

Relocation Sub-Committee

Industry Direction

Members: Fred Schuetze, Roger Kenner, Tom Nelson, Bill McDonald

The ASA established by a group of breeders on 1968, laid the foundation for our cattle to work in the industry by requiring performance records for Registration. Our entire 40 year history has continued in this direction and an understanding of the building blocks must be present to know where we are today and what is available to lead us into the future.

Chronological Calendar of Events:

- 1960's - The cattle industry was in need of change for more performance and efficiency.
- 1968 - ASA formed and performance data was required for registration.
- 1971 - ASA printed first sire summary and started a relationship with Cornell University.
- 1984 - ASA and Cornell University sign a contract and start work on Multi-Breed International Cattle Evaluation. ASA hired Bruce Cunningham for in-house work on genetic evaluation.
- 1990's - To increase use of Simmental Genetics, ASA registered bulls of another breed to produce $\frac{1}{2}$ bloods.
- 1990 - ASA printed first Multi-Breed Genetic Evaluation.
- 1992 - Simmentals had fallen out of favor with the commercial industry in the 80's so ASA formed a task force. The task force, consisting of breeders, feeders, commercial producers and academia, was to determine where ASA has been and where it needs to be if it is to be a driving force in the industry. Out of this task force meeting, "Focus 2000 Conference" was designed and scheduled to set the course for change for Simmental/Simbrah.
- 1993 - First SimTalk printed to reach commercial producers, feeders, feedlots and related industries. No ads, just educational materials.
- 1997 - ASA started producing records for commercial producers in hope of increasing use of Simmental genetics, as well as increasing data in our database on cattle of other breeds for our multi-breed evaluation.
- 1999 - Total Herd Enrollment was instated to collect more data because of the decline in data when it was not required for registration. 364 ASA members enrolled 21,556 cows.
- Carcass Merit Program was initiated to collect data on Simmental/Simbrah sired, crossbred calves to see how they measured up to industry standards.

- Director of Field Services hired to oversee and grow the Carcass Merit Program.
- ASA Sire Summary printed in SimTalk to reach the commercial industry.
- 2000 - ASA & CSA combined data and ran the first North American Sire Summary using the Multi-Breed evaluation in SimTalk.
- SimConferences started to educate producers.
- 2001 - MSU Calving Ease and Shear Force Project started.
- USDA at Miles City started Spotter Gene Project.
- MARC/FBS Calpain Markers for Tenderness Project
- Calving Ease and MCE added to Multi-Breed Evaluation
- Work started on Stay Indexes
- Carcass EPD's and Tenderness EPD's added to Fall Sire Summary.
- Cow Size EPD's printed
- Board starts work on Research Project for Feedlot Performance Index with Iowa State
- Started doing genetic evaluation for Chianina and Maine Anjou to enhance our Multi-Breed Data.
- 2002 - Simbrah Summit at Texas A&M University to focus on change to meet the needs of the commercial industry
- Work started on an internet based computer program.
- 2003 - In order to meet our customers' needs for feeder cattle placement and markers for parental validation, Frontier Beef Systems was formed to achieve these goals. Frontier Beef Systems was a for profit corporation formed outside of the ASA. The business grew and in 2005 it was sold in its entirety to Merrill.
- First meeting held with Red Angus Association to determine if the two associations could combine efforts to increase awareness of our cattle and increase our customers' market share in the commercial industry
- ASA agreed to work with a consortium on genetic evaluation so long term research could be conducted to enhance genetic evaluations.
- New registration enacted for both Simmental and Simbrah moving Purebred status to 7/8 from 15/16.
- 2004 - Field Staff hired to work for ASA
- Six Breed Coalition talks started to determine if a cooperative effort would cut costs and offer increased awareness of our cattle. Ultimately talks failed because the group wanted ASA to put in more funds and the use of our Genetic Evaluation Program, but we would only have one vote within the new group.
- Talks started with the Canadian Simmental Association because of their interest in being a partner instead of a customer in our genetic evaluation process, finally ending in 2008 when the CSA opted to have their genetic evaluation done by API.

- Board votes to establish a relationship with University of Illinois on feed efficiency testing of Simmental based cattle using calves from our Carcass Merit Herd.
 - Talks started with the American Breeds Coalition to do their genetic evaluation project which eventually failed because the ABC breeds did not really know what they wanted at that time and ASA felt as if they needed to concentrate on their new computer project to make it functional, which is what would be needed to handle other breeds.
- 2005 - API & TI indexes added to genetic evaluation
- ASA started the process of bringing the genetic evaluation in house to maintain consistency of our data to our customers.
- 2008 - 70-70 program was developed with Swift to add values to our breeders' customers

Committee Members Work Process:

1. Roger Kenner: Industry Relations

We have developed very strong relationships with industry leaders, but we need to keep expanding to insure a strong future. The carcass merit programs have been positive, but need to show value to our members and the consumers. The cattlemen are not being paid for such things as tenderness and in some areas, even the carcass traits. Many cattlemen are still only paid for pounds.

The feed efficiency projects are extremely important and can show value to every segment of the industry. This needs to be expanded especially with the higher production costs. The research is young, but we need to keep trying to formulate a feed efficiency EPD.

The reason we are a player in the beef industry is because of our genetic improvements and the multi-breed evaluations that prove we have the genetics that can make a difference. Commercial cattlemen have changed their attitudes towards Simmental because there is proof that they compliment the Angus and they have been financially rewarded for it.

The SimAngus cattle are tremendous and will be the growth of our breed. Since the nation's cow herd is approximately 60% black, our breed has the ability to expand the crossbreeding segment. There is an increase of Angus breeders now buying a SimAngus bull.

The growth in our registrations will most likely be from SimAngus, but we need to be mindful that if the Angus herdbook opens up to composites, we will lose a portion of that business.

The export demand for our genetics may increase to countries like Russia and Central and South America. We may market some technology, but it will not be a money-maker. The larger, more progressive countries will learn from us and become more self-sufficient and the smaller countries will probably not amount to enough revenue to make it worth while.

For the long term – since the SimAngus carcass is well accepted, we could partner with a major company, like Cargill, to launch a marketing campaign to help pull the SimAngus genetics to the consumer. This would have to be well funded and backed by a large company and could be a huge revenue source for the ASA and the producers. By creating demand of the consumers, it would also create demand of the feedyards and packers. We need to add value to our product to keep the feedyards and packing plants wanting and requesting the Simmental influenced cattle.

2. Bill McDonald: Industry Outlook

ASA Relocation Sub-Committee-

I have interviewed several respected industry leaders in the cattle and agribusiness fields. The following are some of the comments that these individuals have made about the state of our breed, the cattle industry and agriculture in general.

- The Simmental Breed has made a lot of progress in positioning itself as a major component in the Beef industry.
- The strength of the Simmental Breed is our data and diversity.
- The Simmental Breed is positioned to be second as a major influential breed in the near future.
- The cattle industry is as dynamic as it has ever been, meaning that it is highly volatile.
- The next 18 months to 2 years will be a sorting out time for all livestock industries.
- The high cost of inputs, such as feed, fertilizer, fuel, with out a subsequent increase in the value of outputs, will alter the way livestock is produced.
- The cost of corn is a major driving factor in the profitability of livestock enterprises. Even if the blenders tax credit and bio-fuels standards are repealed, the price of corn will be lowered only by 10%. The US is a major exporter of corn and developing economies such as China and India are purchasing more grains and proteins.
- The Beef industry has the advantage of being able to add pounds through forage production. This may shift the industry towards the more productive areas of the utilization of forages. This could be the southern U.S., or Central and South America.
- The American consumer is still buying beef as their protein of choice, but is buying more in the grocery store verses the restaurant. They are also buying more of the value cuts and less of the premium loin cuts.
- The best way to add value to our beef is to increase exports, and our two most favorable nations for increasing exports are Mexico and Russia.
- The U.S. cow herd will most likely shrink in numbers but with a minimal reduction in pounds produced. However this will result in a reduction in the number of bulls needed.

-The high cost of fuel is changing peoples driving habits and they are being more selective in where drive. This could alter several aspects of the cattle industry such as how many and how far they are willing to drive to shows or sales. Delivery of genetic products will become a more important aspect of the seedstock industry.

3. Fred Schuetze: Industry

Impact With

1. Do we maintain our carcass merit herds for at least 5 more years to have enough calves to put through the feed efficiency system so that a field efficiency EPD or Index can be developed?
*This may be difficult to do with rising input cost, freight to Illinois, etc. We may have to focus on herds in the Carcass Merit Program or do we concentrate on specific herds and develop long-term plans with them to insure they will remain committed and reduce the number of sires tested each year?
2. Have calving ease projects reached a time when they are no longer viable? Question, do we have enough data for meaningful numbers to cut back as cooperators become less interested.
3. With the rising cost of feed, freight, etc., will we see more grass fat cattle in all natural programs? If this happens, the South and Southeast will become more and more important to our customers. Do we need to start now to develop programs that will meet these needs if we think this may become a reality?
4. As travel becomes more and more expensive, do we need to rethink our field staff concept to add more field staff in areas where members' cattle and related industries are concentrated to better serve them?
5. Will we become less focused on Breed Registry and more focused on collecting and processing data for large commercial operations as the numbers of purebred cattle decrease to help them survive in the industry?
6. As computer technology increases and more and more operations become computerized, what will happen to our needs for staffing.
7. How do we lead the way into the next decade keeping Simmental and Simmental influenced cattle in front of the core red meat industry?
8. How do we use the data we have collected in the carcass merit program, calving ease project, feed efficiency project, etc., to create more demand for our customers' products?
9. What should our place be in focusing the industry on our customers' product?

Our Conclusion

**ASA Relocation Sub-Committee for Industry
Direction**

- A. Changes that must be addressed long term for Simmental/Simbrah to maintain our presence.
- 1.) As the number of seed stock producers and seed stock animals decline, our survival will shift to the needs of our breeders and their customers so we must have a system in place that will offer data that will enhance their products. It does not look as if the smaller breed associations have much to offer ASA, so our efforts must be spent on our members and their customers, as well as the commercial industry.
 - 2.) As import costs continue to rise, how can our customers remain competitive? We must give them the needed tools and programs.
 - 3.) As the cost of red meat continues to rise due to high input cost of production, how do we maintain our share of the marketplace with a product of the highest quality with the most value? As input costs rise, more efficient genetics with higher yield and carcass quality must be produced by our members so their customers' end product will perform and be competitive.
- B. How do we maintain our presence in the future?
- 1.) Simmental must continue our projects of:
 - A. Carcass Merit
 1. Searching for high quality and high cutability genetics to enhance value.
 - B. Calving Ease
 1. A must if we are to remain competitive.
 - C. Feed efficiency project in Illinois
 1. A must in this high input time in the industry, but EPD's must be established so it can be used as a breeding tool.
 - 2.) Simmental must focus on being a part of a total cross breeding program if we are to remain viable as a breed. Our genetics have to add value.
 - 3.) We have to be able to market our Simmental cross carcasses with enhanced value to our customers and demonstrate their value to the industry.
 - A. 70-70 Program
 - B. Heifer replacement sales
 - C. Branded Beef Program of some type to keep our identity within the industry.

The 70-70 program will only survive if we can fill the program with cattle from our customers. This is our responsibility and if it is not done, the partners in this project will move on to something else. More field staff will help this project.

Simmental cross heifer replacement sales will only continue if there is a demand for Simmental-cross carcasses within the industry. Again, more field staff can help our members and their customers market their product.

Long term, we must develop some type of branded beef program to enhance the value of our customers' product. A project such as this can only be accomplished with new partners and innovative programs for marketing.

- * Long term these projects can only be enhanced with increased field staff.
- * Simmental must maintain value in our multi-breed genetic evaluation so that we might enhance all of the above issues and programs. The system must grow to show total value of the Simmental-cross animal and it's increased value in the industry, as well as the value of the seed stock used to produce these products.

- * If we take care of our customers, they will take care of us.
- * We must be flexible to adapt to change in the industry.
- * **This committee concluded that ASA must be very careful to stay current with the beef industry through technological advances and strategic planning. Our progress in calving ease, carcass value and multi-breed genetic evaluation must continue with no interruptions.**