not only improves your marketing position within the cattle industry, it improves the position of Team Beef as a whole.

More information about the AngusSource and Gateway programs can

be found online at www.angussource.com. You may also download a producer manual and enrollment forms. If you have questions or would like to request an enrollment packet please contact the AngusSource office at 816-383-5100.

