

males, bulls, whatever. What in the world are they going to do with them? I do not have enough money to do it, but some people need the tax write off. I think it is great. I am not condemning it a bit. I hope I am in that position some day. I will let a man talk to you that maybe knows a little more about the commercial feeding world than I do. Like I say I have lost \$250,000 in the feedlot business. I know a little something about that too. Steers can get too fat at times, and they can stay too lean too long. I don't know, timing is awfully important. We've talked about all those today on slides, The Dr.'s, their slides and figures and some of them are a little fast for me but I appreciated most of them.

4. Feedlot Industry - Bob Hillier, Guymon, Oklahoma

I think one of the interesting things about what I have seen here today and particularly about this reaction panel is the fact that these men are in the blood and guts of the cattle business. There are no show rings, no glitter and lights. You don't walk out there with your suit, tie, new boots and your new felt Stetson hat. Gentlemen, this is blood and guts, this is dollars. This is where you get sweat running down the crack of your fanny, where you get prickly heat, where you are freezing to death, where you scratch and claw for every 0.1 pound of gain or 0.1 pound of feed efficiency. That's the name of the game and it is serious. In our cattle feeding business, we will feed approximately 300,000 head a year. We will see each and every kind of calf that will walk through our gate. There are tall ones, short ones, fat ones and skinny ones. We have the opportunity to try and work on all the mistakes that other people have made in the cattle business. We get to have that opportunity for 90-120 possibly 150 days. And we are to take these draft horses? I doubt if anyone has ever seen a pound of gain grown between the belly and the ground. You guys are wrong and that's just all there is to it. In the feedlot business, we're after numbers, and believe you me we pay out \$25,000 a day for interest on those cattle. I don't classify that as fun. The only place of business that is prosperous is the bank. Every small rural town you go to, see if the bank and the PCA has got a new building front. I'd like some of that money to stay home in my pocket. Personally the last 3 months I have had the opportunity to enjoy some of that. The one thing that we want to do in a custom feeding business is to take care of our clients. Our clients are people like myself and like each of you. They invest in the cattle business for an opportunity to take an investment and turn it into a profit. They don't do this for fun. They want to make money. It's difficult to explain to a man why his steer gained 3.5 converted at 5 1/2 to 1 and he lost. If anybody has a good answer to that I will let you take over, it's difficult. With the clientele that come to us, they ask us to help them estimate and predict performance as well as profitability in cattle. If we are going to stay in the business, we have

to come forth with the answers. How fast are my steers going to gain? Yes sir, they are going to gain 2.7. What will they convert? They converted 6.5 lbs. of feed per lb. of gain. What does that mean in terms of cost? They will cost 48 cents sir. The cattle had better live up to it. If they don't, we have some explanations to make. What do I do with a set of steers that I told a man to hedge them in June? They only gained 2.5 and are going to come out in July. The June futures are \$72, while July futures are \$65. What am I going to do? Feeder loses money because I made a mistake. And I made the mistake because somebody out there produced cattle that don't perform to our norm. Talk about genetic potential. I think crossbreeding is fine. I have no complaints with it. I think it is good. It strengthens our industry to some degree if its controlled. Uncontrolled we mongrelize our business. We just as well go to the dog pound. Take a guess. We receive many sets of cattle that are nothing more than mongrelized. We need controlled breeding programs and if we get involved in crossbreeding we must have complete control. I reemphasize the fact that height is immaterial to cattle. We want cattle that will excel in daily gain and feed conversion. We want them to gain but they have to consume to gain. It takes capacity and volume in our cattle for them to consume to gain.

Feet and legs, yes, I am certain that they are important. I don't think you want them stiff as a board. You do want cattle to be able to travel fairly well. In the feeding industry, had we listened to the show ring business, people, we would have been in trouble. We have enough trouble with university economists telling us what to do. I'm going to give credit to Bill Able and Gary Minish for stepping out and saying what they did and putting the figure down. They're the first people today that I remember saying this is what I would like in the ideal steer. I want to go on record, here and now gentlemen, you are asking for the cattle to be too big. 13-1400 pound steers, that's not what we need in our industry today. I will give you an example. What are you going to do with a set of cattle that weigh 1400 pounds in the feedlot and they won't grade and a packer won't buy them? What are you going to do with them? There are 200 of them and they cost \$700/head. You got \$140,000 setting there that's costing you interest every day, and they are consuming feed every day. What are you going to do with them? I think one of the smartest things that can happen to you is to put your own money in the business. Amazing how it increases your intelligence. It makes you humble and it gets rid of all preconceived ideals. These cattle are just too big. These cattle do have to fit equipment, they do have to fit boxes, whether you like it or not. They do have to be able to hang on a rail without dragging the ground. We have a packer in our very town, Garden City, Kansas, Iowa Beef Processors who refused to buy cattle out of a neighboring yard of ours. You know why? Because they were too big. You know what excuse was given? They have a

platform that rises and lowers as the cattle pass down the rail. Those cattle hang below the low level of the platform. To split the cattle, they would have to stop the kill line, get off the platform and finish splitting. That's an economic loss to them and what is their way out? Obviously, it is very simple, don't buy them. That's the kind of cattle you want to produce in the show ring? Fine, don't ask us for help. I think the statement, "What has the show ring business done for you?" Answer - nothing, whatsoever was correct. It's a fact, gentlemen, unless you get your ducks together, we are going down separate paths. I think 11-1200 pound steers with 0.3 - 0.4 inches of fat is where you want to be. Shoot for low choice. You are going to have plenty of cattle miss it, so you had better shoot for it anyway.

Honesty and integrity came up today. That is an absolute must. Nobody is fooling anybody by cheating. All you do is discredit yourself and ruin your own personal reputation. It's ridiculous to get yourself caught in such a position. All for the sake of what? I was pleased to see that there are some stipulations on some of these shows. I was unaware of some of them. Performance, in the business at this point and time, as far as I'm personally concerned, is extremely important. In the show ring and in 4-H club calf and FFA programs, you need to involve performance data. The kids can learn something from it. They don't learn anything by just grabbing a lead rope and walking in the ring. They learn something by keeping track of the records, why the animal did what he did and that's what teaches them. Thank you very much.

5. The Packing Industry - Bill Harrison, MBPXL, Wichita, KS

I would like to make just a few comments about the cattle slaughtering business. The packing business, as far as cattle are concerned has changed drastically the last few years. I have only been in it since 1968 and things have changed tremendously. This is only a beginning. More changes are ahead of us right around the corner. We have gone from modest sized kill and chill operations, killing only in the neighborhood of 500-1,000 cattle a day into just a few years later ultra modern slaughter and fabrication facilities processing anywhere from 1,500 to 4,000 head a day. Our company is the second leading packer in the United States. We process in the neighborhood of 10,000 cattle a day. Box beef is a result of this new packing concept and is becoming an everyday way of life in our industry. Companies involved in this type of operation become more aware of the value determining factors involved. Before when we were killing cattle and shipping them out the door to someone else that's where our obligation ceased. Today we are actually doing the cutting of those carcasses, our eyes have been opened to numerous factors that involve value in this product. We must be able to identify and select cattle that exhibit these traits if we are to reap the benefits that are there. Our box beef operation

utilizes choice and good carcasses weighing in a range of 550 to 900 pounds. We utilize only yield grade 3's or better. Yield grade 4's and 5's are sold out the door. We are presently testing the possibility of cutting average and low good carcasses in separate production lines. All carcasses not fitting these criteria have to be shipped out the door. We feel this is the only way to insure an acceptable uniform high quality product. One thing that struck me after sitting here today and listening to comments on varying aspects of the industry, we never have heard much directed to the consumer. I have news for you. That's the only thing that really counts, the consumer's ideas, wants and needs. I think we have an opportunity to zero in on what the consumer demands and work together to produce that type of product. We are all aware of that. In the past few months some of the big chains that we do business with have actually gone clear away from advertising USDA Choice beef which was unheard of a few years ago and have gone to a lean beef program. I think that all of us realize that we have to look at producing this high cutability animal as eluded to by all the talks this morning. Not only because of the consumer demand but also because of the economic advantages it affords all segments of the industry. Our buyers carry an order each day telling them what they can give for live cattle including a \$2.00 per hundred weight premium for yield grade 2 cattle. I don't think anybody else in the industry has done this. We feel that the \$2.00 premium gives the producer an incentive to produce the type of animal that not only we want but the consumer demands. Too often yield grade is thought of only as a fat cover factor. One of the other very important factors in yield grade determination is conformation. Conformation as stated many times today is very important in determining the yield of red or lean meat. Our company has felt for some time that one full yield grade drop in cutability means about \$14.00 a head. In other words, from a 3.5 to a 2.5 you are looking at \$14.00 head difference. Thus the \$2.00 per hundred weight premium we use on the yield grade 2's. Whenever we think of yield grade only in terms of fat cover and leave out the conformation factor, you do not get a true picture. As far as quality grade is concerned, we utilize choice and top good grading cattle. If they don't grade choice and top good we just don't feel that we can afford to utilize them in our program. Cattle that go into our lab operations would probably run in the neighborhood of 50 to 60% choice, the balance top goods. Presently as you all know we are in a very current situation as far as available cattle. Consequently the grades have suffered and the yield grade of these cattle and resulting cutability has improved. Normally we will run somewhere in the neighborhood of 65 to 70% choice and the balance top good. You can see with these numbers we still have a lot of room for improvement. If choice is what we are shooting for, then we are still a long way off the mark. I would also mention here that the 20% standards that Bob Volk used in connection with AK-SAR-BEN will not work. There is not

a lot of difference in low choice and top good but 20% standard won't do. With regard to weight we utilize carcass ranging from 550 to 900 pounds. We do business with a lot of customers who have varying ideas as to their likes and dislikes. Most of their likes and dislikes as we see it are based on one thing, and that's weight. Let's look at just a few subprimal cuts that we produce and these cuts are primarily from the higher priced cuts of the carcass. The cuts include the inside round, boneless strip, boneless top butt, and the 109 rib. The most popular weight range or weight of these cuts come from carcasses averaging 670 to 725 pounds. Considering different variations that we see from area to area due to minor differences in the way producers feed cattle, there are different ways to come up with this 670 to 725 pound carcass. We are looking a weight range on a live weight basis of 1075 to 1200 pounds. So basically to summarize, I would say that from the packing viewpoint, we are looking for a thick bodied steer with well defined muscling, thin skinned and trim resulting in a high red meat yield. This animal should grade USDA choice at a weight of 1075 to 1200 pounds. As has been mentioned time and time again the comments of honesty and integrity have to work all the way through the industry. We are at a point in time that we have to tear down the bias, listen to each other and ultimately to the consumer and work together to produce for that consumer. Thank you.

REACTION PANEL DESCRIPTIONS OF IDEAL STEER

	Adamson	Lawrence	Holcomb	Hillier	Harrison
Live wt, lb	1200-1300	1100-1200	1150	1100-1200	1100-1200
Hip hgt, in	55	53-54			
Fat cover, in	0.3-0.4"	0.3-0.4"		0.3-0.4"	0.3-0.4"
R.E.A., sq in	14	14		14	14
Quality grade	Ch-	Ch-		Ch-	Ch-
Should the Champion steer fit the industry?	yes	yes		yes	yes