

Gill Red Angus Newsletter

FALL - 2008

Hello,

What a year! With only a few exceptions, nearly everyone in our area has had good rains over the summer. Our pastures and fields look as lush as ever. After we finished haying and Al'ing, we made several customer visits to check out their calves and bulls, which looked great. It is always nice to visit happy customers and see good cattle. Hopefully most of you are having a good summer as well.

The demand for cattle is still outstanding. The fat cattle market is over \$1.00/cwt and the summer video sales have been strong, including a couple good customers of ours. Ed and Karen Miller, Faith, SD, were a sale topper on Superior. They sold 180 steers weighing 600 lbs for delivery in late October for \$122.25/cwt, while several groups of black-hided calves sold under \$120.00/cwt. On Northern Video, Fitzhugh Ranch, WY, sold 164 steers weighing 680 lbs with delivery at the end of September for \$122.25/cwt, while their heifers weighing 620 lbs sold for \$122/cwt. These were the highest price calves weighing between 580 and 700 lbs. that I saw sell. Not too shabby with corn as high as it is. The demand for Red Angus feeder cattle and replacement heifers has never been stronger.

Don't forget to call us before you sell this fall/winter. Our calf-buying base is getting bigger and stronger all the time. If you let us know when and where you will be selling, someone from our staff will be there to bid on them. Just try to give us at least a couple weeks notice, so we can do some planning and get as much interest as possible in your calves.

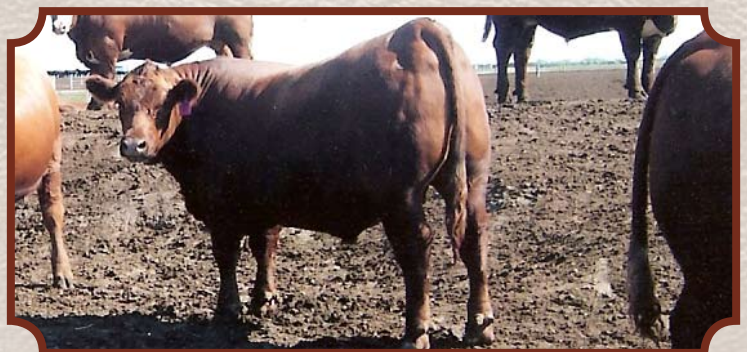
*Thanks,
The Gills*



Congratulations Dan and Tara

We have gotten to know Dan and Tara Hooper of Merriman, NE quite well over the last few years, and we are proud to call them our friends and customers. When it comes to ranching, not many are better or more efficient. They don't have many fancy toys or a lot of iron, but they do have good horses and great cattle. They have purchased several bulls from us over the past few years, and one of them, LMG Gills Bond 5604, we own in partnership with them. Both, Hooper's and Gill Red Angus have been using him artificially and naturally and we all just love his calves.

Anyway, they sold their 2006 born calves at auction in Rushville, NE and they went to Zavadill Feedyard, NE. These calves were not pushed real hard and went to kill in August of 2007 and we got the results back on them late this summer. Their carcasses did outstanding, with the following results: 81% choice or better, while 62% went onto a premium product line while only 4.76% had a yield grade of 4 or higher. These calves earned the Hooper's an award from the National Red Angus Office called 'The Grid Master Award' which was only given to 14 commercial ranchers throughout the entire country. It is an honor for us to congratulate Dan and Tara for this prestigious award.



It is Time to Market your Calves

That's right, it is that time of year again. The calves are healthy, they gained well over the summer, and now it is time to sell. But we don't want you to just sell your calves; we want you to market them. Sure, it's easy to just take them to the sale barn or make a call to the guy who always buys them. But what if you did a little more homework and contacted as many buyers as you possibly can to get the premium you deserve? Sadly, nearly everyone does the first. Ranchers are great at ranching. They know how to make the cattle as good as they can, how to feed them the way they need to be fed, doctor sick animals and vaccinate to prevent problems. But many of them are not as good at marketing their product.

This industry is tough and the profit margin is getting smaller all the time. Which is why we encourage you to make as many phone calls as you can to get the most possible interest.

Companies like New Holland, Dell, Verizon, and Pioneer Seeds are profitable for many reasons, but I am willing to bet it isn't only because they have a good product. It is also due to the extreme amount of marketing they do. Now I realize that you don't have the money, experience and even the know-how to market to the level of these companies, but everyone has a phone, and nearly everyone has a computer with access to email. You can use them both to generate excitement in the industry over your product, rather than just settle for the price you receive if you do nothing. That being said, if you don't want to or don't have the time to market your calves, there is one other thing you can do - become a Gill Red Angus customer. We have built a good customer base that wants to purchase and feed our genetics because we have a proven record of what our customers' cattle can and will do. If you become a Gill Red Angus customer, we will do everything possible to get some extra bids on your calves. We are in contact with these feeders nearly every day in the fall and winter months promoting our customers' cattle. We will generate the excitement your calves deserve!



Gill Red Angus (VAC) Vaccination Recommendations

Vaccinate your calves prior to weaning to the following: 4-way • 7-way • Pasteurella

Pre-weaning Shots

Along with marketing your calves, it is almost a requirement to give your calves a pre-weaning vaccination. If you do not, your calves will sell from \$5/cwt to \$8/cwt back from the average sales that day, and we can not help you get what your calves are worth. None of our feeders and buyers will be willing to gamble on your cattle if they have not been vaccinated. Just by being a Gill Red Angus customer, you can get a 3% discount on all vet supplies through DeTye Vet Supply out of Sturgis, SD. So not only will you get them at a discounted price, but you will also be more competitive sale day.



**All Gill customers can receive a 3% discount
on all vet supplies through DeTye Vet Supply
866-438-7541**

**“We are here
for YOU!”**

Sale Barn Operators Say Value-Added Brings More Dollars

- Burt Rutherford, *Beef magazine*

Participating in a value-added verification program is extra work, extra record keeping and extra management, but it also results in extra dollars in your pocket, says a survey of 100 sale barn operators across the country.

Sale barn operators ranked increased sales price as the top benefit to participating in certified health, source and age verification programs, closely followed by the potential of attracting new buyers. The survey was conducted by the Livestock Marketing Association and Global Animal Management. Three-fourths of the market operators surveyed said exposure to these types of certification programs is important to compete for future beef markets; and 65% expect to see an increase in the number of cattle they sell that are enrolled in such programs. More than half currently sell cattle enrolled in these types of programs. The survey found that sale barn operators reporting premiums have seen average increases of up to \$5.37/cwt. for cattle with age and source verification, plus third-party health certification.



The Gill Red Angus Customer Service Program #1 in the Industry

The Gill Red Angus Annual Bull & Commercial Bred Heifer Sale Monday, November 17th, 2008

Selling 90 coming Two-year-old bulls and 100 Commercial Bred heifers

This sale will be broadcasted on RFD-TV with the help of Superior Livestock.

This set of bulls prove that we are doing something right. We have never offered a set of bulls with as much muscle, length and rib as this group offers. They truly are impressive. These bulls were wintered to gain around two pounds a day and then were turned on grass in early May. They were summered in a section of grass and gained 2.01 lbs. a day over the summer. On September 10th, we put all the bulls in the feed lot to get shined up for the sale. We have had several customers look at them over the summer and they were all very complimentary. We are proud to offer this group of bulls to you.

The heifers are either raised by customers who we purchased from last fall or are owned by the Fogelman Ranch, SD. The Fogelman Ranch has been exclusively buying bulls from us for several years now, and they always seem to buy from the top end. We also purchased a group of heifers from Namken Red Angus, SD, and another group from John Knutson, SD last fall. Both of these ranches are good customers of ours and buy top quality bulls. These heifers have done well for us over the summer and will be weighing 1,000 lbs. or more by sale day. It will be tough to find a better set of heifers selling anywhere this fall.



2007 Spring Bull and Heifer Sale Report

- 60 Bulls - \$3,542
- 22 Fall Born Bulls - \$3,630
- 38 Yearling Bulls - \$3,480
- 131 Commercial open heifers - \$823
- 70 head from Hofland Ranch - \$840
- 38 head from Tarter Ranch - \$830
- 23 head of baldy heifers from both Hofland and Tarter - \$760

Lot 1 LMG Gills Wide Spread 6800 – This is a super son of LMG Miss Dynette 902 and GMRA Wide Spread 972. He has more body and eye appeal than nearly any other bull we have raised. You should see his full sisters. Wow, are they broody. We sold ½ possession and semen interest in him to Brenner Angus, Carson, ND for a price of \$6,500. Thanks Sid! Lot 5 sold to repeat customer, Sandy Willow Red Angus, Waubay, SD. This guy is a son of VGW Rattler 908 and donor cow LMG Maiden 023. He is a powerful bull that will give them a lot of muscle and eye appeal. We fed their steer calves this winter and they did super. Lot 26 and 27 are full brothers to lot 5 and are next in line. Lot 26 sold to Dan Materi, Strasburg, ND, for \$5,250 and Lot 27 sold to Rapid Creek Ranch, Kaputa, SD, for \$5,000. These two ranches are as good as they come. They are both repeat buyers and always buy at the top. We moved a group of Rapid Creek's replacement heifers to Kevin Burke, NE, and he loves them. Thanks to all of you.

Repeat buyer, Daryl Thompson, Akaska, SD, had his eye on Lot 48, a top son of VGW Rattler 908 and out of LMG Sara 817. Sara is an extremely easy keeping, high producing cow that is correct in every way. Daryl loves the easy doing females and this guy will do just that. He sold for \$5,000. Another repeat customer, Roger Aberle, selected the next bull in line for \$5,000. He is an extremely stylish made bull with a lot of natural thickness. He is out of 4L Continuance and LMG Miss Maiden 023. Roger selected his full brother as well. Nice choice Roger, their calves will be awesome. Leroy Dubrais, Mobridge, SD, has been buying bulls from us for several years and he chose another top end bull with Lot 23. He is a son of the muscle king, WR Mr. Red Dawg 5335 and the easy keeping LMG Sara 817. This combination worked great and he got him for \$5,000. Leroy also selected 108 head of replacement heifers for an average of \$837 each. We have purchased his calves a couple times and they did great as well.

We had bidders signed up from 12 different states and 70% of the bulls sold to repeat buyers!



High Selling Bull

The Future of the Beef Industry

I am very excited about the future of the beef industry. It may take about 16 months and look a little different than you and I have come to know, but exciting times are about to happen in the livestock industry. The U.S. population grows by about three million people every year, and over 99% of the food comes from the land whereas less than 1% of the food comes from aquatic foods. To me, this means all meat, whether it be pork, poultry, or beef. The prices should only get stronger as we are not making any more land. In fact, sources say we are losing about one million acres of land a year to urbanization. More people eating means the demand will rise and so should prices. There will always be a demand for average beef, but imagine the possibilities for the good beef with the population growth we are seeing.

The Gill Red Angus Cowherd

We are always talking about our customer service program, and yes it deserves the attention it gets. But without our cowherd, our program would be nothing. We take pride in perfecting our cowherd every year by using the absolute best genetics we can find. If you ever take a look at one of our sale catalogs, you will notice that it may not be stacked with the popular pedigrees that Red Angus bull customers have come to recognize. Those popular pedigrees are good, but we just haven't used a lot of them for various reasons. However, the genetics we do use are as good as you will find anywhere.

First of all, it is a priority for us to personally see the dam of every bull we use in our program. Before we added this rule to our breeding program several years back, we did get some harder doing cows and had some feet and udder issues. Now we feel that we have eliminated a lot of these problems by seeing the bulls dam and hopefully his sire as well. Usually a bull's daughter will look like his dam, and if we don't like the body style, shape, or structural soundness of his dam, we will not use him. They must be easy keeping, have a good udder, be the right size, and have good feet. *(More on next page)*

(Continued) We feel that we run our cows as hard or harder than any other seedstock supplier in the country. They call home about five miles from the ranch headquarters and never come off grass throughout the entire year. We save 1,600 acres of grass, which the cows get turned into around Christmas time and we do not supplement them with any hay or protein. We used to feed a protein supplement, but we have gone away from that, and now they only get the grass we saved. They do have good natural winter protection and spring fed water, which usually runs all winter long. These cows stay in good condition all winter without sticking any extra money into them. They must raise a good calf and breed in a 45-day breeding period. They calve pretty much on their own as well, as they are in a 1,120 acre pasture and we ride on them once a day to weigh and tag. We simply do not have the time and ability to have problem cows or calving troubles. If there are any problems, they are culled come fall.

By using the best genetics possible, not using bulls just because they are popular, and eliminating any problem cow we get, we make your life easier and hopefully put a little extra money in your pocket so you have more time to enjoy life.

Gill Red Angus is Much More than a Seedstock Supplier

As a seedstock supplier, we do much more than just sell you a bull. We try to stay in touch throughout the year by making ranch visits, phone calls, and sending out these newsletters. We want to hear from you and build a relationship throughout the years, instead of just one day a year. We have based our entire program around our customers and the commercial industry all the way to the packer. Not just the feeder, consumer, rancher, or the packer, but all the pieces of the puzzle. We have never chased fads, such as popular pedigrees, the show ring, individual carcass traits, or any other single trait selection. Instead, we try to meet in the middle and make our customer as profitable as we can.

1. Ranch Cows - We are very dedicated to producing replacement females that will get the job done, without any extra inputs. Our main herd of cows calve in May and June. These cows are summered and wintered five miles from the ranch headquarters. They graze all winter long; we may only see them once a week in the winter months. They are deep ribbed, easy keeping and very efficient. They milk heavy enough, but not too heavy, as we do not want to have any open cows because of it. They have enough performance to raise the kind of calves that will gain three to four pounds a day if pushed, and kill at 1,350 lbs. Plus, they are sound in their feet and udders. The last thing we want to do is send a cow to town because of problems, although we will if needed. When these cows calve, we check on them every morning to weigh and tag, and don't see them again until the next morning. We have been wintering and calving this way now for six years, and we wean more live calves today than we did when we lived with the cows during winter calving.

2. Bulls - The coming two-year-old bulls are all born in May and June and weaned in October. They are wintered on a small amount of distillers grain, mostly hay, and Lumix Liquid Feed. They will gain right at two pounds a day and then are turned on grass May 1st. The bulls are then summered on a half section of grass until Sept. 1st, when they are brought back in and shined up for the sale. These guys are built to last and are very sound. They will usually weigh between 1,300-1,400 lbs sale day in good condition, but not fat, at this time they are around 17 months old. These bulls averaged \$3,200 with a top of \$7,250 for us last fall. Our spring sale consists of bulls that are out of our Fall and Spring born bulls, which are developed from our ET and Natural herds. The spring bulls are weaned in September and then put into the feedlot where they are asked to gain around three pounds a day, which they usually surpass. The fall bulls are weaned and put on grass right away. They grow on grass and are put back into the lot on October 1st. They are stacked full of muscle and are real athletic. Last spring, our ultrasound technician told me they were the best muscle developed set of bulls he has worked. This set of bulls averaged \$3,542 with a top of \$6,500 at last spring's sale.

3. Feeder calves - With the type of cow we breed for and the type of bull we use, we get the feeder calf results the feedlots love. They have the capacity to consume enough feed to gain and be efficient. This helps in all aspects of the industry. We have feedlot and carcass data on our customers' feeder cattle, which proves they have natural muscle, and are above the nationwide average for marbling and ribeye measurements. They gain between three and four pounds a day with a 6:1 gain ratio, and kill at 1,350 lbs. This is exactly what feeders want, and this is why we have orders for our customers' steers and heifers.

4. Customer Service - Gill Red Angus works extremely hard for our customers. First, we give a discount on semen and vet supplies to our commercial customers. Then we make several phone calls and ranch visits over the year to make sure our genetics are working. But the main service we provide is the bids we place on your calves. We then try to compile feedlot and carcass information and give that information to our customer to help them with next year's breeding decisions. The combination of these services really adds a lot of extra money in our customers' pockets each year. We are confident that we are doing absolutely everything we can to help our customer, the commercial rancher, to be as profitable as possible.



Adding Efficiency: Ways to cut costs, increase outputs

- Source: University of Arkansas Ag Extension

Every day, the news seems to be dominated by the rising costs of fuel and food. Likewise, it is kin with the increasing costs of inputs on the farm. If you have not started to think about how this is going to affect your management, you'd better. Producers who adjust their management to meet the current conditions are much more likely to remain in business.

Every producer needs to look at his or her operation under a microscope to determine areas of inefficiencies and to work on addressing those problems. Most producers will come to one of two solutions: 1) Keep outputs the same and reduce input costs, or 2) Keep input costs the same and increase outputs. Either of those options represent ways of increasing production efficiency. One thing is certain, detailed records to track expenses and income are important in either of those scenarios. Each producer can take those records and determine fairly quickly if there are expenses that seem out of line. This is where your local county agents can be of assistance. They can compare your budgets and production levels to records that have been collected on different projects across the state. Once you have done all you can to control costs, the only thing left to work on is the income side. To increase income, you must increase the pounds of calves sold and/or the value of the calves sold. Cattle-Fax analysts have previously listed key value-added attributes, which they called the "stair steps to profitability."

These include:

- Performance history from the feedlot and packer adds \$2 to \$5 per hundredweight.
- Certification of preconditioning and weaning programs adds \$4 to \$8 per hundredweight.
- Source and age verification adds \$10 to \$25 per hundredweight.
- Verification of production practices that qualify for natural or premium programs adds \$3 to \$7 per hundred weight.

Cattle-Fax analysts have also previously listed the "11 habits of high-return producers."

These are:

1. Below-average annual cow costs.
2. Lower-than-average calf breakeven levels.
3. Lower feed costs.
4. Lower interest expense, less debt.
5. Lower general operating expenses.
6. Higher average weaning weights.
7. Higher conception rates.
8. More pounds weaned per cow exposed.
9. More high-quality bulls with good genetics.
10. Preventative herd-health programs.
11. High-quality pastures to maintain nutritional requirements of the cow.

How many of these "good habits" do you have? As you can see, the first five items in this list deal with controlling costs. In most cases, controlling costs may be easier to accomplish than increasing income. Sometimes increasing revenue requires spending money in some areas. Increasing expenditures can actually lower costs if you look at it in terms of cost per unit of production, such as per pound of weaned calf. If a \$20 expense results in 40 additional pounds of weaned calf, you come out ahead. Examples that would fall in this category include expenses for implants, preconditioning or better genetics. The management changes needed to be successful in the current market and economy will be different for each individual producer. The one certainty will be that those who fail to change and optimize production will continue to face financial difficulties. This would be a great time to gather some records and spend some time with your local county agent and



"You buy our bulls, we will bid on your calves!"

Be sure to check out our website www.gillredangus.com for the latest information and photos. On November 1st, our sale catalog and a sale video of each lot will be available as well.

Commercial Ranching

As a rancher, my first thought is to raise the type of cow that will work for me in my pastures. Good idea, right? We must raise the kind of cow that is cost efficient, whatever that is. But there is way more to it. We now have to think about our customer, which is the feeder, the packer, and the consumer. In this day and age of computers, record keeping, high feed costs, and packer alliances, we all need to be thinking of a way we can do better. The feeder and packer can get all the average to poor quality beef they want from foreign markets, but they will always be looking for good beef right here in the U.S. So why would we want to compete with the average quality beef from the foreign markets? These companies are keeping records and they know exactly where they purchased the calves that made them money and the ones that didn't. I don't think they will be coming back and buying the calves again that lost them money. There are several things you can do to make yourself a little extra and have your buyers come back again next year.

First, a real easy way to get a small premium is to source and age-verify your calves. Remember the calves have to be tagged with a USDA audited, third party tag, such as the Red Angus FCCP tag, before they leave your ranch. Signing an affidavit no longer works. There are now several feedlots that won't even bid on a calf that doesn't have these documents. Like it or not, this is what we are up against, so why fight it? Use it to your advantage.

Secondly, several ranchers have natural calves and don't take advantage of it. If you do have natural calves, you should source and age them and then it would be really easy to mark the ones that were treated over the summer. Pull those and market the rest as natural. You can get a nice premium here.

Third, align yourself with a seedstock provider who will work for you year-round. Not just sale day. Gill Red Angus does that. We have proof that we will bring you extra buyers and get you a premium, plus provide you discounts on semen and vet supplies.



Expansion

Gill Red Angus now has four families that are part of the operation: Larry & Janet, plus 3 of their sons and their families. They include Kenny and Laura, Brent and Emily, and Bryan and Kristen and their son, Holden (and another baby will come in November).

We knew we needed to expand our numbers to support four families, but we weren't sure if we could market many more bulls in a year. In 2004, we sold 60 yearling bulls in March. When we moved our calving season to May/June for labor reasons we found out that there is a strong demand for bulls with a little extra age. After we had a couple fall sales, we realized that not all of our customers wanted to purchase a bull in the fall, and we were asked to supply bulls again in the spring. Since then, between our customer service and the pressure we put on our quality and selection, our demand has grown and we marketed 150 bulls last year. This was between two different sales, one in November and one in February, and we plan to keep expanding this number for a few more years.

I am sure you are all wondering how the heck we expanded so fast and kept getting the quality better each year. We implemented an extreme embryo program a couple years ago, where we have been putting in around 100 eggs a year. This summer, we bred 315 cows to calve in May/June, 25 head to calve in February/March and 65 are calving right now for fall born babies. Plus we put in around 100 embryos again, which will calve in the spring and fall calving seasons. And that's how we were able to accomplish a successful start to our expansion program, and keep lots of hungry mouths fed – both in the house and in the pasture.





The Gill Red Angus Customer Marketing Program



Something we offer that most of our competition does not is a Customer Buy Back Program. Our slogan is "You buy our bulls and we will bid on your calves." This has really helped our customers on selling day. We ran some calves up as much as \$5 per hundred weight. You add that up on a load of 600-pound steers, and you just made an extra \$2,500 just by being our customer. Compare that to our sale average the last couple years --- that's nearly a free bull! How can you go wrong?

Here is how it works:

- ✓ First you must be a Gill Red Angus customer. At marketing time, contact Gill Red Angus with the marketing option you wish to pursue:
 - *Complete Retained Ownership*
 - *Partial/Partnership Retained Ownership*
 - *Livestock Auction or Off-the-Farm Marketing* - Sell 100% of your calves off-the-farm or at the stockyards and a Gill staff member will be there to place a bid on them for you.
 - *Replacement Heifer Marketing* - Market your top-quality open and bred heifers through both of our annual production sales in February and November. (We have spent thousands of dollars on advertising over the years. Use our past advertising and known name to market your replacement females.) Call for more information.
 - *Discounted semen available* to all customers who want to AI.
- ✓ When possible, we will work with our customers to help form co-mingled loads of calves.
- ✓ Upon harvest, if possible, Gill Red Angus will prepare a report, complete with feed yard and harvest data, for your use. The Gill staff will then schedule a meeting with you to discuss ways we can help add profit to your bottom line.
- ✓ We are also available for consultations regarding breeding, replacement heifer procurement, and all marketing options. We will help you in any way we can to make your bottom dollar grow.

"You buy our bulls, we will bid on your calves!"



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