

BULL BUSINESS NEWS

Spring 2010

Reynolds-Dalebanks Trusted Partnership Is Three Generations Deep

By D. Russell

Entering into a business partnership isn't a move to be taken lightly. Over half of partnerships and marriages end in separation. But, the partnership between Reynolds Cattle Company and Dalebanks Angus has beaten all statistics with over 50 years of continuous business. So, what's the secret to making it last? Good management, genetics that work, valuable marketing opportunities, and a hefty dose of trust.

"I trust Matt, just like I did his dad and granddad," Tom Black, a manager of Reynolds Cattle, explains of the third Perrier generation. "After 50 years, there is quite a bit of trust." The successful Reynolds-Perrier relationship has enabled Reynolds Cattle to recently pursue less conventional marketing routes, resulting in more profit opportunities. They've taken the next step beyond marketing commodity cattle and have entered into the age and source verified market and antibiotic-free, non-implanted market (often referred to as an all-natural market).

The Reynolds families and their ranches have a long, storied past, beginning just after the Civil War. Today, Reynolds Cattle Company consists of two Angus-based commercial cow-calf operations—one is south of Dalhart, Texas and a second location is in the rugged Davis Mountains of West Texas. Both ranches include nearly 100% Dalebanks genetics as Dalebanks bulls have been used almost exclusively and replacement heifers are kept and put back into the herd. "Their genetics have really, really helped out our ranch on the growth and grading and feeding and the whole bit," explains Tom Black, the manager of the Dalhart location.

Reynolds Cattle near Dalhart calves in the spring and weans in the fall. The weaned steers and heifers are placed in a larger than 10 section grass pasture and fed grain cubes during the winter. Once the cattle weigh 950-1000 lbs., they're sold as yearlings, usually in the late spring or early summer.



Tom Black, manager of Reynolds Cattle Company's Dalhart ranch, completes many of his daily tasks by horseback. Black understands the value of Dalebanks genetics and its effect on the continued sustainability of the ranch.

If moisture is adequate and wheat pasture is available, the cattle are sold in March directly off wheat pasture weighing 850-900 lbs. The last six years, Black has sold their yearlings through Superior Livestock Auction. In January, the ranch enjoyed success by topping a Superior sale with their all-natural heifers. This was the same feedlot buyer who, last summer, purchased Reynolds' all-natural steers. Those steers graded 96% Choice or higher, which resulted in an \$18/cwt premium. Over 85% of them were Yield Grades 1, 2 and 3. "I thought that was a pretty large achievement. I'm gonna blame that on the Dalebanks bulls," Tom Black says.

On another group of Reynolds cattle that recently sold into the all-natural market, all 38 head graded Choice or higher and 45% of them qualified for Certified Angus Beef. Over 65% were at least Yield Grade 3s.

Management That Fits

The consistent and proven Dalebanks genetics with balanced traits have allowed Reynolds Cattle to take advantage of specific branded beef programs. The high performance genetics enable Black to realize efficiencies, including increased pounds at sale time, without using implants.

The Dalhart ranch began selling into the all-natural niche market a few years ago. Black explains, "It looked to me like some people have gotten sticky about different things, like antibiotics and the food they eat. There's a group of people out there that don't want any antibiotics in their food. And, it looked like that market would sometimes pay 1-2 cents more." So, Black changed his management strategy. The grain cubes he feeds are all-natural as is the mineral. If a calf gets sick, it's caught in the pasture, doctored, and identified with a red tag, helping to separate it so that at marketing time, it's sold through a conventional market instead of the antibiotic-free, all-natural market.

The ranch also follows a strict vaccination regimen. The program has evolved to combat numerous diseases. Black says penicillin used to "fix" everything. However, today, the ranch uses an aggressive three-step program to maximize herd health. Vaccinations are administered once in the spring, next at weaning time, and then boosters again two weeks after weaning.

Black uses a nutrition consultant to keep the all-natural management program in compliance with the market's specifications. The ranch's grass is tested at different times of the year to determine which, if any, nutrients are missing. Then, the all-natural mineral is formulated according to the results.

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Genetic Selection

Information sharing is a large part of Black's bull selection process. He completes his own homework and sometimes relies upon Dalebanks for assistance. Black places a large emphasis on phenotype and structure, and, rightly so. The unforgiving country of West Texas and the Texas panhandle require bulls and females to navigate through rocky slopes in multi-section pastures to get their jobs done. Black says, "Many bulls, once turned out into these bigger pastures, look like the dickens. But, the Dalebanks bulls do well in our country." And, the cows get along well, too, he says.



Calving ease and low birth weights are traits upon which Black places selection pressure. His cows calve on their own in the open range. He also expects the ranch's heifers to calve on their own in a pasture close to the house. They're checked daily via horseback.

Yearling weight, weaning weight and the Feedlot \$Value (\$F) EPDS are also evaluated by Black during the bull buying process. "The heifers' calves we weaned last fall were heavier than some of our older cow's calves." He admits he turned the bulls out a little earlier, but he's seen a good growth response from them. He buys bulls during Dalebanks' annual production sale in November and through private treaty. Black couldn't make the trip to Dalebanks before purchasing his last group of bulls. So, he depended on Matt to help in the process. "I just called Matt, told him what I was looking for and he picked out some nice bulls for us." Black entrusts Matt not only with bull selection, but bull purchases, too. "They're a very, very fine family and a really fair family. There is a lot of trust there."

Since having the bull buying responsibility turned over to him in 1972, Black has worked with three generations of Perriers. Black first bought Dalebanks bulls from Francis Perrier (Tom Perrier's dad), then Tom Perrier, and now Matt.

Market Sustainability

Daily tasks on the Reynolds ranch are done much like they were decades ago by the Reynolds ancestors—on horseback, pasture doctoring, and dragging to the branding fire. However, the Reynolds team understands the need to continuously keep a sharp pencil and seek out new markets to benefit their bottom line.

Managing and selling into a niche market, such as the all-natural or antibiotic-free market, is one that requires thorough planning and research. The information exchange between buyer and seller is a critical part of the process. Cattle selling with a complete written profile detailing their genetics, feeding regimen, and health protocol, all help provide more marketing avenues.

Tom and Watt Reynolds and their families are equal owners of the Reynolds Cattle Company family business. Tom Reynolds is a firm believer in developing a business model

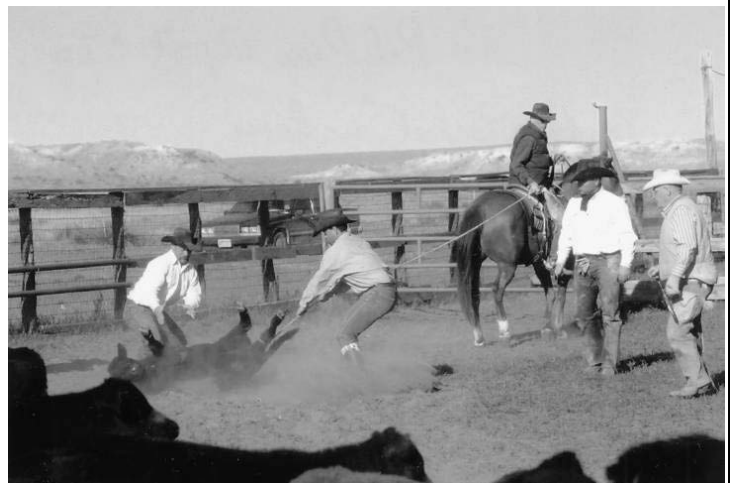
that is profitable and sustainable. He explains, "You have to look at everything you can do to bring value to what you raise in the form of cattle and separate yourself from the rest. And, it starts with genetics. My grandfather and his brothers found out about Francis Perrier, saw his bulls, and that was the beginning of this long history we have with the family."

Together, Black and Reynolds researched the all-natural beef market. Due to the consistent Dalebanks genetic base, Black knew how their cattle would grow. Plus, Reynolds saw a market for an antibiotic-free beef product. Reynolds says, "We're really trying hard to do something that is respectful of a particular portion of the market. We don't want to be like everyone else. I know we've left money on the table before. But, we really don't have room to leave anything on the table."

Black also saw a market for age, genetic and source verified cattle. After researching the American Angus Association's AngusSource[®] program, he began enrolling the ranch's calves three years ago. Black says they've received some premiums and it's helped with their marketing. The AngusSource[®] tags are put in at weaning time before the calves leave the ranch. "I think they're worth the \$1 they cost." He says the paperwork hasn't been too much trouble, either.

Since selling into the all-natural and age and source verified markets, Reynolds summarizes, "I'm beginning to feel as though we are beginning to get paid for that and I hope it continues. We feel as though we have the right genetics. Tom Black has done an outstanding job and has a great eye. Over the years of selecting which replacement heifers to keep and continue to build the herd, our cattle just keep getting bigger and better."

Black admits "self bragging is half scandal." But, in a very humble way, he is willing to share the reasons for Reynolds Cattle Company's success. The right genetics, management, and information exchange can help decrease the risk level in a partnership and replace it with a trailer load of trust. Black concludes, "I think our bulls from Dalebanks are the right way to go. I really do. We're going to continue to go that way. They choose the best bloodlines to infuse into their cowherd, which helps us out. They have a good idea of not only what we're looking for, but what everyone's looking for." Reynolds Cattle has found a trusted partner in Dalebanks. Three generations of decision makers on both sides of the partnership can't be wrong.



Cattle working and branding is a neighborly affair at Reynolds Cattle Co.

Farmers and Ranchers: The Silent Minority

Reprinted with permission, *Ag News & Views*, February 2010
by Shan Ingram, The Samuel Roberts Noble Foundation

I was struggling to find a topic for this article when my wife inadvertently gave me an idea. She teaches middle school home economics and her students rotate each semester. During the fall semester, they do some projects with pumpkins because it is timely for Halloween and Thanksgiving. Some of her new students wanted to know if they would get to do the pumpkin projects in the spring semester. How many fresh pumpkins are available January through May? This story exemplifies one of the huge problems facing farming and ranching - a lack of knowledge or understanding and the corresponding disconnect by those who are not involved in production agriculture.

Farmers and ranchers have become a huge minority! Approximately 2 percent of the U.S. population is involved in farming or ranching. Of that number, more than half are small operators. Therefore, less than 1 percent of our population is truly engaged in farming. The majority of our population doesn't know when, where or how their food gets to them. They expect it to magically be there when they need it. Obviously, more than 1 percent of the population is involved in getting food to the consumer, but how many of them know that most of our vegetables and numerous other crops are planted in the spring and harvested in the fall? And how about the food animals? Do they know that cows have one calf per year and that milk cows freshen only once a year? What about the seasonality of pork and egg production? I think you are getting the picture. Production agriculture has some giant hurdles.

How can such a minority survive? I think we need to study how others have been successful in advancing their causes. Generally, they have:

- been dedicated to a purpose;
- been very persistent;
- been very vocal to draw attention to themselves or their issues;
- targeted a small number of key issues; and
- raised money very aggressively.

I am not advocating that we employ all of the actions and methods that some minority groups have used; however, I think there are lessons to be learned. Unity is a key issue. The time has long since passed for squabbling and bickering within the industry. We need to seek common ground and work together to accomplish meaningful goals.

The general population is far removed from farms and ranches. There is a wide gap in knowledge, understanding and perception between production agriculture and the general population. The public doesn't understand that fertilizer, pesticides and biotechnology are good things when used properly. They have watched too many movies and listened to too many slanted "news reports" that are based on emotion and fear rather than facts and science. Many children don't know that beef comes from cattle and think that milk and eggs originate at the grocery store. They think cereal comes from a

box without realizing that it was grown on a farm. We must become advocates of agriculture. We have to do a better job of telling our story and explaining our position, or we may not have a story to tell.

How can you effectively impact this situation? Become more active in producer organizations. Be a member of the local, state and national organizations that represent you. Go to local meetings and have an influence on what is happening regarding issues and policy. An organization has a difficult time representing you and your views if you are not a member or fail to participate in the process. Learn the issues - be informed and proactive. Engage people you encounter in your daily life. Tell the good things about agriculture and know the facts. Avoid being negative or argumentative as this generally hurts your credibility and the industry. Be dedicated to purpose and avoid coming across as unintelligent or hotheaded.

We can sometimes be our own worst enemy. Strive to represent what is right with farming and ranching, not what's wrong with it.



Record Demand at '09 Sale

A capacity crowd packed the Dalebanks Angus sale facility to actively bid on the top 60% of bull calves born in the 2008 calf crop. Demand was tremendous, with nearly all bulls selling to dedicated return customers from KS, MO, OK, TX, MT, CA and KY.

98 yearling and coming two year old bulls averaged \$3913. The top bull, Dalebanks Exact 8671, fetched \$7500 and went to noted seedstock producer, Tehama Angus Ranch, Gerber, CA.

The relatively narrow price range of the bulls indicates the level of quality and consistency that the Dalebanks program strives for each year. Moreover, customer satisfaction appears to be very high, as 94% of the bulls sold to progressive cattlemen who had purchased Dalebanks bulls in the past.

Due to aggressive culling of both our cowherd and 2008 bull calf crop, we did not have enough bulls to fill all of our customers' orders. It is always difficult to predict bull demand when we must make selection decisions between six months and a year prior to the sale. While we will strive to offer more bulls in the future through the use of embryo transfer and modest increases in cow numbers, one thing is for certain: *we will not compromise the quality and consistency of our bulls in the process.*

As always, we will have a strong set of yearling bulls for sale by private treaty this spring (see information elsewhere in this newsletter).

Thank you to all customers and friends who made our 2009 fall bull sale a tremendous success.

Annual bull sale: Nov 20, 2010
12:30 pm At the ranch, Eureka, KS
Selling 115 yearling & coming 2 year olds



Economic Research Service. (2000, September). A History of American Agriculture, 1607-2000. (ERS-POST-12.) Washington, DC: Author.
* USDA Publication: The 20th Century Transformation of U.S. Agriculture and Farm Policy Electronic Information Bulletin Number 3, June 2005; authors: Carolyn Dimitri, Anne Efland, and Neilson Conklin

Dalebanks Angus Ranch
1021 River RD, Eureka, KS 67045

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Calving Distribution

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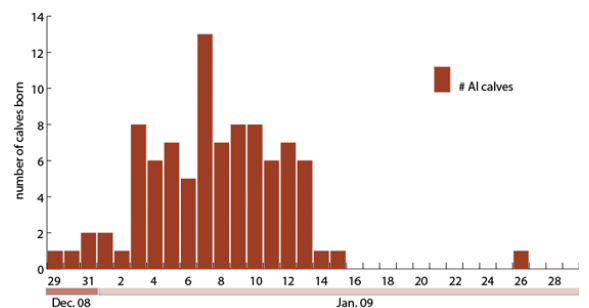
by Ryan Reuter and Jessica Robinette, The Samuel Roberts Noble Foundation

Most cattle producers know that the textbook gestation length of beef cattle is 283 days. Most also realize that biology is variable, and predicting the exact day of natural birth in most mammalian species is very difficult to do. However, some producers seem to forget these biological laws when using new technology in their breeding programs.

Figure 1 illustrates the calving distribution from a cooperator's herd in which all heifers received AI on April 3. The bars represent the number of AI-sired calves that were born on each day. Even though the AI-sired calves were all conceived on the same day, they were born across a span of 28 days, from Dec. 29 to Jan. 26. The majority (85 percent) of the AI-sired calves were born within 10 days of one another, from Jan. 3 to Jan. 13.

If this producer had assumed the gestation length of each heifer would be 283 days, he would have expected these heifers to calve on Jan. 11. However, 73 percent of the calves were born prior to that date. The AI bull these heifers were bred to was selected because of his proven calving ease, which could be a result of short gestation length. Producers should have all of their pre-calving preparations completed and be ready for calves 14 days prior to the "expected" calving date.

Figure 1. Calving distribution of calves born to heifers all bred on a single day in a timed AI program.



Read the article in its entirety at: <http://www.noble.org/Ag/Livestock/AICalvingDistribution/index.html>

50 Private-Treaty Bulls Available Immediately

Sires include **In Focus, Final Answer, New Standard, Net Present Value, 1023, Solution, K205, Lead On 5165, Predestined 5925** and other balanced-trait sires. Plenty of calving-ease bulls for heifers, plus high-performance genetics for cows.

Bulls available for selection now on a first-come, first-served basis. They will be freeze branded, vaccinated and fertility tested in late March and ready for pick-up by April 1. *Call or email to receive more information and make your selections.*

Dalebanks Females for Sale

Select groups of open spring heifers, bred fall heifers and bred fall cows will be available throughout the spring. Call Matt for info.

Contact or come see us anytime...

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