

Value Driven by Information

Wade Small, President, Livestock Division, Agri Beef Co.

Agri Beef Co. is a vertically integrated branded beef company that has utilized information and technology to drive its production system and improve the quality of beef produced. The progress that has been made in the company related to the quality of beef produced is apparent in the increased volume of sales of upper Choice and Prime product. This trend is not unique to Agri Beef.

As an industry we have added value to the industry at an accelerated rate over the last 10 years. We have seen an increase in total pounds as well as an increase in Choice + pounds per head across the industry. This is very apparent when you look at genetic trends across multiple breed associations as well as feedlot and packing plant benchmark data.

This is true value that has been created in the industry. With the historically segmented nature of the business identifying where the value is captured is often difficult to do, and depending on market conditions, the segment gaining the greatest benefit may shift from year to year. The longer the ownership resides with one party throughout the production system the greater the opportunity to capture a larger percentage of the value.

As an industry we spend a lot of time and money to capture a tremendous amount of data in all segments. How we analyze and utilize the data is what creates value in the production system.

Value over the last ten years has been driven by improvements in daily gain and marbling. These have been the two factors that have also been the focus of the industry.

Daily gain and carcass weight are the main driver behind profitability and marbling is the main factor increasing carcass value and improving beef demand. It is also phenotypic data that is easy to capture, analyze, and ratio.

Identifying the areas in the industry where we need to focus to continue to meet consumer demand and improve profitability will require innovative ways to capture and analyze economically important traits that have been historically hard to track. Capturing this data requires increased cooperation across segments of the industry, that has historically been difficult to track.

With the importance of animal welfare, increased scrutiny of antibiotic use, and the increased growth of antibiotic free programs, animal health has an increasing impact on profitability as time goes on. This is an example of data that is difficult to capture do to the lack of a standardized data collection platform and management practices.

As topics like these move more to the forefront of the cattle feeding and packing industry, and begin to have a greater financial impact there will be more collaboration on identifying ways to capture animal health data and make selection decisions that increase value throughout the industry.

We have proved as an industry that we can make dramatic improvements in traits that we can measure and select for. Identifying ways for the industry to collaborate to collect data on traits that will add the greatest value over the next ten years will be the greatest challenge to continue to build upon the progress made in the last ten years.