

MARKETING OPTIONS

Cow-calf producers have seen several years of profitable prices, and analysts predict that these figures will continue at least through this fall. However, as the industry is faced with increasing cattle numbers, higher feed prices, and feeder calf buyers on a “tighter leash,” we in the cow-calf sector may need to again consider different options for marketing our cattle.

No one can foretell the future...especially considering the volatility of today's cattle markets. Therefore, I cannot advise you on how you will make the most money when marketing calves. As we all know, this can change daily. I simply ask that you think creatively and openly in the next couple years...long before you sell your cattle. This creativity might result in more profitability.

There are many options to consider...the list below is simply a few suggestions.

- **Wean and sell calves younger**

- Today's genetics have enabled us to produce 500-700 pound weaning weights, instead of 300-500, as was the norm years ago. Due to these higher performing calves, our industry either needs to reduce a step from the traditional calf/stocker/yearling development chain, or wean younger, lighter calves that can still take advantage of these additional phases.
- Due to far-reaching drought conditions, many articles have been written recently on this early-weaning concept. It is not *always* the best answer, but may be worth considering.
 - Consult with your veterinarian. Healthy, well-prepared calves are a **MUST**.
- Also consult with your local livestock market, video sale rep, or whomever you rely on for marketing advice. Ask if selling younger, lighter calves (for more dollars per pound) will open up more potential buyers.
 - Remember...sale barn owners & managers are marketing professionals. Tell them your scenario, ask for their assistance, and let them help you make the most dollars possible.



- **Sell cattle in larger groups**

- Nearly any other business gives “discounts” when purchases are made in volume, but we have all witnessed the higher prices paid for large drafts of cattle. Since most of us cannot expand enough to significantly add numbers, here are some ideas:
 - Coordinate management and genetics with neighbors, then sell cattle as one larger group
 - Shorten breeding season, so all cows calve in a short enough period (60 days?) to market all calves from one season on one day.
- Remember, truckload lots (50,000 pound increments) are often the ticket to receiving top dollar for cattle. With transportation costs continually increasing, this is even more of an issue.

- **Retain ownership**

- Retaining ownership can be for any length of time...through the stocker, yearling or feedyard phase.
- We have a list of several feedyards who are willing to “partner” with our customers who wish to retain ownership through the feeding phase. Many of these yards will allow you to keep as little as 10% of the ownership and still receive useful carcass data back after processing.
- As a member of U.S. Premium Beef, Dalebanks Angus has the opportunity to lease any of our unused delivery rights to those wishing to sell cattle through USPB. We lease these free of charge to any of our bull customers on a first come, first served basis. If interested, let us know.

Again, this list is only “food for thought.” Be creative, ask advice from progressive folks who can help you, and most of all—don't be afraid to try something new. In the next five years, it may pay off greatly.



YOUNG CATTLEMEN'S CONFERENCE

Last June, Matt had the opportunity to attend the Young Cattlemen's Conference (YCC). He won a scholarship to attend through the Angus Foundation, a non-profit subsidiary of the American Angus Association. Coordinated by the National Cattlemen's Beef Association (NCBA), YCC was a comprehensive, nationwide tour of various industry sectors. It was designed 27 years ago to enhance leadership skills in young cattle producers, and that is still its main purpose today.

Although it was difficult to be away from the ranch and his family for nine days (at the end of spring AI season, no less!), it was a tremendous opportunity to see areas of our industry that many of us rarely—if ever—get to witness. Several articles and press releases have been written on this trip, and space does not allow a complete recap, but below are a few highlights and editorial comments Matt noted about each stop.

Days 1-2 National Cattlemen's Beef Association office, Denver, CO

Each division and department at the NCBA Denver office presented a brief overview on their roles and duties for cattlemen. *After hearing these talks and witnessing the coordination between departments, it became obvious that NCBA's staff and Directors were instrumental in "saving" the beef industry from short-term disaster when the United States had our first case of BSE found in the state of Washington in December, 2003. The well-rehearsed, fact-based approach that NCBA calmly took with media outlets and uncertain consumers during those critical weeks following that first case was a textbook example of just how valuable a commodity trade association can be for producers.*

Day 3 Tour of Grant County Feeders, Ulysses, KS

This yard, the sixth largest in the world (112,000 one-time capacity), feeds primarily "commodity cattle," and maintains the concept that buying cheap & selling high still allows them to make the most money possible. However, they had several thousand Angus-influenced cattle on feed that were destined for National Beef's "Nature Well" program, which targets a high-quality, hormone-free consumer market. These cattle showed the hint of a departure from that commodity mindset.

*Manger Joel Jarnigan and staff were an impressive bunch to witness. They definitely have a business approach to nearly every decision they make. If a certain practice quits making them money, they change that practice. Joel made the comment, "I don't have a problem with 'tradition' and fourth- or fifth-generation cattle producers. I just think that **this** generation had better wake up and start treating our industry like a business."*

Day 4 Tyson Fresh Meats (formerly IBP), Sioux City, IA area

We got the "full tour" of three different facilities at Tyson: their state-of-the-art packing plant and nearby hide-processing facility in Dakota City, NE, and their corporate offices in Dakota Dunes, SD. This flagship plant now processes nearly 5,000 head/day.

Regardless of Tyson's stereotype as the "big, bad commodity giant" of the protein business, this was an impressive stop. Sure, this newly renovated plant's size is impressive. The technology that is now used to break these carcasses down into saleable product is creative. But their beef division staff's knowledge and attention to industry signals, trends and economics was the most eye-opening portion of the entire tour. Our 50-person group sat down with five of Tyson's top-level beef executives, and they let us ask nearly any question under the sun. Some pretty fierce questions got fired their way, and they did not back down from a single one. Whether

everyone agrees with their philosophies or not, they run an excellent business, and they expect their suppliers to do the same. They know they need us to supply cattle (by the way...they do NOT want to own land or cows), and they consider it their job to add as much value to the beef as possible after it walks through the back of their plant.

Day 5 The Bruss Company, Chicago

This high-quality steak cutting facility buys ribs, loins, sirloins and other "subprimal" cuts as whole muscle products, then cuts them into individual portions for restaurants in the Chicago area and beyond.

The Bruss executives paid all of our industry a compliment when they told us that we had added MILLIONS of dollars to the industry, simply with proper Beef Quality Assurance (BQA) procedures. See, they used to buy "Top Butts" (the upper reaches of the sirloin, which is also where we historically gave most cattle vaccinations and injections) for pennies per pound, then hope that when they cut into them, an injection-site abscess didn't explode in their face. If it didn't, they sent these sirloin steaks to their customers, again hoping that they were not so tough (due to a lesser-grade injection-site lesion) that the customer sent them back. NOW...since our industry has moved our injections to the neck of the animal, they pay top-dollar for top butts, then sell them at high price-points, meaning more dollars throughout the industry chain. They estimated that this move has added several dollars per head in live price to our fed market.



(Young Cattlemen's Conference, continued...)

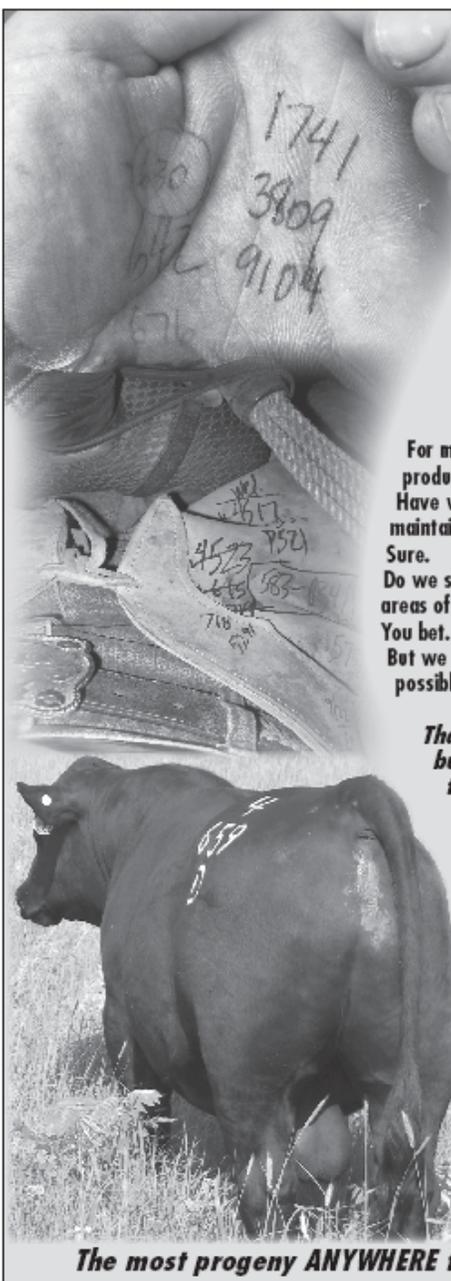
Day 6-8 Capitol Hill, Washington, DC

At our opening reception, sponsored by John Deere, NCBA staff members spoke on the importance of producers' involvement in the lobbying process in Washington, DC. We visited our state's Senators and Congressmen, addressing issues such as repeal of the estate tax, eminent domain and drought relief. We had discussion meetings with USDA officials and four of President Bush's advisors and assistants in the Old Executive Office Building (connected to the White House)...a VERY interesting dialogue. While in the DC area, we were also treated to a nice dinner and entertainment by fellow Angus breeders, Whitestone Farms.

It is clear that our NCBA staff in Washington are focused on their jobs. For the three days we were in DC, we only saw the sun while we were running (literally...no one walks at a "normal pace" inside the Beltway) between buildings and meetings. One evening, we took our only "sightseeing" tour of the Monuments, led by one of the NCBA staff. We departed after our reception at about 9:30, raced past nearly 20 Memorials and Monuments, and were back in our room at about 1:00 am (after covering nearly 7 miles on foot).

I was honored to be selected to attend this event, and it was a true privilege to gain the information that I learned while on the tour. As with any experiences or information our family obtains, we are more than happy to share this information with you, our customers and counterparts in the industry. If there is ever a time that you would like to ask further questions about any of these experiences, I would be glad to tell you more about this opportunity.

Plus, anyone interested in attending this trip in future years should contact their NCBA affiliate (state cattlemen's association or breed association) to inquire about their application procedure. You will be glad you did!



A Palm Pilot, Laptop and Dalebanks DNA... Technologies you can trust.

For more than 100 years, Dalebanks Angus has been producing dependable genetics for profit-minded producers. Have we always tried to adopt technologies to collect and maintain our herd records?

Sure.

Do we support useful tools that can benefit our customers in the areas of animal identification, marketing and management? You bet.

But we also see the need to maintain as much simplicity as possible when breeding and managing cattle.

That's why for more than a century Dalebanks bulls have been successfully used throughout the nation by producers striving to obtain profitability, not just the latest craze.

Selling 140 bulls
14-20 months old
At the ranch
NW of Eureka, KS
Nov. 18, 2006
12:30 PM

**Dalebanks
angus**
THE PERRIERS

Tom & Carolyn Perrier
1021 River Rd.
Eureka, KS 67045
(620) 583-6956
tperrier@dalebanks.com
Matt & Amy Perrier
(620) 583-5033
mattperrier@dalebanks.com
www.dalebanks.com

The most progeny ANYWHERE from the ABS sire, Precision 1023

Econ 101: Supply & Demand

The law of supply and demand is widely known. As demand for a product increases and supply stays constant, price goes up. As supply decreases and demand stays constant, price goes up. And if supply *decreases* and demand *increases* simultaneously, price goes up dramatically. Last fall, our bull sale exhibited this last theory. We had fewer bulls--mainly due to a high percentage of heifer calves born the year prior—and we had the best demand for bulls we have seen in years. Plus, we had exceptional interest from registered producers on several top lots, which boosted the average even more.

With the help of Mother Nature and a bit of technology, we hope to moderate that average price this fall. With over 60% bull calves born in 2005, plus a few more calves from our embryo transfer cooperator herds, we will offer more bulls than ever before. We still culled with the same rigid standards, so we will be able to offer our customers more selection at the best value possible.

We are NOT of the opinion that a bull sale is only successful if it averages higher than the year prior. We consider our bull sale a success when our customers go home happy with their purchase and even happier years down the line after calves have been sold and replacement heifers have been kept.

As has been said in the past, good bulls should be worth the total price of about five to six weaned calves. We believe this year's sale average will be well within that price range...plus the added value of these bulls' *progeny* should greatly exceed that sum. We hope you will be with us November 18th.

**DALEBANKS ANNUAL PRODUCTION SALE
SATURDAY, NOV. 18, 2006 12:30 P.M.**

THESE BULLS PLUS OVER 120 MORE LIKE THEM SELL NOVEMBER 18

<u>Sire</u>	<u>D/B</u>	<u>Birth</u>	<u>Wn</u>	<u>Milk</u>	<u>Yr</u>	<u>\$W</u>	<u>\$F</u>	<u>\$G</u>	<u>\$B</u>
Future Direction	2/8/05	+0.8	+41	+29	+78	\$28.16	\$21.69	\$26.67	\$46.28
6l6	2/10/05	0	+37	+21	+84	\$22.73	\$29.46	\$20.98	\$43.20
Lead On	2/10/04	+2.1	+54	+29	+88	\$33.36	\$26.78	\$10.43	\$33.89
ND 1407	2/17/05	+1.3	+44	+27	+80	\$29.08	\$22.54	\$26.35	\$46.63
ND 878	2/23/05	+1.1	+44	+28	+84	\$29.29	\$26.65	\$19.76	\$42.06
Lead On	2/26/05	+3.1	+50	+25	+95	\$26.54	\$35.72	\$15.22	\$42.09
Future Direction	2/28/05	+2.0	+52	+30	+92	\$30.40	\$31.74	\$19.63	\$45.67
Retail Product	3/1/05	+1.5	+41	+22	+82	\$25.92	\$25.78	\$18.20	\$39.63
Precision 1023	3/5/05	+1.8	+52	+18	+92	\$29.27	\$31.74	\$23.19	\$49.42
Precision 1023	3/8/05	+0.5	+50	+21	+92	\$30.23	\$32.56	\$22.20	\$48.53
Precision 1023	3/8/05	0	+53	+25	+96	\$33.19	\$35.55	\$16.48	\$44.40
Precision 1023	3/9/05	+2.0	+46	+22	+90	\$25.96	\$32.08	\$27.06	\$52.47
Precision 1023	3/10/05	+1.4	+48	+17	+93	\$23.16	\$35.41	\$20.44	\$47.11
Precision 1023	3/11/05	+1.6	+46	+21	+81	\$25.60	\$34.42	\$25.90	\$52.70
Precision 1023	4/20/05	+3.1	+52	+24	+101	\$25.35	\$41.29	\$22.71	\$52.93
Lead On	9/4/05	+0.8	+49	+31	+95	\$31.11	\$36.13	\$22.87	\$49.23
Precision 1023	9/17/05	+0.6	+55	+22	+98	\$32.00	\$36.84	\$22.16	\$50.97
Retail Product	9/26/05	+0.9	+53	+21	+94	\$31.52	\$33.44	\$23.11	\$52.29
Retail Product	9/28/05	+2.6	+53	+21	+95	\$28.53	\$34.49	\$23.09	\$52.42