

# WHAT CAN AN ARIZONA RANCHER DO TO INCREASE CATTLE QUALITY AND PROFITS?

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I was concerned last summer at the ACGA Convention by the comments by two or three of the speakers referring to the reputation that the quality of Arizona cattle was not too high! As far as I know, there is not data available to either confirm or deny this. However, if that is our reputation, it will affect the prices that buyers or feedlots will pay for our calves. We cannot directly determine the quality of our calves, but I thought it might be instructive to review the findings of the 2011 NCBA National Beef Quality Audit (NBQA) and for each of us to compare how our individual operations compare with the general trends of the industry.

Last fall, the National Cattlemen's Beef Association (NCBA) released their "Quality Audit" ([www.bqa.org](http://www.bqa.org)) that they have conducted every 5 years since the beginning of the Beef Check-off program (1991). These audits take about a year of effort in compiling data, conducting extensive panels and interviewing all segments of the beef food chain: producers, stockers, feeders, packers, distributors and retailers. At the end of each audit they ask for a combined consensus for what people think are the current quality challenges for the industry (see Table 1).

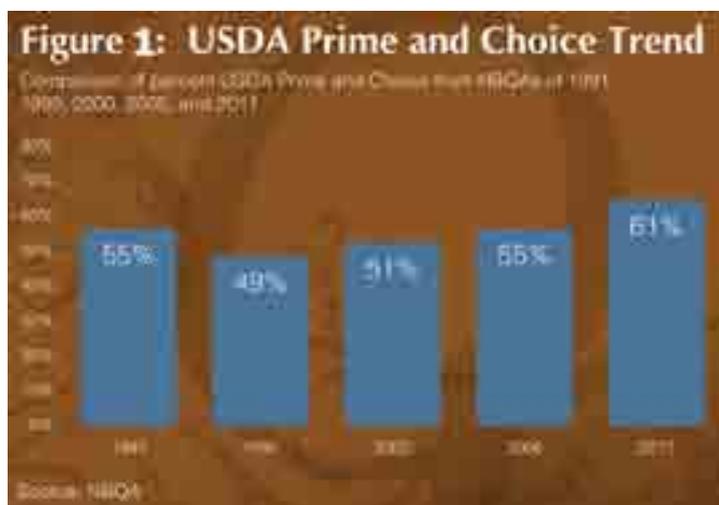
The industry challenges identified in the early audits focused on physical attributes of beef where the latest audit prioritizes challenges more on customer issues. Some of the changes in perceived challenges are due to changes in society attitudes, but also because we producers have directly increased the

**Table 1: Quality Challenges**  
Ranked according to priority, 1991 to 2011

1991	1995	2000	2005	2011
External Fat	Overall Uniformity	Overall Uniformity	Tenderness	Food Safety
Swarm Fat	Overall Feasibility	Carcass Weights	Overall Uniformity	Eating Satisfaction
Overall Feasibility	Marbling	Tenderness	Instrument Grading	How and Where Cattle Were Raised
Tenderness	Tenderness	Marbling	Market Signals	Lean, Fat, and Bone
Overall Feasibility	External and Swarm Fat	Reduced Quality Due to Use of Implants	Segmentation	Weight and Size
Marbling	Cut Weights	External Fat	Carcass Weights	Cattle Genetics

Source: NBQA

physical qualities of beef over the last 20 years: vaccinations are almost all (87%) given only in the neck; more vaccines are being delivered sub-Q (84%) as opposed to directly in the muscle; more attention is given to health (i.e. BQA) and handling (i.e. less blemishes); and seedstock suppliers are using genetics to provide bulls that have more marbling, less external fat, lower birth weights, and higher growth





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rates. The result of all these changes is seen in Figure 1 showing the percent of quality grades (Prime + Choice) of slaughtered cattle has gone from 49 to 61% in the last 15 years. (The Beef Checkoff Program has also made major contributions by: supporting research; developing new cuts of beef, providing public information and education, and providing national advertising.)

**Opportunities to increase profits:** The NBQA tried to quantify which beef qualities could increase the returns to the rancher, by estimating the "Lost Opportunities" in dollars per head, compared to ideal targets (See Table 2). As can be seen, increasing carcass grade (marbling) is, by far, the biggest opportunity.

**Quality Grades:** Most of us, and grocery shoppers, probably believe that slaughtered cattle are quality graded into: Prime, Choice, Select and Standard. However, it is not quite that simple. For example, there are 3 major categories within Choice: High, Medium and Low. But the detailed grading at the slaughter houses actually has 10 categories within each of these. Thus Choice really has 30 different quality grading levels. When I first started sending steers to the feedlot and slaughter 7 years ago, they graded 50 – 55 % Choice – about the national average at the time. However, once I learned the grading vocabulary (<http://meat.tamu.edu/beefgrading.html>) I found that my calves were all in the bottom end of the Low Choice grade. After a focused effort for the last 6 years to increase the quality, my 2012 slaughtered steers graded: 90% Choice or better; with 12% Prime; 46% in the upper two Choice grades; and 32% in the middle of Low Choice.

**Factors affecting the meat market:** We all know that the US beef herd is at the lowest number since 1954, implying low supply and expectations of higher calf prices. However, the amount of beef (lbs/year) has remained about the same. This has been due to health improvements (more marketed calves per herd cow) and genetics (higher carcass weights). Also, don't be misled by the fact that the number of US beef cow operations has gone from 1,013,570 in 1986 to 734,000 in 2011. Almost all of the operations that have disappeared had less than 25 cows each. One quality factor that has influenced beef consumption is the development of "Branded Beef Products" (Certified Angus Beef 'CAB', natural, lean, grass-fed, organic, etc.) that appeal to various niches of consumers and now supply over 10% of beef sold. The CAB product supplies the greatest part of this market (95%) and is the only one that primarily requires high quality carcasses (upper Choice and Prime).

Another trend that is going on in the market is getting away from the generalized commodity pricing. There is a rapidly growing trend to determine the price of slaughtered beef "on the grid." That means setting a base commodity price, slaughtering the cattle, grading the carcass and then adjusting the price as determined by adding to the base price for desirable traits and subtracting for undesirable traits. Cattlemen that

produce higher than average quality cattle are increasingly "selling on the grid." This implies that cattlemen that produce lower than average quality cattle will see their cattle bring less than the conventional commodity price.

The export market is another factor that influences the market size and prices. The exported part of US fed beef production has grown from about 0% in 2004 (after the BSE case - the cow that stole Christmas in 2003) to about 17% currently.

**Table 2: Lost Opportunities**  
Lost opportunities\* per head identified by NBQA 2011

Quality Grade	(5 25.26)
Yield Grade	(5 5.77)
Carcass Weight	(5 6.75)
Hide/Branding	(5 0.74)
Offal	(5 5.16)
Total	(5 43.66)

\*Amount lost due to nonconformance with ideal targets for quality.  
Source: NBQA 2011

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