Breeding Programs from a Cattle Feeder's Perspective

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View From Here

J&F Oklahoma Holdings, Inc. feeds over 1.6 million cattle each year in Five Rivers Feedyards. These cattle originate in nearly all of the 50 States, Mexico, and Canada. We regularly feed some of the very best cattle found in North America. We also feed some of the worst. If you would like to understand what the beef industry is really doing when it comes to breeding programs, take a two-week trip and visit as many feedyards as you possibly can. Drive the alleys and look at hundreds of pens of cattle. What you will encounter is what we deal with every single day (both for better and worse). There are many good ranchers and farmers across America who raise outstanding cattle. They know what they are doing. Their cattle grow and grid exceptionally well. Unfortunately, there appears to be about twice as many producers that have no idea how to structure an effective breeding program.

Witnessing this situation over the past 15 years has convinced me of this:

(1) Planned crossbreeding is not the problem
(2) Planned straight breeding is not the problem
(3) Breeding cattle without any consistent plan is the PROBLEM!

Let's be clear about this. Both crossbreeding and straight breeding can be done well, or done poorly. The risk with crossbreeding is that (while seeking heterosis) the producer will bounce around from one sire breed to the next, buy a dozen crossed up cows from one location and another group somewhere else. They end up with a lot of hybrid vigor and very little value and consistency in their calf crops. We see lots of cattle like this, and it is not just a problem with part-time producers or small herds. There are way too many 200+ head cowherds that are following unplanned and/or poorly executed crossbreeding programs, with disappointing results. Crossbreeding for the sake of crossbreeding is not what we need in this industry.

The risk with straight breeding (besides giving up heterosis) is that the wrong breed may be chosen, or even if the correct breed is utilized (Angus, or maybe Red Angus), the right genetics within that breed may not be employed. Effective straight breeding with Angus requires the use of cattle with cow traits as well as elite growth and carcass genetics. Those genetics are increasingly available, but not yet on every street corner.

Probably because of all the genetically mediocre and poor cattle that come through our system, I will readily applaud any producer who follows a well-conceived breeding plan year after year. He or she may be using structured crossbreeding. That is admirable. They may be

using hybrid bulls in a disciplined way. I am okay with that. Or they may be straight breeding and targeting excellent feedyard performance and high quality grades. A program like that can work well too.

As long as there is a logical breeding plan and the resulting calf crop offers consistency and value, the industry should accept that there is more than one path to success. In baseball, most batters hit right handed. They represent the planned crossbreeding group. A smaller-percentage hit left-handed. These are producers following a straight breeding plan. We should not coach each and every producer to bat right handed by telling them that crossbreeding is the only solution. Each producer line up on the side of the plate where they feel most comfortable, and go hit the ball! A solid base hit is analogous to a calf crop that stays healthy, grows fast and efficiently in the feedyard, and ultimately produces a valuable carcass that will satisfy consumer demands.

Value of Top-End Genetics

A few months ago, I asked Five Rivers' feedyard managers to quantify the performance of the top 10% to 15% of the genetics they feed. We put the numbers together and compared them to our average cattle performance. Both sets of numbers below are for yearling steers placed at 750 to 800-lbs.

	ADG	Dry Feed/Gain	Grid
Average Performers	3.40 lbs.	6.00 lbs.	+$20
Top 10%-15% Performers	4.75 lbs.	5.25 lbs.	+$85

Source: Five Rivers Cattle Feeding

At current market prices and production costs, the value of this better feeding performance is equivalent a whopping $154 per head. There is an additional $65 per head difference in grid value.* The total economic advantage for the top performing cattle is +$219 per head. Let me repeat this: the best cattle we feed outperform the average animal by $219 per head. Astounding! The leading edge of the U.S. beef industry's genetics is now able to create dramatically more value than we could have dared to dream about in the past. This is a game changer. First, it illustrates what is possible today with the best of the best genetics. Secondly, it says we can now pay much higher prices for feeder cattle and calves that are known to create exceptional value in the feedyard and packing plantt. That is exactly what is starting to happen in the marketplace. Larger and larger premiums are being paid for top-end genetics at all levels in the system.

*U.S. Premium beef reported that the top 25% of their harvested cattle generated a $116 grid premium in 2012.[2]

Economics of Crossbreeding and Straight Breeding

Older data suggests an increase in calving rate of almost 4%, an increase in longevity of more than one year, and a lifetime increase of 600 pounds of cumulative weaning weight in *Bos Taurus* crossbred dams.[3] Such an increase is beneficial indeed. However, there would be additional expenses to pay in capturing these extra pounds. For the sake of simplicity, I will assume this can be accomplished with one additional year's carrying cost of $600 per cow. We therefore spend another $600 to capture 600 more pounds of weaned calf, which nets a $300 profit over the cow's lifetime at a $150/cwt. average calf price. Not bad.

Interestingly, however, such results can be duplicated with a high-end Angus straight-breeding program. As shown above, stacking top growth and carcass genetics can result in cattle that are worth $200+ per head over the industry average animal. Suppose a straight-bred cow produces five such high-value offspring in her lifetime; she has created $1000 in extra value potential. If a cow-calf producer can capture just a 30% of this value, they have matched the crossbreeding advantage.

Some will argue that my numbers should be a little different a one point or another in this comparison. That is fine. One set of number crunching would show a net advantage for crossbreeding, while another will favor straight breeding. There are many unique situations to consider, not the least of which is geography and forage/feed resources. The key takeaway, however, is that these two approaches to breeding beef cattle are financially closer together than many people think. My personal belief is that structured crossbreeding should be the breeding program of choice for a majority of U.S. cow/calf producers. However, I also believe that straight breeding is appropriate for others who are serious about creating high-performance, high value calves that will top the market and be highly demanded by cattle feeders. This appears to be the reason why a significant number of producers forgo known advantages of crossbreeding to pursue a different path they find equally rewarding.

Literature Cited

[2] U.S. Premium Beef, 2012 Annual Report.

[3]A. Van Eenennaam, Does Crossbreeding Still Work? *California Cattlemen,* May 2013.