

Range Beef Cow Symposium XX

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Creating Value and Being Rewarded

by Troy Smith

FORT COLLINS, Colo. (Dec. 15, 2007) — The days when U.S. beef producers could expect consumers to blindly trust them have ended, said Tim Davis, of CowSense information management systems. Speaking to the Range Beef Cow Symposium crowd Dec. 13, Davis said the beginning of the end came with a “Christmas cow” discovered to have bovine spongiform encephalopathy (BSE) in December of 2003.

“Now consumers, internationally and domestically, want higher standards and better verification of beef marketing claims,” Davis said. “That can be a good thing. While beef producers generally are committed to producing a good product, they’re being stimulated to hold themselves to higher standards and do an even better job.”

Davis said the beef industry has responded through changes that are market-driven. Export markets have enacted requirements on beef shipments from the U.S., and domestic branded beef programs also require suppliers to meet verifiable specifications. As producers consider adding value to their production through Quality Systems Assessment (QSA) program practices required for exported beef, or process-, age- and source-verification programs required by the branded beef market, they must consider whether adoption of required practices fits their management capabilities and the potential return on investment.

In virtually every case, Davis said, a key to success is documentation of production practices required for program compliance. The recordkeeping practices might also have additional value as an aid in better managing their operations.

“Better records can reveal opportunities to make improvements through genetic selection for economically important traits,” Davis said. “They may want to consider what differences in their cow’s calving intervals are costing. Or, what differences in return are associated with marketing calves at weaning, as yearlings or at harvest.”

Wyoming cattleman Jim Lerwick told the audience that his objective is to maximize revenue by creating measurable or perceived value. He also wants to know what input costs produce the greatest margin potential, and reduce those costs that are not contributors.

Management to enhance value includes improving performance potential and market-appeal of calves, either for sale or retained ownership, through attention to genetics and animal health programs.

Lerwick said crossbreeding can’t be ignored in his production system. His records indicate breeding Charolais sires to black baldy cows results in calves that return from \$70 to \$100 more, during their lifetime, than do straightbreds. About half of that difference is garnered prior to weaning, Lerwick said, and the other half afterward.

Other value-enhancing management areas include timing the sale of cattle with periods of historically favorable prices and pursuit of premiums through source- and age-verification.

“Source and age verification has added \$25 to \$34 (per head) to the end value of cattle for us,” Lerwick said. “There are many ways to add value. However, without measurement of cost and return of each opportunity, invalid conclusions may hide the reality of the decisions.”

Along with cash costs, Lerwick said opportunity costs must be considered. And there are noneconomic costs that may not have a dollar value, but still may be a deciding factor in the sustainability of an enterprise. Examples include quality of life and conservation benefits.

“Sustainability of the business depends on enhancing value and cost control, balanced by personal and business goals,” Lerwick concluded.

Range Beef Cow Symposium XX was hosted by the Cooperative extension services and animal science departments of Colorado State University, South Dakota State University, the University of Wyoming and the University of Nebraska at the Larimer County Fairgrounds and Events Complex Dec. 11-13. Additional coverage of the symposium is available at www.rangebeefcow.com.

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