

Marketing Update

The Profit Equation

The maximum production era, based on low-cost inputs was great fun while it lasted. However, that era is gone. Profitability in the emerging beef cattle business will hinge on managing resources and inputs, managing risk and increasing demand for the product. Profitable commercial cow calf operations will have full understanding of the profit equation:

Commercial cow/calf profitability =
Value of outputs - costs of inputs

In recent years, the US beef cattle industry has focused on the "value of outputs" side of this equation. Increased "value of outputs" has been achieved through intense selection for increased growth rate (weaning weight, yearling weight, feedlot gain, etc.) and carcass merit (carcass weight, marbling, yield grade, etc.). Fortunately, the RAAA has lead the way in providing genetic tools (maintenance energy) to drive reduced "costs of inputs".

Profitability for a commercial producer is driven by net income after "costs of inputs" are accounted for, not gross income driven by maximum selection for the traits that contribute to "increased value of outputs".

In general, beef cattle production traits that would increase "value of outputs" are antagonistic to traits that would reduce "costs of inputs" for a commercial cow herd. In other words, maximum selection for growth rate and carcass merit would be counter productive to selection for maternal function.

What is Maternal Function?

If we were to define the maternally functional beef cow, it would look something like this:

- 1) The maternally functional beef cow conceives at an early age and breeds regularly thereafter (fertility)
- 2) The maternally functional beef cow calves unassisted, even as a 2 year old (calving ease)
- 3) The maternally functional beef cow produces healthy calves that gain fast and efficiently, resulting in high yielding, high quality carcasses of appropriate weight (carcass characteristics)
- 4) The maternally functional beef cow eats very little (low maintenance energy)
- 5) The maternally functional beef cow excels in disposition, soundness, udder quality, fleshing ability and adaptability to many environments (functional traits)
- 6) The maternally functional beef cow does all of this for 10-12 years (longevity)

Maternal function includes all the convenience traits that we take for granted in a beef cow. Things that we do not tend to think about until they become a problem. Things like fertility, conception rates, (with reproductive pressure of 60 days or less), pregnancy maintenance, calving ease, maternal instinct at calving, adequate milk production, udder quality, fleshing ability (with minimal supplementation), sound feet and legs, disposition, etc., all of which collectively contribute to cow longevity. Cow longevity is important to profitability because it reduces expensive female replacement rate. Maternal function is the key to reducing "costs of inputs".

Farewell



I departed my native state of Pennsylvania 27 years ago with 17 years in the academic community and 10 years in industry. Unfortunately, geographic separation has provided for minimal exposure to my parents. It is time that I and my family become a bigger part of their life. Therefore, I will be leaving the RAAA and assuming the Executive Directorship of the Pennsylvania Center for Beef Excellence.

For many years, I have admired the philosophies that have set the Red Angus breed apart from all other breed associations. For 54 years, the Red Angus breed has set the standard that no other has achieved. You folks truly "get it" and I would encourage you to keep "doing it".

I thank you for the opportunity to have served Red Angus breeders and commercial users of Red Angus genetics during my relatively short tenure. I will continue to watch with great admiration. God Bless.

-Ron Bolze

As a maternal breed, Red Angus is well blessed with volumes of maternally functional females which should continue to keep commercial users of Red Angus genetics "profitable" for years to come. ■



The 2008 Feeder Calf Sales are On!

See page 68 for a complete list of this Fall's FCCP Sales!