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Staying the course

Darnall Feedlot wins CAB Quality Focus Award

Darnall Feedlot, Harrisburg, Neb., aims for the high-quality beef market, despite higher fuel and feed prices and somewhat uncertain premiums. The Certified Angus Beef LLC (CAB)-licensed partner yard was honored at the CAB Annual Conference Sept. 13 in Coeur d'Alene, Idaho, with a Quality Focus Award for feedlots with more than 15,000 head capacity.

The feedlot achieved a mark of 33.3% *Certified Angus Beef*[®] (CAB[®]) and Prime on 2,237 cattle enrolled and harvested from last June through the end of May.

“We’ve had unbelievable markets and still a lot of excellent cattle this year,” says Gary Darnall, who runs the feedlot and ranch with his son, Lane. The men credit their customers for sending them top quality genetics to feed.

The Darnalls also run a commercial Angus herd that helps set the pace for quality.

“We know we’re in a transition period, and we don’t know what’s ahead,” says Gary. “But we don’t see any incentive to reduce quality grade on the ranch or in the feedlot.”

He admits to less grid marketing this year, partly because packers pay the freight on cash sales. “When we do sell on a grid, plant location has become more important,” he adds.

Sometimes quality pays more than at other times, but it always pays, he says. “We have a tendency to produce for as much quality as we can with the genetics, and long enough on feed to efficiently realize their potential. We won’t back away from that because it ties in with weight. Of course we want pounds along with the quality,” Gary says.

The 20,000-head feedlot is at about 65% customer-owned cattle.

“Our ranch customers are so dedicated to quality and retained ownership. Like us, they take pride in producing the best,” he says.

Still, the volatile markets cause concern.

“Some of our customers have fed with us for 18 years, and they have made a profit more times than not. But we don’t know if we can advise them to retain ownership with all this risk,” Gary says.

Like most large feedlots, “We have more space than cattle,” he says. Across the industry, that will bring more consolidation. At Darnall Feedlot, it simply makes it easier to sort.

“If we ultrasound scan, we may sell a pen in three drafts, or sometimes just two, the finished versus those not quite there,” Lane says. “Since we deal with so many ranch cattle with 60- to 90-day calving seasons, sorting is always important.”

Feed conversion is on everyone’s mind, and the Darnalls have studied it closely. “It may not have to do with quality, but it sure has to do with time of sale, which can indirectly affect quality,” Gary says. “A difference in the feed-to-gain ration between 5.5 and 6.5 conversion is 12 cents per pound of gain.”

They wean a lot of calves in the feedlot. “Looking at the health and conversion history has a huge impact on our advice,” Lane says. “We think any improvement in health means a similar improvement in conversion and grade. People who have fed with us a couple of years start looking at ways to improve their herds to beat our customer-average numbers.”

The correlation between ranch and feedlot efficiency remains unclear, he adds. “Our customers can cull cows based on progeny feeding efficiency, and that trait may move up in the ranks, as long as their herd function doesn’t suffer in the long run,” Lane says. “They have to look at how many things they’re affecting by adding this pressure, and that’s why it can’t be the main thing.”

In the near term, the Darnalls don’t see any big changes. “We’ll just stay vigilant,” Lane says. “See how genetics work at every level in our herd and for our customers.”

Longer term, the higher grain prices will take land away from forage. “It’s a shrinking grass world,” Lane says. “We started early-weaning five or six years ago because of drought and stayed with it because of improved cow condition and stretching our grass resources. Maybe my son will have to drylot his cows.”

They can’t help but wonder what else it will take to produce high-quality beef a generation down the road, but the Darnalls face the future with confidence because of their united focus on quality. They keep the consumer dollar in mind, and that brings it closer to the wallet.

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