



Who wants to be perfect?

There's nothing like a branding to bring a community of cattlemen together. From North Dakota to Nevada, generations of producers gather each year to tackle the big project and then celebrate its completion.

Each person has a specialty. There's somebody with a knife, one with the iron, one giving the shots and the one who can run fast enough to catch even the squirmiest calf. There's usually a crew in charge of lunch and a few young onlookers taking it all in. Although it's a great deal of work, brandings are a tradition that many Western cattlemen have come to look forward to. Families get together every year to trade services and help each other out.

Most everyone in agriculture knows this sort of common cause. Many a farm kid remembers picking rocks, walking beans or baling hay alongside the neighbor kids. Or who hasn't seen a rural community help a family in crisis? If a farmer has a heart attack during harvest, every tractor and combine in the area is in his field the next day.

With an atmosphere like this, it's hard to imagine that economists call farmers, including cattle producers, "perfectly competitive." Sure, you might pride your operation on having the best critters this side of the river, but have you ever thought of your neighbor as a competitor or a threat? Probably not.

There are short-term contests in buying, as in bidding for a bull or even a pasture, but commonality overcomes any hard feelings. And when it comes to selling, if he gets a good price for his calves, it's not going to change the price you get for yours.

Ironically, that's what makes it so "perfect," in the economic sense. It's a tricky definition and, economists admit, only a concept used to analyze markets where producers are selling virtually the same product. This is not to say you and your neighbor raise the same breeds or feed the same rations. But you're all selling cattle, and in this economic theory, a steer is a steer.

One seller can't change the entire market. If cattle prices are low and you hold back on selling, it won't drive price up—unless everybody holds them back, and that has not been successful. Instead, when prices are high, you respond by increasing your herd.

The challenge is everybody else does so, too. Economists label you as “individual price takers.” When prices are good, everybody wants to sell more, so they expand production. Once you're all selling more, and sooner than you'd like, greater supply makes prices go down.

Of course, this perfectly competitive merry-go-round is called the cattle cycle. There are ways to jump off, or at least get on one that is not quite as perfect.

You can differentiate your cattle in the market. Make them unique, or at least far superior to average so that you're not selling a commodity. Pay above-average attention to your management, through health, nutrition, handling and genetics.

Keep finding new ways to make your beef animals better. If you sell consistently better cattle, buyers will take notice. Once your livestock get noticed and you reap the reward, you won't be quite as susceptible to the whims of a perfectly competitive market.

No longer is your steer just any old steer. It becomes the best beef on the hoof that a buyer can get.

Some of the things you do may be as steeped in tradition as a yearly branding, and those can be good things. But it may be time to reevaluate a few practices, to make sure they deliver the highest quality. That's the main point of differentiation in the beef market, and your ticket to maintaining higher profits. It may wreck those comparisons to perfect competition, but your bottom line will look a whole lot better.

Next time in *Black Ink*, we'll look at the slight edge, where little things mean a lot. Questions? Call 785-539-0123 or e-mail mreiman@certifiedangusbeef.com.

END