



BeefTalk 676: New Ventures Come With Unprotected Risk

SUPPORTING MATERIALS

Just a Bit of Philosophy

Research seeks answers that innovators can implement.

Extension combines research results and feedback from innovators for the furthering of knowledge to the larger masses of producers.

Academics supply those pieces of knowledge obtained through research and Extension to build lives, sustain families and motivate futuristic thinking.

There is the challenge of staying within risk protection programs. Meanwhile, departing ways and entering the unknown generally is considered foolish.

Perhaps one is somewhat handicapped in the beef business without a marketing background. Marketing information is continuous and certainly needed. There are processes that allow producers to cover market risk and, given the center's recent \$300 losses in feeding cattle, one comes to appreciate those risk processes.

However, there is more to the cattle business than minimizing risk. In general, many production decisions are made based on available fiscal tools that allow producers to stay in business.

The other day, while driving down the road, the distinct aroma of fresh-cut silage was in the air. It was very early in the season to be cutting silage. However, after scanning the countryside, the evidence of a massive hail storm was quite obvious. There was nothing left of the bountiful crop.

I hope crop insurance will assist the affected producers, but a hail payment is never the same as the opportunity to market a crop.

There is the challenge of staying within risk protection programs. Meanwhile, departing ways and entering the unknown generally is considered foolish. The end result is a fairly narrow concept of production agriculture, with many producers not choosing high-risk ventures. It makes sense. However, this also leads to a lack of diversity and, perhaps, a dragging effect on change.

Profit moves private industry, and those enterprises that are profitable surface as production models. Once enough data is available, these enterprises are covered by those who deal in risk management.

What does this have to do with beef? The Dickinson Research Extension Center, in contrast to private production, will take risks to evaluate options producers may not feel comfortable trying. Research seeks answers that innovators can implement. The Extension Service combines research results and feedback from innovators for the furthering of



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knowledge to the larger masses of producers.

Academics supply those pieces of knowledge obtained through research and Extension to build lives, sustain families and motivate futuristic thinking. The center is seeking answers about grass-based systems for the production of beef. Can grass-based beef production survive? Are grass-based beef production systems, natural beef production and grain-fed beef antagonistic or symbiotic to each other? Do beef systems need to be ideologically pure or a mix of common sense? Does what a calf eats at 5 months during the brief transitional weaning period really impact the final product at harvest?

From birth, steer calves are on a one-way trip, and logic, as well as research, would indicate that their end point at harvest is dependent on genetics and management. The end product is turned over to consumers for home consumption, large-scale buffet operations, schools and other mass eateries, fast- and slow-food restaurants and more.

Regardless of the product purchased, those preparing the food will range from kids just getting home from school to master chefs fully trained in the culinary arts. We all have had eating experiences that have ranged from great or simply filled the tank to those we walked away from vowing never to come back.

Should one just smile when asked to supply a uniform product to the consumer? Sorry, I'm getting off track.

New models in beef production certainly can entertain the concept of grass production. The center knows that days on feed in the feedlot will decrease with older yearlings coming off grass. Likewise, annual forage or any other type of forage that has better nutritional qualities late in the grazing season will decrease further the days on feed in the feedlot and may help improve the quality grade.

The real issue is receiving at least adequate compensation from the market for the chosen sector for which a producer would like to produce. Also, market flexibility needs to be maintained to offset the limited risk management that is available for newer, higher-risk endeavors. As an industry, the sooner a heavy, lean carcass hangs on the rail, the more likely that the dollars invested are going to be greater than the dollars expended in the traditional concept of beef production.

Lowering front-end production costs certainly will need to be undertaken to offset the costs added by delayed marketing. That is particularly true if the harvested carcasses are competing in the same markets with traditional or commodity beef. Demand also can increase value. However, both scenarios probably will work.

May you find all your ear tags.

Your comments are always welcome at <http://www.BeefTalk.com>. For more information, contact the NDBCIA Office, 1041 State Ave., Dickinson, ND 58601, or go to <http://www.CHAPS2000.com> on the Internet.

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