

## Blue Profitability

Editorial by Kyle Kehrl

For cattle producers here in the U.S. one of the hottest topics that will, hopefully, never go out of style is profitability. The average cattle producer today is close to 58 years old, and when you sort out the retirees being counted among the ranks of beginning farmer you see that young people are not coming back to the farm in numbers large enough to replace those leaving. To attract young producers to the beef industry we need to focus heavily on making beef production sustainably profitable. Profitability looks different depending on what level of our segmented industry you focus on.

The average cow-calf producer is dedicated to putting "pounds on the ground" and is not overly concerned with factors beyond dropping a live, healthy calf that grows well up to the point of being weaned and sold. Calves are typically sold on a live-weight basis to feedlots that specialize in feeding out large amounts of cattle very efficiently. From here on, the feedlot managers have a few options for marketing their fat cattle to bring back the most return possible for their feedlot enterprise.

Assuming all things being equal (residual feed intake, health, etc.) the selling "avenue" that results in a premium is the option that catches my eye the most as a cattle breeder. Grid marketing allows a producer/feeder to sell their animals based on individual merit-which in turn is based largely on intermuscular fat. Fat is what gives our meat its taste, and the animals that have the most fat interspersed throughout their carcass return the most dollars in a grid-marketing system.

The packer makes money by providing the consumer with a product that tastes good and is affordable/competitive with other proteins. Animals that have more meat than the average animal (compared to a live-weight basis) result in better plant utilization and better profits. If the consumer is willing to pay a premium for a better than average eating experience, and enough volume exists to make it worth the effort, the packer will reward producers for bringing in fat animals that fit the parameters for this market.

### *Now, what does this all mean for the blues?*

At some point in the near future, consumer demand for a lean beef product, providing a good eating experience, and available at a competitive price will take hold at the packer level. We have seen this happen in the past in the hog industry when packers rewarded producers for bringing lean animals to market. When this happens in the cattle industry, we as a breed will need to have placed ourselves in a position to satisfy the industry at many different levels by marketing our strengths, which lie in high dressing percentages, meat tenderness and temperament.

Starting at the packer level, we need to provide a blue-sired carcass, which yields more tender, red meat than all other competing breeds. We also need to be sure these animals have at least ¼" of back fat at the time of harvest to limit the amount of drying and toughening happening during the aging process in the cooler. A blue-sired animal will put more meat in the cooler than a standard

fat animal will-putting more dollars in the packer's pocket.

Taking it a step further, that blue-sired meat sitting in the cooler is also more tender than average. Research done by Dr. Cundiff at the Market Animal Research Center in Nebraska found that round steak from a blue-sired animal is comparable in tenderness to the average sirloin, and a blue-sired sirloin is comparable to the average tenderloin in tenderness. This makes for a better eating experience for a better price at the consumer level, and helps the beef industry in general remain competitive with other sources of protein.

At the feedlot level we need to provide a calm animal that will grow well, and ultimately meet the expectations of the packer and consumer, which we talked about before. Taking it down another level to the cow-calf sector, we need to provide producers with a terminal cross sire which will be able to cover large groups of cows, and thrive in a variety of climates. We need to be sure we are producing sires that have a skeletal structure that adequately supports the muscle hanging from it, and also allows the bull to move freely over the terrain while he searches for cows to breed. This sire must be able to throw vigorous, healthy, and robust calves, and these calves not only need to be tough enough to make the transition from weaning to feedlot, they need to be able to excel when they get there.

Temperament is a little tougher to put a value on but anyone who has dealt with flighty cattle knows how tough they can be on equipment, the human body, and the nerves of anyone who has to work with them. Flighty cattle take longer to finish out, and meat quality is negatively affected when these animals are

exposed to stressful situations (i.e. loading out prior to a trailer ride to a harvest facility). Although this trait is tough to put a dollar amount on, and the chance of ever having a grid that pays out directly for calm cattle is pretty slim- I believe this will truly be a trait that separates the Blues from the other terminal breeds available in our industry.

Taking it to the breeder level we need to be focusing on our strengths, and we need to collect more data than we have in the past to be able to validate these strengths to all segments of the industry. In addition to birth weights we need to focus diligently on recording weaning and harvest weights. Getting carcass information from the packer, which shows back fat, dressing percentage, and some sort of shear (tenderness) data is also very valuable. If this information isn't available we will need to find a way to ultrasound our blue-sired animals at, or immediately prior to harvest to come up with these numbers. We also need to come up with a scale for scoring temperament that is as straightforward as our scale for evaluating calving ease.

To get our name out there as a breed we need to focus on identifying sires that exemplify our strengths, and develop a plan to breed a set of crossbred calves from these sires to be entered into nationally recognized feedlot tests. Focusing on tests, which gather the information listed above in the previous paragraph will help us maximize the time we invest in this project. The time will come when the rules of the existing market and grading system will change to benefit the American Blue breed...we need to make sure we have done everything possible to put ourselves in a position to capitalize on that change when it comes.