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Association Commentary

by Greg Comstock, RAAA Executive Secretary

Don't Circle the Wagons...

In the early 90's I was sitting in a sale barn in central Florida, watching a pen of very uneven, non value-added calves bring \$125/cwt. The seedstock producer with me asked, "What can I do to get these folks to try my bulls?" I replied, "When they are getting paid this well, there's no incentive for them to change."

Those who follow fed cattle markets still wince at the memory of its 1994 demise. Feeders recouped losses by refilling bunk space with cheap calves. I remember sitting in a CattleFax seminar where they predicted the cow/calf sector should return to profitability by the new millennium...if they could survive the last half of the 90's. Fast forward to 2008, Red Angus bull sales enjoyed one of the best seasons in recent memory; continuing the trend of increased demand the breed has enjoyed for the last 7-8 years. Perhaps, the genesis of this decade's demand lies in strategies Red Angus implemented just prior to the painful late 90's.

First, we addressed our product. Total Herd Reporting (THR) captured immediate attention, enhanced the reliability of our data and resultant EPDs, and materialized in more reliable range bulls. Second, the Red Angus Feeder Calf Certification Program (FCCP) provided a vehicle for equality between black calves, and genotypically verified red-hided Angus. The FCCP made source verification a reality before it was a buzzword, and helped pioneer the concept of added value, reputation feeder calves. Most importantly, Red Angus seedstock producers bought in. Proof lies in the growing number of breeders actively involved in their customers' success...buying or helping to market calf crops, sharing carcass data, or marketing replacements through ProCow.

Extrapolated from this history... **Perhaps, market share is often earned during the tough times, even if it can't be expressed until circumstances improve.** Product enhancements and added value services provided in the late 90's helped keep customers in business, and built the loyalty that translated into the enviable bull market Red Angus has enjoyed over the bulk of this decade.

Now, industry analysts suggest our nation's cow herd is contracting. To blame are increased land values, rising input costs, and drought shortened feed supplies. Simultaneously, RAAA staff fields questions like: "Why are there so many dispersals?" "What does the future hold for Red Angus?"

Yes, there are several Red Angus dispersals scheduled for this fall. History again tells us that such dispersals are themselves ripe with opportunity. Not just the outstanding genetics that will be made available - but there will be redistribution of market share - it is our job to ensure that market share remains supplied by Red Angus. We've been here before. Remember flagship operations that until a few years ago held large bull sales in Montana and Missouri? Hard to believe that in the time since those sales were last held, these two states have seen a 15% and 10% increase in Red Angus bull sales respectively. Red Angus breeders saw the opening and took it upon themselves to ensure no market share was lost. More operations sold more bulls, and the geographic distribution of Red Angus bull supply was expanded...nothing foreseen at the time, but a significant enhancement in our infrastructure considering \$5 diesel.

These are interesting and exciting times. The next twenty-four months could bring further shifts in market share. In the coming months Red Angus will renew its commitment to breed growth through the strategic planning process, and we are obliged to excel in two areas: 1) Identify holes in our product and implement solutions. 2) Understand industry value drivers and refine genetic selection tools and marketing programs to ensure our customers capture that value.

No, the challenges our breed and industry face shouldn't inspire us to circle the wagons. Quite the opposite - I believe our response should be to seize the moment's inherent opportunities, and focus more intently on providing products and services that exceed customer and industry expectations. ■