

Cow/Calf & Feedlot Split Sessions

Moderators - Mike Sanderson
David Van Metre

Missed Areas of Consultation in the Beef Cattle Production Cycle

Steve Henry, DVM
Abilene, Kansas

I was asked to tell what happened in swine in the last 20 years and how lessons learned might work for beef. My goal is to relate what's happened in the swine industry, what veterinarians' roles have been, and what I think will happen with the beef industry. I think it has to change.

Imagine that we're on a pinnacle and our perspective is to look out over the meat production industry in the U.S. Assume that, as a veterinarian, you have the power to make changes in what you see. We have to look at veterinarians as being the key to change in beef, as they have been in swine. Jack Welch says, "When the rate of external change exceeds the rate of internal change, the end of your business is in sight." This applies to one farm or an entire industry.

There are only three things that make any of us change. The first is that the rewards in changing are too great to ignore. The second is that it's the right ethical thing to do. The third reason is because the present situation is too intolerably painful. If we put this on a statistical data package, 98% of change by people is because of the third reason. For many of our cattle producers in Kansas, the pain has come to that level. So what are we going to do?

Sometimes you can't change the circumstances, but you can sure change your attitude. In our practice, we have a rule that you can't come in to complain because it isn't going to help.

What's going to happen in our world? With the world population now 6.2 billion, it's going to climb close to 13 billion before it levels off. We have six people be-

ing born per second. If we're going to sustain roughly the same nutrient intake level while the population doubles, we're going to have to triple agricultural output. World pork consumption has grown by 24% in the last seven years. Today we have less than 10% of the hog farms that we had in 1950. Everything that's happening in the beef industry has, in a social sense, already happened in the swine industry. We had 400,000 producers and we generated 70 million slaughter pigs in 1984. Today we have around 180,000 producers and we're right at around 100 million pigs. We're producing about 14% of the international pork production. In that time, we've added 13% to the body weight of the animal and we've taken over 20% of the fat out. The genetic change in the product is what's driving the product disappearance in the marketplace. It's a major issue.

When I graduated in 1972, we had lots of pigs and relatively-low technology. In 1968, the AASP started and about that time I met Al Leman who was coming through as an extension veterinarian. Al was a charismatic leader of the first quality. He made us all start getting together, not just at AASP, but he formed peer groups. In a peer group, I would send an invitation to 15 of my colleagues who liked to work with pigs. We would spend three days together, going to farms, making critiques and suggestions. There were some disasters at first, but what came out of it was an alteration in our thinking. It changed veterinary thinking from "*There's something wrong and I have to intervene*" to "*Does this make sense when operating efficiency as a goal?*" We started using numbers. The bottom line was

dollars.

There was more behind these swine veterinarians than just disease and it drove a grass-roots change in veterinary thinking. Out of that came a systems standard for measurement that we recognize today as the pigCHAMP program. We all began to speak the same statistical language. When that happened, we could communicate a lot better.

Let's look at today's swine industry. Who are the 180,000 producers today? I broke them into four groups (big, large, family, and part-time). The ten biggest provide 15% of the output. The next 100 (the large group) provide 10% of the output. The next 10,000 producers are the people that independent veterinarians most often work with. If we break up the cattle industry somewhat like this, we don't work much with that bottom 20%. Does this look like the 80/20 rule starting to work again? Yes. That bottom 20% is out there. It's a big aggravation. They're wonderful people, but they're not going anywhere. The "family group" were the ones that grew up into big groups. Everyone thinks of big production as Murphy Farms, Carroll's, Tyson, etc. Almost all the big producers today grew out of a family with a lot of veterinary input.

How much pork are we going to need by the year 2004? We're going to need 115% of what we had in 1994. That's not 115 million pigs. Instead, we're gaining approximately a half a lean percentage per carcass per year with genetic change. We're raising slaughter weight. We're going to be able to produce our 115% of present pork in 2004 from 96 million pigs, 4% fewer animals.

In spite of all that, the U.S. pork industry is still terribly inefficient as a whole. The top end is great, but the rest of the industry is still only cranking out 15 pigs per sow per year, and at 15 pigs you cannot sustain an economically-viable system. When we started trying to apply some of these numbers to our cow/calf producers in our practice, I got real frustrated. If I give away the land cost and the pasture and the labor and if I use the farm tractor, then I show a profit. That's not sustainable.

As veterinarians, we have to realize the risk, the benefits and the profits of the future are not operational-size driven. Who are we going to work for? We shouldn't ask, "What's your vaccination program?" We need to ask, "Where's your money going to go? What's your business plan? What do you want to do? Where do you want to be? Who's going to benefit? Are you doing this for yourself or for your kids or for Uncle Sam? What do you expect to get out of it?" This is where I start with pig farms as a veterinarian. That's not what I was trained to do, but if producers can't answer those questions, I can't design a vaccination program for them that has any real benefit.

Today's market share in pigs is the family segment, but here's where we're coming apart. Our producer base is aging. Facilities are getting older. There are still a lot of poor genetics in the herds and the veterinary profession deserves a black eye because our disease loss and our disease control programs stink. We still don't have good disease-prevention programs. We still support far too many pharmaceutical companies better than we support our own farmer client.

In pigs, large and big are going to get bigger. Part-time is going to decrease for sure. What will family do? It's either going to grow, it's going to go part time, or it's going to quit. Here are the decisions that are going to help drive the family. I think family farm production in swine and beef is the key driver and the reason a huge amount of veterinary energy should be directed toward it. That's where most of the existing skill and experience exists. Second, most existing operations have a capital and land base. Third, they're most adaptable. They're looking for leaders. Last, almost all of them are informed, keen and extremely competitive.

So, if I'm thinking as a veterinarian about production and about selling a program to producers, I see two big differences between the beef industry and the swine industry. **What made the swine industry really go was that we were production driven.** We had to get that sow herd from 14 pigs a year to 20. We were also driven by health issues. In the mid-eighties, we still had a lot of swine dysentery, mange, a whole host of diseases that are almost non-existent now. Our National Pork Producers Council was very strong. The grass-roots veterinary medicine participation in the production side became very big because we shared information and pushed toward a common goal—to try to cut costs.

You can't just reshuffle the deck; you have to change the system. The cattle industry is unique because of the strength of the Academy of Veterinary Consultants and the AABP. Much of the industry's feedlot service and influence is represented here. With the effort to change a system, we have to have people communicating and we have to be going in the right direction. Because the Academy represents the feedlot industry, because we accumulate cattle in large groups, we ought to be able to make changes. Are we reactive or are we proactive? Are we afraid to pull our cow/calf people in and ask these hard questions? The cattle business is still essentially a capital cost-driven system in producing beef, not a variable cost-driven system. When I discuss getting better heifers with producers, they say it costs too much. But they'll pay for feed supplements. It's the same thing in selling medicine. As much as I want to sell medicine, what have I done for a producer when I shove fifteen-dollars' worth of junk into a bunch of steers that won't make a dime anyway? I took my

money off the top and added to his cost of disease by treating those cattle.

I think there are **three** inter-linked action points for veterinarians to make a change in a livestock production system. **First**, we are the health people and we have to start putting together health assurance schemes and systems that work. **Second**, we have to help people realize they need genetic power to achieve the purpose of these animals. **Finally**, veterinarians need to make alliances among our producers and among ourselves so we can acquire and apply technology. Extension as an influencer of the production industry is dying. It can no longer touch enough people to bend this country's cattle-production system from where it is to where it needs to be. But you can empower the veterinarians in the field. We need to leverage our technology people in the universities and figure out a way to get it back home and make it work.

How can we energize change? We need to change the genetic base. We've got to emphasize objective data and preach it even if it isn't popular. We can't care what color they are or how they move. We've got to be consistent. We've all been independent entrepreneurs. Can we help network and link other independent people? Can we do it ourselves? Finally, we have to be advocates for financial accountability. **We have to help people put operating efficiency into their beef cattle enterprises and on their books and have them know what they mean.**

How can we further energize change? We have to push high production and low cost. We have to add value. As veterinarians, we have a tremendous vulnerability in drugs and vaccines. There is a false, but real psychological addiction at work here, I believe. That was one of the early problems in swine production and one we dealt with. I vehemently object to being an unpaid advertiser, marketing tool and pawn for the pharmaceutical and biologics industry. I think it's wrong. We have to facilitate producers at the grass roots so they can optimize their assets. The response is not to be helping them spend money they don't have. **We have to keep working toward health programs that work collectively.**

Why health? It appears to me health is not better than it was in many instances ten years ago but the cost has increased at least two-fold. The likelihood of new technology, while it's attractive, seems more and more slim. In pigs, we have two vaccines that are predictably efficacious—pseudorabies and *E. coli* vaccine. The rest is marketed successfully but efficacy success is another matter entirely. I realize a lot of people disagree with my opinion. But if you can't predictably make a difference with it, don't add to the cost of the disease by administering products. Without predictable and stable results, medication/biologics are just another cost

of disease. We need to predict results.

In pigs, we went to the sow side in genetics and this is probably what's helped pork output efficiency more than anything else. Once we got to the female side of the genetic pyramid, we were able to control both internal output (piglet production) and carcass quality (meat production). That has to happen in any genetic system that wants to produce a consistent quantity and quality product. In pigs, we went to hybrid lines. More than 75% of the people are purchasing gilts as parents or grandparents at this point in the industry. Only 3% were doing that in 1980. Artificial insemination is already starting to dominate the male component in pigs and it will in cattle as well, I think.

In the pig industry, the family segment has really grabbed this technology and they're running with it. We're helping set up alliances in our practice. Many other swine veterinarians are doing the same. The idea is catching on with feed companies and other product/service industries that rely on the swine industry. We've got eight producers, all independent, all with farrowing houses, nurseries, etc. They put their money in a pot and build a sow unit that produces weaned pigs, they convert their farrowing to nurseries, and now we have a production flow system. It has to be an alliance. An alliance is a system of coming together of people run by a benevolent dictator. I'm trying to encourage everyone in our alliance to say that we are, as veterinarians, managing the system as benevolent dictators.

The other reason for an alliance is that information is being privatized. An alliance is a way to transfer technology. There are increased regulatory demands. You can't have a bunch of independent people keeping up with all of that. The alliance lets you buy the needed information or set up a business to provide support, or to link all that technology through contract production. Veterinarians are the key people who can and will do that. Beef producers need to subdivide these challenges and plan for each one, to get things down to where they can be handled, simplify and standardize operations, start to link and build on collective strengths and assets, and select, empower and challenge technology providers. We want to be technology providers in our practice.

Veterinary practice used to be multi-species. Now we're species-specific and we're becoming production specific. We are now systems-specific in pigs. We were reactive. I think we're passive today. I think we're going to become proactive. We have a lot of antibiotics, but we're going on toward bioprobes. The traditional practice has moved all the way from the single practitioner to multi-discipline practices in which people have special areas in which they'll work but we use the resources of the capital base from which to radiate. We're still retailers and resellers, in large part, for the phar-

maceutical industry. We've got to become a service company. Pretty hard to just quit selling and go to service only but it is truly happening in the swine industry.

We used to diagnose by animal; now we're getting toward systems diagnoses. We've gone from intuition to research, facts and analysis. We use data bases. Our services include engineering final solutions for the whole process and problem. We go out and help find the answers; that's our job.

We're finally getting people to accept that we're paid for what we can make happen, a leadership fee. That's already happening in swine. I think it will come to beef. If we don't help people meet their goals, someone else is going to do it. I want to get beyond the "paralysis of analysis" mentality that has so long burdened institutional activity. I get tired of re diagnosing and reworking problems. Don't waste time thinking about it too long. Try to get producers attuned to "inside-the-farm-gate thinking." **If we're working on a cattle problem, the last thing we're going to talk about is the lawsuit to make the packers quit taking all the money. That's outside the farm gate; you can't do anything about it without detracting from inside challenges and problems.**

The hardest thing for any of us, veterinarians or producers, to do is get rid of failed systems. If we're being used as marketing tools but are not effective, if we're not making the product leverage itself to benefit the company, us and the producer, then maybe we ought to not do that. Is Bangs vaccination making money? Is it protecting us? In most cases, no. Maybe we need to challenge the system and make a change.

Strategy number one: figure out the finance and

assets as part of the business. How can we make the most of people assets and tangible assets? Where are we going to go? What are the plans?

Strategy two: help earn higher income with reduced costs and new production techniques. **Strategy three,** increase our ability to support the industry and **strategy four,** help producers network and access the technology. The veterinary leader builds a local base of support in the community. There has to be a plan. Educate everyone who will listen and even those who won't. Get information sharing going and implement the system or strategy. Keiretsu is a Japanese system of grouping companies that are often interlinked with cross-ownership and mainly do business with each other. That could be a midwestern ag community.

"When we have an ambiguous phenomenon, we should quickly do something concrete and then sit back and see what happens." This is a proactive approach. The beef industry is crying out for leaders. I think veterinarians should and can step forward. It worked in pigs and I think it can in beef.

We have to care, talk and live the economic reality of our clients and we have to understand their dreams. We have to drive down costs. We have to link with peers and form alliances, and we have to aim for some big goals. We have to have patience, but try to get a little way down the road every day. And we have to constantly work toward our own self improvement as facilitators. Al Leman had an acid test in self-evaluation that he often shared "look in the mirror; would you hire you?"; if the answer is "NO" get busy and do something about it.