

An Alternative, Sustainable System of Beef Production in South Texas – Part 3: Developing Local Niche Markets

by Dr. Steven Lukefahr

Editor's note: This is the last of three articles that were published in consecutive SGF issues. The first installment focused on the author's forage production system, the second article featured his cattle breeding program, and this article shares his future business plans.

KINGSVILLE, Texas: The purpose for this final article is to describe my business strategies that involve plans for expanding opportunities to develop local niche markets. My economic goal is to increase profits while minimizing risk. This is especially important during these times of market uncertainty. Like any cattle rancher, I find it unsettling to ship good calves to an auction without knowing in advance what price I might receive. Consequently, over several years, I have gradually developed niche markets for my calves. Last year, only 25% of my feeder calves were sold at local auctions. I plan on shipping no calves this year.

This is possible because for several years now most of my weaned bull and heifer calves are sold by private treaty at higher than market value as more genetically adaptable, breeding replacements. Last year, my bottom-line profit figure was \$208 per cow. For 2007, experts figure that production costs will go up \$50 per cow, while market prices will drop \$50 per calf. In other words, a profit-margin squeeze of \$100. The writing is on the wall: It is time to either get creative or go out of business! One recent change is that I now manage both fall and spring calving herds to spread economic risk during droughts and market swings, secure a more steady cash flow, enhance managerial flexibility, etc.

As mentioned in my last article, the genetics of my cattle herd is uncommon to the area. Buyers are initially curious to see what these Red Angus x Senepol x Tuli crossbred cattle look like. Their first impression is a positive one. They are pleased with the excellent body condition of the cows, considering that they are not fed hay or diet supplements because of their low maintenance requirements. I also receive accolades on the cow's moderate size and body conformation (non-excessive), but especially on their gentle dispositions. I inform them this begins with rearing naturally gentle calves. My cattle are never chased or hollered at, and I usually work cattle alone (usually taking a few minutes in the pen to give vaccinations or palpate for pregnancy). I use the stress-free, fence line weaning method. Weaning occurs in early fall and in early Spring (depending on calving season) to allow cows to recoup their body condition (to at least a 6 BCS) before winter or summer by taking full advantage of the forage flush from fall and spring rains. This assumes no droughts, of course!

In more specific terms to my breeding program, this year I may convert my three-breed rotational crosses into a composite breed. However, it will be important to keep an open breeding scheme, whereby purebred bulls (Senepol, and Tuli and Red Angus) can still be periodically used to maintain a broad genetic base. Soon, I will be leasing crossbred bulls that I previously sold as calves to my neighbors, which will service select groups of my own cows to produce heifer replacements and bull calves to sell for breeding. Such matings should produce offspring that will breed more true later as parents for critical traits such as slick and light-colored hair coats, vertical skin folds, etc. Another advantage of the lease-back bull arrangement is that it may be possible to later discontinue the AI breeding program that I used to establish my herd.

Another breeding strategy, plans are underway to "register" my crossbred calves by the Senepol Cattle Breeders Association. The SCBAs' database will soon be merged with that of

other breeds (including Red Angus) to conduct a national multibreed genetic evaluation. The advantage will be that I will obtain EPD's on my cattle with increased accuracy for many economic traits because I use popular AI bulls. This development will solidify my competitive edge of being a commercial breeder of adaptable crossbred cattle, but with EPD' information. For example, promoting bull calves with negative birth weight EPD's would be advantageous.

Genetics aside, buyers have also been impressed by the fact that my calves are not fed grain or creep feed, nor do they receive antibiotics, dewormers or growth implants. Although bull calves are castrated at birth (except if an AI calf) to minimize stress, they do not receive growth implants. I realize that the calves may not grow as fast without the implant, but I feel that I am producing a more natural meat product in the end that should also be easier to market. It is good, too, not to have to later round up all the steer calves to implant.

In addition, I no longer routinely deworm my cows. Twice a year, a fecal sample from my thinnest cows (i.e., a BCS 5) is submitted to a local veterinary clinic. For several years now, tests have failed to show signs of internal parasites. I largely credit this "failure" to rotational grazing management. Also, my slick-haired cattle have few problems with flies and ticks. Nonetheless, all calves do receive vaccinations against Clostridial diseases, such as Blackleg. Heifer replacements are vaccinated by a veterinarian against Brucellosis. Cows receive annual pre- and post-breeding vaccinations for reproductive and respiratory diseases, including a Clostridial vaccination administered near parturition to promote specific antibodies in colostrum.

So what is in further store for Lukefahr Ranch in 2007? I plan to further expand my herd by acquiring additional leases, further pursue opportunities for locally-created niche markets, and offer consultancy services. First, I have plans for my pasture management program. There is a paucity of legumes that are regionally adapted. A good legume would improve pasture quality

and limit the need for expensive protein supplements. This spring, a forage legume, Burgundy bean (*Macroptilium bracteatum*), will be planted and tested in some of my pastures involving grazing trials to determine establishment success, forage yield, and palatability by cattle. Also this year, I received an EQIP loan from NRCS under the prescribed grazing incentive program. Soon, I will be implementing a MIG-style system (requiring electric fencing and extension of water lines) to allow more intensive grazing and longer rest periods to further improve pasture quality. I am optimistic that this measure will also better control weed and brush invasion.

A natural, grass-finishing pilot trial is also underway that involves retained ownership by stocking my steer calves in the best polyculture-based pastures with harvesting in late spring and late fall, depending on calving season. I believe that my steer calves should grade well on a grass-finished program because of their early maturity and marbling and tenderness ability due to their *Bos taurus* genetics. There is a plant in central Texas that processes grass-finished beef. I will probably start with processing the carcasses only into steaks and hamburgers. However, to develop the grass-finished program will require a steep learning curve because of the challenging climate and short seasons of lush forage availability. I know that both timing and flexibility will be critical.

For my successes and failures (the most valuable lessons learned), I give credit to my colleagues (Drs. Barry Dunn, Alfonso “Poncho” Ortega, and Randy Stanko) who have generously shared their skills and expertise. (They also urged me to prepare these articles for SGF!). Other influential sources are also acknowledged. In recent years, I have become an avid reader of SGF. I have been inspired from books by Wendell Berry, Jim Gerrish, Greg Judy, Richard Manning, Michael Pollan, Joel Salatin, Allan Savory, and André Voison, which were instrumental in expanding my knowledge as an animal scientist and in reshaping my

management system and business philosophy. I wish to emphasize that the concepts and practices adopted can be applied to either small or large operations.

Finally, it has been an exciting challenge to develop a sustainable production system by matching more suitable cattle breeds and a native, forage-based polyculture ecosystem to this adverse environment with a focus on local adaptation and(or) natural resource conservation.

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