



Weighing prevention

Sometimes it only takes a couple of 2-cc subcutaneous shots to head off problems down the line. Sometimes it takes a few tons of steel, careful planning and focused construction. And remember that time when all it would have taken was to close one gate to save a day's work? In any case, when it comes to beef cattle, prevention is way better than trying for a fix later.

Ben Franklin was referencing fire safety when he wrote an ounce of prevention is worth a pound of cure, but the 16-to-1 edge often understates it.

Thrill seekers aside, when most of us perceive risk, we try to avoid or reduce it.

The market for both cattle and the inputs to feed them include hedging and options, from futures to USDA price insurance and private contracts. Producers can limit risk with a continuous presence in the market so they literally win some, lose some, but experience allows for winning more than is lost.

There are all kinds of insurance and strategies to manage financial risk and beat the odds on weather-related losses.

Keeping cattle healthy, however, takes more direct action that limits their stress and delivers just the right dose and timing of vaccines.

These strategies save billions of dollars in potential losses, but like other plans to prevent or reduce risk, they are not perfect.

It's worth noting that consumers try to manage their risk when buying beef, too.

As the price of beef increased over the last decade, consumers learned it doesn't pay to save money by trading down to lower quality grades. Instead, they started paying a little more attention to the grades and brands that delivered eating satisfaction time after time.

Their continued purchases of higher quality beef as those prices went up shifted the demand curve in favor of the top end. The price signals moved through the market.

Out on the cattle farms and ranches, people reacted by shifting their genetic selection decisions to capture more of the growing market for premium beef. Genomic technology allowed for greater accuracy so that the U.S. fed beef supply saw a rapid rise in quality.

It all makes sense in the interwoven tapestry of risk reduction.

The old mindset of commodity beef production held that “pounds are all that matter.” Decades of declining consumer demand for that commodity as other proteins won the price-per-pound contest led to new strategies in this century.

Consumers have shown they’ll gladly buy several excellent ounces of premium beef before they will buy a pound of no-roll, unbranded beef that risks refusal at the table.

Next time in *Black Ink*[®] Miranda Reiman will look at what kind of power it takes to move ahead in the cattle business. Questions? Call 330-465-0820 or e-mail steve@certifiedangusbeef.com.

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