

# CHAROLAIS

VIEWPOINT

## Horse Sense.

Recognize the opportunities before us.



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Executive Vice President

*“Based on genetic information and management, any producer can determine an end-point target and get paid a premium for hitting the target.”*

**W**hen times get tough, there are a fair number of motivational speakers that seem to appear, trying to convince us to keep trudging. The prevailing themes seem to be the “power of positive thinking” folks—those who think we are completely in charge of our own destiny. Or, the “find a good horse” to ride folks who believe success is the result of finding something or someone to latch onto. These days, it’s probably going to take a whole lot of both! For now, let’s consider the “horses”.

Former Vice President Dan Quayle was a below average student at an ivy-league university when he met and played tennis with the soon to be president, George H. Bush. Dan Quayle wasn’t some political prodigy. He found a good horse to ride.

Ray Kroc was a 52-year-old paper cup salesman calling on McDonalds. Not the Golden Arches as we know it today, but a single hamburger joint that was relatively successful selling hamburgers for 10 cents less than its competitors. Today there are 7,000 McDonalds stores in 25 countries around the world. Kroc saw an opportunity, developed a franchise plan and the rest is history. But first, he found a good horse to ride.

Recognizing opportunities (i.e. the horse) in our present economy may seem like a daunting task. Make no mistake, opportunities abound. Each year, about this time, the Choice/Select spread narrows. This year it appears to be particularly narrow to nothing. Red meat production is down 6 percent from this time last year. Restaurant sales across the country are down, while retail sales in the meat case are up. Have we discovered the demand pinnacle for Choice?

Recent data reported on [www.meatingplace.com](http://www.meatingplace.com) showed consumers are not trading beef for other proteins, but in fact, buying more beef. The data indicated ground beef sales rose 6.1 percent in the October-January period above a year ago. Retail sales of premium steaks increased by 4.7 percent for the same period compared to a year ago. Overall beef sales rose 3.9 percent, pork sales were up 3 percent and chicken purchases rose 2.4 percent. Possibly the best news is the data shows the consumer has returned to the meat case for fresh beef.

Charolais genetics have earned a reputation as one of the most efficient converters of feed to red meat in the beef industry. Charolais beef producers have worked for more than 50 years to create a beef animal of the ideal frame, ideal capacity and ideal genetics to be profitable for the cow-calf producer and in the feedyard.

The Charolais Feedlot Performance Field Study is now underway. Charolais and Charolais-influenced genetics have been identified as the test group among the current population of cattle on feed in selected feedlots. A control group has also been identified within the same population. The goal is to ultimately identify 15,000 head of Charolais and Charolais-influenced steers as the test group and a 40,000 head control group the first year. All cattle selected have placement weights within +/- 25 pounds, similar placement and similar out dates. Data will be collected to determine conversion, capacity to gain while maintaining performance and profitability. Remember, the steers identified for this study have not been hand picked. The steers represent “real world” commercial cattle and represent the same geographic and genetic diversity as is found in every feedyard.

Value-added marketing systems developed by every major packer provide tremendous opportunities for the commercial Charolais producer. Based on genetic information and management, any producer can determine an end-point target and get paid a premium for hitting the target. Source and age verification programs, like Charolais Advantage, provide yet another opportunity to add value to a product. AICAs Commercial Marketing Program exists entirely to assist Charolais beef producers in finding the most optimum and profitable access point for their cattle. Even more opportunities will evolve as we begin to collect data from the Charolais Feedlot Study.

There is no doubt our ultimate “horse” in this race is the consumer. But unlike Ray Kroc and Dan Quayle, we don’t just have one horse to ride. Our industry has provided us with several of the best horses any industry could hope for. Emerging DNA technology, sophisticated feed analysis systems, improved nutritional products, safer and more effective pharmaceuticals, all at our fingertips. It appears our greatest challenge will be whether or not we decide to “saddle up”. 