



Just Telling the Story

- ▶ No “Right or Wrong”
- ▶ “Any Resemblance to Current Status or Circumstances in the Beef Genetics Business is not coincidental.”
- ▶ Less Painful to Learn from Others

Why is this Important?

- ▶ Independent Purebred Seedstock Dominated the Swine Genetics business since the “Turn of the Last Century” and was Large, Thriving and Profitable.
- ▶ Opportunity to Continue?
- ▶ Most “Breeders” and Breed Organizations Failed to Prepare for the Future
- ▶ Almost Everyone I Knew, is Out of the Business...

Qualifications??

- ▶ First Chester White **1973**, Last Sow **2015**
- ▶ 1979 Selling Boars and Exporting
- ▶ 1986 Research Tech Dr. David McLaren
- ▶ 1988 M. S. Univ. of MO, Swine Genetics
- ▶ 1992-1998 Swine Extension, MU & MSU.
- ▶ NSIF Board 1997-1998.
- ▶ Exited the “Larger Swine Industry” Dec. 1998...Just in time!

1974

- ▶ \$.34 Market Hogs
- ▶ 650,000 Hog Operations
- ▶ Majority Raised on Dirt
- ▶ Crossbreeding??
- ▶ Feeder Pig Markets.....Powerful
- ▶ 8 Strong Breed Associations
- ▶ No AI

1974 Continued...

- ▶ Little Value Difference
- ▶ Packer Consolidation "Beginning"
- ▶ Infrastructure - Everywhere
- ▶ Never Heard of PIC, Farmers Hybrids, Lucy's, Dekalb, Clean-Lean, et al ???
- ▶ Average was Lean and Muscular
- ▶ Boar Sales and PT
- ▶ Best Caretakers and Marketers...Dominated

1974 Concluded...

- ▶ Registered 1 at a Time
- ▶ Little Data Collected or Recorded
- ▶ Test Stations 1954, Litter Size?
- ▶ **Pigs Paid for Farms**
- ▶ "All" Family Farms and Independents
- ▶ 100 Early Feb. Chester Boars, ISF

1984

"Era of Sustained Profits"

- ▶ Concrete and Confinement
- ▶ Herd Size Increasing!
- ▶ Purebred Market is Thriving and Still Profitable (Some Hybrids)
- ▶ Approaching Record Registrations
- ▶ "Breeding Companies" Serious Competitors

1984 Continued...

- ▶ Still, Limited Data Collection
- ▶ Purebred Genetic Decisions Largely Made on Phenotype (**Type Conferences**)
- ▶ Corporate Seedstock - Breeding Values (**Profit**)
- ▶ Largest Customer of SGI (Semen) was PIC
- ▶ Rank and File Purebred...Not Improving
- ▶ Importing Selected Seedstock - Europe

1984...Changing!

- ▶ Packers Asked for a Better Product!
- ▶ Corn Farmers?
- ▶ Health Was Job #1
- ▶ New Terms...**Nucleus, Multiplier, De-Pop/Re-Pop, Lines vs. Breeds, Finishers, Vertical Integration, Proprietary Genetics, Contracts?**
- ▶ My Second Year at Bethel College Paid for By Purebred Hogs

1990

- ▶ 85,000 "Purebred Litters" 8 Breed Assn.
- ▶ Yorks Largest - 23,861 Litters
- ▶ PIC, Dekalb (Monsanto) Becoming Huge
- ▶ Berkshire 7th of 8 (< 2000 Litters)
- ▶ Berkshire Getting into the Meat Business
- ▶ Assn. Programs - Limited "Winners"
- ▶ No Genetics Expertise on Association Staff.....Anywhere?

Historic Points

- ▶ Early 70s?? First Breeding Company Genetics Marketed (US)
- ▶ Mid 70's? Pigs to Confinement
- ▶ Immense "New" Health Issues
- ▶ 1985?? WSJ Article "Rise of North Carolina"

Historic Points

- ▶ 1985 Grid Marketing Takes Over
- ▶ 1991 Halothane Gene Test
- ▶ 1995 Purebred Breed Assns. Have Failed and Join Forces (NSR, CPS)
- ▶ 1998 Pigs hit \$.05/cwt. Sows are Free!
- ▶ Consolidation, Cooperation and Integration.....Systems Approach

2010....(20 Years)

- ▶ Top Ten States Register 29,000 Pigs (down from 85,000 litters)
- ▶ Junior Programs - Largest Income and Expense Categories
- ▶ Independent Commercial Seedstock Production Largely Ceased
- ▶ 50,000 Hog Operations US, ? Down from 650,000... Produce 110 Million-ish Pigs

Swine Genetics Today

- ▶ Overwhelmingly Proprietary
- ▶ Many Owned Outside US and Vertically Integrated or Coordinated
- ▶ Highly Selected, Specialized Lines
- ▶ All Products for Industry are Hybrid
- ▶ A Few Modest Sized Independents (<50)

Genetic Providers

- ▶ PIC – Genus (60% US)
- ▶ Hypor – Hendrix Genetics
- ▶ Topigs Norsvin
- ▶ DNA Genetics – “Danbred”
- ▶ Groupe Grimaud – Choice – Monsanto - Dekalb

PIC “Story”...Website

- ▶ A subsidiary of biotechnology leader Genus plc. PIC’s business is the genetic improvement of pigs. In the early 1960s a small group of Oxfordshire pig farms, concerned that **the traditional purebred breeders were not producing the right pig for future markets invited a group of scientists to devise a way of producing a better hybrid.** Following their advice, they bought the best pigs they could find and began to improve them by a process of selection.

Mission Statement, PIC

- ▶ “Our mission is to be the leading worldwide supplier of genetic improvement to pork chain customers through innovative and outstanding genetic technology, health and services.”

What Changed?

- ▶ Focus on **Business** and Pork Industry
- ▶ Invested in **Research and Data Usage**
- ▶ Used Selection Technology to Make More Profitable Pigs. **Redefined Better**
- ▶ Marketing = **Service and Benchmarking**
- ▶ Huge Numbers, **Uniformity and Health**
- ▶ **Bought Business!** (Packers, Vets, etc.)

Progress (G+M)

- ▶ Feed to Gain 2.25 to 1 in Finishing, Marginal is now 2.5.
- ▶ Goal of 2 to 1 by 2025
- ▶ Pigs/Sow/Year = 31.4 Top 10% with 13.5 weaned
- ▶ P/S/Y = 28 and 12.5 weaned. 50% (PIC Website)

Genetic Improvement Value is Only Realized in Systems

- ▶ Predictability and Profit...Industry
- ▶ Genetics - Instructions & Markets
- ▶ Data Commitment Across Segments
- ▶ Product "Value" as a Priority
- ▶ Genetic Sampling and Discard.

Additional Upgrades

- ▶ Great Grandparents and 100% AI
- ▶ Lines are the New "Breeds"
- ▶ Use Data and Science to Anticipate and or Rapidly React to Change.
- ▶ A Few Professionals Make All Decisions.
- ▶ Unique Pieces...Diversity Lines, Manage Inbreeding, Advanced DNA Tools, etc.
- ▶ There is no, "We just can't".

Seedstock "Follies"

- ▶ "I am Going to Raise the Kind of Hogs I like"
- ▶ Small Skulls then Big Skulls then??
- ▶ "Lean, Muscular Hogs Won't Make Good Sows"
- ▶ "Buy Your Sows a Spotted Boar!"
- ▶ Crossbred Boars...Mangrels, Won't "Breed True"?
- ▶ *"These Company Hogs are Fine Boned, Narrow Chested, Coke Bottle Headed, Broken Topped, Flat Ribbed, Light Muscled, Deer Footed and My Customers will Never Buy them....Never???"*

More Poor Assumptions

- ▶ No Business Can Survive Based on Producing an **Average Product** with No Plan to Improve it.
- ▶ If Everyone Else Around You Fails Doing What You Do, You Just Might Be Next.
- ▶ Your "Customer" Can and Will Replace You if You Fail to Deliver Value.

**Wait Just a
Cotton Pickin'
Minute Marty!**
THE CATTLE BUSINESS
IS TOTALLY DIFFERENT!

Pig-Boy Hat...



**What You Take to a
Cutting?**



**Going to a Pig
Branding??**



There Are Differences!

- ▶ Folks Love to Raise Cattle!
- ▶ Minimal Price Differentiation...
Changing!
- ▶ **Legacy of Industry Segmentation.**
- ▶ Change Takes a long time...
- ▶ Crossbreeding Doesn't Work in Cattle???

Even More Important Differences

- ▶ Historic Low Rate of Return On Investment – Cow Calf
- ▶ Some Willing to Operate at a Loss.
- ▶ Function of Land Ownership (Appreciation)
- ▶ Environmental Diversity

One More Difference...

- ▶ When You Search for Public, Genetic Research Information for your BIF Presentation about Progress in the Larger Pig Business since 2006, There isn't any.....

Seems a Bit Like 1984?

- ▶ Largely Segmented Business, but Changing...
- ▶ Genetic Improvement - Too Often Unfocused, Un-Scientific and Unprofessional
- ▶ Proprietary Genetics and Companies??
- ▶ Down Chain Participants Asking for More Value...**Some Producers Refusing??**
- ▶ "I'll Raise the Kind of Cattle I Like!"
- ▶ Independent Seedstock, Still Thriving and Profitable...

Less Painful to Learn From Others...

What I Learned from Pigs

- ▶ We are a Serious **Food Business, First!**
- ▶ Without **Product and Profit Improvement** – Not a Serious Business.
- ▶ **Below Average**, Really?
- ▶ **Writes the Checks - Drives Change!**
- ▶ In a Competitive Industry, **Science Based Decisions and Profit** will Win Over Opinion and Dogma.

What Else I Learned from Pigs

- ▶ Don't Confuse What You **Want** to Do with What You **Need** to Do.
- ▶ Owning the Same Breed of Livestock Good Reason to Have a Club??
- ▶ "Not Any One of Us Can be as Foolish as All of Us."
- ▶ Plan **Long Term** for a Large Number of Winners If You Want this Many for the **100 year Anniversary of BIF!**

