


SINCE 1978

Utilizing AI and Carcass Traits in a Breeding Program

Larry R. Corah
Vice President – Certified Angus Beef LLC

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In traditional agriculture, we use


- An extra pound of fertilizer to generate an extra couple of bushels of corn

OR


- A growth technology to get an extra pound of calf

But,

- Seldom do we give consideration to the value of that bushel of corn or pound of calf




... and that is because agriculture is a commodity business.



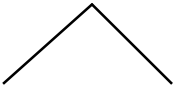
- We use AI to generate better replacement heifers or proven calving ease bulls

So


- Why can't it be used to add value to the calf?



AI should create




Value-added heifer calves Value-added steer calves



So where does added value come from?

- Ideally and usually that is a consumer willing to pay more money for a product



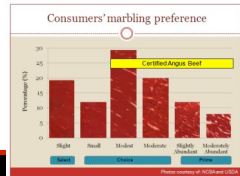
What does the consumer want?

- Their message is pretty clear
 - A positive beef eating experience
 - And that is?

2005 NCBA Quality Audit

NCBA Quality Audit	
Prime	7
Upper Choice	29
Low Choice	33
Select	31
Standard	0

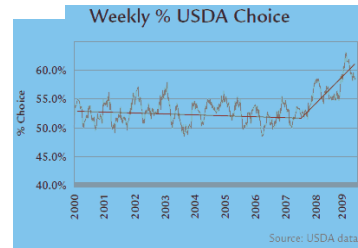
West Texas A&M Consumer Survey



Source: Lindsay Chester, West Texas A&M University, 2009

Are we making any progress?

- Yes – Happy to say we are



Does it pay to produce quality?



Lawrence White Paper

1/3 grade = +\$17.08

Don't forget growth

.1 lb = \$3.58

Source: Assessing the Cost of Beef Quality Revisited, Iowa Beef Center at Iowa State University, 2009



Does quality pay?

Pen	% CH	% CAB*	% PR	YG4	HCW	Grid Premium (Discount), \$/hd
A	50	15	2	8	850	(\$16.66)
B	70	25	4	12	850	\$6.80
C	90	35	6	16	850	\$30.26

Grid

- Prime = \$12.00
- CAB® = \$4.00
- Ch/Se = \$8.00 (Plant % Choice average = 60%)
- YG 4 = -(\$7.00)



Profitability Profile – Various Feeding and Carcass Traits (2004-2007)

Yard XYZ – Steers

	High Grading	Med High Grading	Med Low Grading	Low Grading
DM Feed Conversion	6.05	6.13	6.08	6.08
DM Conv Carcass	8.01	8.11	8.07	7.89
Average Daily Gain	3.16	3.11	3.09	2.94
ADG Carcass	2.28	2.24	2.23	2.12
Empty Body Fat	30.49	29.73	29.23	28.05
In Weight	704	713	717	717
Cost In	1.10	1.10	1.09	1.09
Hot Carcass Weight	821	823	825	817
Feed Cost of Gain*	0.5790	0.5874	0.5828	0.5770
Feed Cost of Gain Carcass	0.8009	0.8110	0.8066	0.7892
Percent Choice and Higher	73.32%	56.86%	45.62%	28.83%
% YG 1's and 2's	40.04%	49.38%	53.74%	64.48%
% YG 4's and 5's	22.95%	17.31%	14.51%	9.51%
Carcass Price per Cwt.	1.41	1.42	1.41	1.44
Profit per Head	62.19	55.53	45.60	42.61

* Adjusted to Standard Ration Price



So what do I give up to get value for quality?

- Marston white paper says “selecting for added quality has no positive or negative effect on maternal function.”
- Feedlot ADG slightly positive (.1 or .16) to marbling
- Feed to Gain is neutral (Lawrence white paper)
- Carcass wt is neutral (Lawrence white paper)



Cattle need to be marketed in the “sweet window” of .5 to .65 inch of fat



Key drivers

Genetics + Management = A great dining experience



Genetic progress for quality is occurring




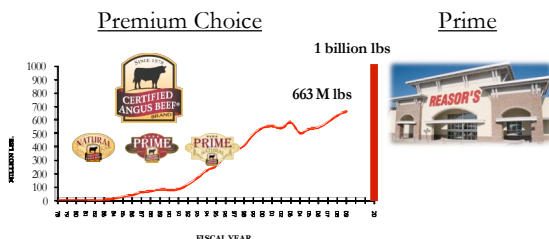
Proven (AI) + Management = Success
“Missouri recipe”

- Once thought hitting 30% *Certified Angus Beef*[®] (CAB[®]) acceptance rate was impossible
- Today, “Missouri recipe” shows

	QG	% CAB [®]	% CAB [®] and Prime
High Accuracy Bulls	64% Choice 36% Prime	79%	85%



Future – We  are very bullish on the demand for Premium Choice and Prime



Future – Sexed semen creates interesting possibilities

- Replacement heifers out of first calf heifers
- Angus steer embryo placed in lower producing dairy cows



Summary

Genetics + Management = A great dining experience



Angus beef at its best™

