

Gill Red Angus Newsletter

FALL - 2009

Hello,

Wow, I don't think we could have dreamed of a better year when it comes to grass and water in our area. It seemed like anytime we wanted it to rain, it did. August has to be one of the coolest and wettest on record. We even had a second cutting of alfalfa this summer. It really is amazing to see!

We have done several ranch visits this summer and fall in ND, SD, WY, NE, and UT. We didn't make it to every customer's ranch, but we did get to the majority of them. We were truly impressed with your calves and how our bulls held their condition over the summer. They are hard and deep bodied. It should be an indication that their daughters will be easy doing as well.

Red Angus feeder calves are in a unique situation. They are finally demanding the attention from calf buyers all over the country, especially with the Red Angus tag in their ear. We are now seeing Red Angus calves topping the markets of nearly all weights. All I can say is, it's about time!

Don't forget to call us before you sell this fall/winter. Our calf-buying base is as strong as ever. If you let us know when and where you are selling, one of us, or one of our calf buyers will be there to bid on them. Just please give us at least a couple weeks notice, so we can do some planning and get as much interest as possible in your calves.

If you get a chance, check out our website. We update it several times over the year. Or better yet, stop by for a ranch tour and see what we are all about.

*Thanks,
The Gills*



Combining the Spring and Fall sales into one big Event.

After a lot of thinking and debating amongst ourselves, and visiting with our fall bull sale customers, we have decided to combine the fall and spring sale into one big event on the first Tuesday of February each year. The fall seems to be getting busier and busier each year with us doing customer visits, traveling to sale barns to bid on your calves, taking care of fall calving, weaning, and everything else that happens in the fall. Heck, the weekend of our sale last fall, we had to have an order buyer go to work for us as we had a good customer from Dickinson, ND sell the same time. We don't want to make our customers choose, and we don't want to do a job to only part of our ability.

Plus, after visiting with our Fall Bull Sale customers, most were relieved, as they really didn't want to buy in the fall anyway. They did buy because they wanted a coming two year old and still wanted to use Gill Red Angus as their seed stock provider. However, given the choice, it seems that they'd prefer to make the purchase in the spring. So in order to stay true to our customer service promise and best serve our customers, we made the decision to combine both sales into one big spring event.



Time to sell your calves, let's get to work!

Not that all of you haven't been working all year long. You did a great job getting the cows bred and calved out, the feed put up, and the calves vaccinated. Your expenses are high and the calf prices have dropped some. It's as important as ever to do everything possible to make sure you have a little money in your pocket when it is all said and done.

The spring calves are now ready to go to town. They look good, probably even better than your neighbor's down the road. But he seems to get a little better price than you do every year. Why? Does he have the right connections, make a few extra calls to buyers, or is he hooked up with the right seed stock provider?

In today's market, you can't just take your calves to town and expect to get them sold for a top price. If you do, you will most likely sell them for an average price, and then be a little disgusted because money was left on the table. We encourage you to make as many phone calls as you can to get the premium you deserve. If you don't have the time or if you don't want to spend your spare time on the phone, it is completely understandable.

That is why Gill Red Angus started our, "You buy, We bid" customer service program. Since we are your seed stock provider, we believe that we should do more than just sell you a couple bulls and then hope you come back next year. Several times every week, we are on the phone with calf buyers and cattle feeders either trying to develop a good relationship or just keeping one strong. We do all we can to make your calves sell as well as they possibly can. Why would you want to go anywhere else to get your bulls, when this seed stock provider works to put some money back into your pocket?



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!"**

The Gill Red Angus Cowherd

I think of our cowherd as a factory. If something is out of whack or isn't working properly, it messes up the entire factory line. We try to keep our factory as efficient as possible. These cows are all big bodied, easy doing cows that do it entirely on their own.

The majority of our herd calves in May and June. We winter this group of cows in a 2500-acre pasture 6 miles north of our ranch. We save grass for them and hope it doesn't get snow packed. These girls are left up there year round and never come home. At calving time they are moved into a 1440-acre pasture and we see them once a day to weigh and tag. The fall calving cows are in another pasture and are treated the same way. However, after they calve, they are moved closer to home so the calves can get out of the wind when needed. The cows are then fed some better hay and a protein supplement while they are nursing the calf through the winter.

Now for the spring calving cows. These girls winter graze as long as we can. They get some grass hay to chew on after the standing grass is gone, which is usually around Christmas. All of our cows are run just like a group of non-pampered commercial cows. None of them ever see any grain. If they can't do it on grass alone, they don't belong here.

We cull each year, hoping we can continue to get our cowherd better and better. When we select our herd sires, we put on many miles trying to find one that fits our needs. One of our main priorities is to see the dam to the bull before we will even consider using him. We believe that a bull will throw daughters and grand daughters that will resemble his dam. So if she has a bad bag, harder doing, her feet don't look good or she just isn't the type of cow we like, we will just pass him up and continue to look for another top bull.

Every year we use some of our bulls as a test of our program, as we need to know if our genetics work. This summer we used three of our own raised bulls that we either sold half interest in or sold the semen interest to other purebred breeders around the country. These bulls really held their condition great and we are very happy with what we are seeing.

We simply do not have time for problem cows or calving troubles. If there are any problems, the cow is culled come fall. By using the best genetics possible and not using bulls just because they are popular, we feel we make your life, the commercial rancher's, just a bit easier. And hopefully that puts a little more money in your pocket, too, so you can enjoy life a little more.



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



Cow Type

Over the last few years, it has been very common to hear universities, cattle associations, and even some ranchers talk about reducing mature size on their cowherd. Now, we don't think we are smarter than these people. But we do think a bit differently. Yes, there are some cows that are just too big to be profitable. But it works both ways. We believe there are cows that are too small and fine-made as well. We have traveled all over the US the last few years visiting with ranchers and feeders and learning about different types of cows and programs. What we have seen happen is when someone downsizes their herd, if they are not careful, they also lose bone, muscle, and length along with performance and sometimes feedlot efficiency. When a herd loses this, they also lose their marketability, as most calf buyers and feeders don't want to buy cattle of this type. It has been proven over and over again that feeders will pay the most for cattle with a decent frame size and good muscle. From experience, we firmly believe that you can do both: raise calves that the feeders want and cows that work in a grass only environment.

We do just that. Our cows are deep bodied and in the 5.5 to 6 frame area. They see only grass and pasture with no grain and stay in good condition. Yet we also have the kind of cattle the buyers love to feed. This is proven to us by the number of calls we get from feeders telling us they want to feed our genetics. So before you go and change your cowherd to make them smaller, we encourage you to take a look at some of the ranches that have done this. Or go and visit with a couple feedlots or sale barns and see for yourself what the market demands. We are not saying that we need to be raising elephants, but we do believe there is a happy medium that will work for everyone.



Gill Red Angus as a Seedstock Provider

At Gill Red Angus, we do much more than just sell you a bull and hope you come back for our next sale. We stay in contact throughout the year in several different ways. The first way is through this newsletter. All of our customers get it by mail, and then we have www.cattlemailusa.com send out an email blast that hits several thousand ranchers throughout the country. This keeps you updated on our program throughout the year.

We also make customer ranch visits in the later summer months to see how our bulls held up, to see their calves and get an idea of what they look like for when we visit with calf buyers, and to just get to know our customers a bit better. Sale day isn't a good day for visiting. Heck, I hardly remember it all when the day is over; there are just so many things going on at once. We like to visit with you one on one and get to know your program a little better.

One service we've begun this year is taking a few photos of your calves when we're at your place. We can then take these photos and email them to potential calf buyers. This is just another component of our service to you. Our biggest customer service offering is the "You buy, We Bid" program. This is a big deal for our customers as it has helped add value to your calves. All you have to do is become a Gill Red Angus commercial bull or heifer customer and we will do our best to make you a little extra money come calf selling day.



Year Round Calving

After you see the calving seasons of the bulls and heifers selling in the February sale, you may think, do these guys even have a plan? From the outside looking in, it looks like we don't. But in all honesty we do. We actually calve in the spring, early summer, and also in the fall. In June we breed for 45 days for our spring calving program; in August we breed for 45 days for our summer calving program; and then in November we breed for 45 days for our fall calving program. By having three different breeding/calving seasons we can do a few things. First it lightens our workload up so everything doesn't calve in one season. Secondly, we only need half of the bull power. We can and do use the same bulls on each different season. This way we don't need to have several more very expensive bulls running our pastures. Finally it gives you, the customer, more of an age variety and different groups of bulls to choose from.

Annual "You Buy, We Bid" Bull and Heifer Sale

February 2nd, 2010

170 Bulls

- 80 head of Coming two-year olds
- 40 head of 16 month old Fall born bulls
- 50 head of spring born yearlings

250 Females

- 200 head of commercial open replacement heifers
- 50 head of registered cows, fall pairs, bred heifers, open heifers, and flushes



The sale will be broadcast on RFD-TV with the help of Superior Livestock.

I can't tell you how excited I am about this group of bulls. This is by far the best set of powerful, heavy muscled, easy doing, big ribbed, very complete set of coming two-year old bulls. They have been on grass since early May and will be until September sometime. They will then go into a bigger lot and get fed some distillers, oatlage, and hay in a TMR. They have never and will never get a bite of corn. These bulls are hardy and will last for their new owners. The fall and yearling bulls are very good as well, but I just get more excited with the two-year olds as we have watched them develop over the last year and a half. We again have a good set of embryo transplant bulls in the yearlings and fall bulls. They are some of the absolute best genetics the breed has to offer.

The commercial open replacements are again a top set of heifers that will be consigned by a few of our bull customers. These heifers are out of very good commercial cows and the owners of the heifers make a living on the cattle, not the other way around. The registered females will be from a variety of types like mature cows, bred heifers, and open heifers, plus there will be a few fall pairs, a future flush or two and maybe even a donor cow. They will be from the heart of our program and will work in any herd in the country. They will be the mothers and sisters to the bulls selling. What a way to buy females - you can actually see what their potential really is when you take a look at the bulls selling.

Let us know in advance

When selling your calves please let us know a couple weeks in advance when and where you are selling. If we don't know you are selling, we can't help. Plus if we don't have enough time to make all contacts to gather as much interest as we can in your calves, we are usually leaving money on the table. We don't like that, and we know you don't either.

30th Anniversary for Gill Red Angus

Wow, we can hardly believe it, but this fall marks Gill Red Angus's 30th Anniversary is the Red Angus Business. The first registered cows we ever purchased were at the Enid School Dispersion in Enid, OK in September 1979. Dad came home with 4 cows at an average price of \$1400 a piece and Grandpa thought he was crazy. From their Dad and Mom got a few cows from Roland Landry in WY and a year later they purchased several 3 year olds from the legendary Boot Jack Ranch of MT. It has been a good 30 years and we have really enjoyed it. Today Gill Red Angus has grown into a larger family operation with Larry and Janet and three of their 4 sons and their wives, Kenny and Laura, Brent and Emily, Bryan and Kristen and their two boys, Holden and Hudson. God willing, we will have another good 30 years in front of us!



Our Perspective: The Industry Isn't Changing. It Has Changed!

- Troy Marshall

If I had a nickel for every time I heard an industry speaker talk about the rapid rate of industry change, I'd be a wealthy man. Of course, the important thing about all of those speeches is they're spot on.

This industry is drastically different than just a few short years ago. In fact, it would probably be easier to make the case these warnings of dire change are, if anything, understated.

The inherent danger of such remarks, however, is they usually depict these changes as being off in the future, things for which a person has plenty of time to prepare. Perhaps the message shouldn't be that things are changing but that the industry has changed, and the window to catch up to those changes -- without suffering penalties -- is closing.

Sure, the beef market still sports a lot of facets indicative of a commodity product. But the reality is that, if you're still selling your cattle as an undifferentiated commodity today, you're doing it by choice not necessity. On any given day in the market, we still see price spreads as large as \$20/cwt. within weights of cattle; that's without including differences in condition, pre-conditioning programs, etc., that can increase that price differential even more.

In a post-BSE world, there's no longer any discussion about whether there will be value in source-, age- and process-verified cattle. The premiums are there, the systems have been developed, and the early adaptors have already reaped the premiums.

Feed yards, packers and everyone up the chain from the cow-calf level have been building extensive databases. They not only know incredible value differences exist between cattle, but they're defining what those value differences are, and who is providing cattle above and below the norm.

The ramifications are huge for every business segment. The days of buying cow fresheners, or people raising their own bull because he looked good, are well past. The days of buying a pen of cattle you know doesn't have any carcass merit but you figure can sell within \$2/cwt. of the best pen of fed steers are past.

I worry that the industry has wasted these last years of great profits; that we didn't prepare for the changes like we should have. We're all geniuses in good market times, but we really haven't felt the impact of all these changes, and we won't until supplies get to the point where the market can really begin to differentiate. That day is rapidly approaching.

The Hidden Costs of Cows

Article from the 2008 winter issue of Ranch World Ads Magazine. Article written by Dave Pratt of The Ranching For Profit School

Three years ago we were all waiting for calf prices to improve. Ironically, it is when calf prices are highest that our cows are least profitable. That bears repeating: when calf prices are highest your cows are generally least profitable. To understand why, we need to understand what it costs to keep cows.

I bet that if you asked your neighbor what their highest cost of keeping cows is, they'd say feed or land. A few might even say labor. If we actually charged for our own labor they might be right. But while all of these costs are significant, none is the biggest cost of keeping cows for most ranchers. The biggest cost is a bit more obscure, but no less real or painful to pay. It is depreciation.

Cows Depreciate:

The average cow has 3 calves in her lifetime. Don't believe me? Do the math. Consider a herd in which 80% of the cows exposed to a bull actually wean a calf and stay in the herd (20% replacement rate). The average herd in North America has a higher replacement rate, but I'll use a more conservative figure to illustrate the point. Using a 20% replacement rate, only 51% of the cows would be left in the herd after 3 years. This statistic comes as a surprise to most ranchers. We tend to remember our 8-year-old cows that have a calf every year, but they are the exception, not the rule.

Let's assume that you'll be able to buy bred replacements for \$1,000 each and your open culls will fetch \$500/head. That's \$500 of depreciation in 3 years or \$167/year. If we take death loss into account it's even worse.



(Continued) A dead cow in this scenario depreciates \$1000. If death loss is 1% it will increase average depreciation to around \$175/cow/year! Now for the bad news, the cattle cycle intensifies the impact. The average replacements purchased at the peak of the cycle will be culled when prices are going down. That will make the annual depreciation over \$200!

Now let's find the good news in all of this. Depreciation on those cows purchased during the low part of the cycle may be less than \$50 per year. In fact, some of our clients have restructured their businesses so that their cows appreciate in value! By adding value to culls (e.g. breeding, increasing weight, etc.) or taking advantage of the seasonal peaks in the cull market, they've been able to minimize depreciation and in some cases eliminate it all together.

At a recent talk in Nebraska I asked a group of about 40 ranchers to raise their hand if they were in the cow-calf business. Nearly everyone raised their hand. Then I asked them to raise their hand to show me who was in the cull cow business. Only one or two in the audience raised their hands. But if you are in the cow-calf business you are also in the cull cow business. This is an important distinction.

After calculating the cost of depreciation in his herd, a client in the Texas panhandle exclaimed, "I'll never sell a cull cow again!" At first I thought he was kidding, but then he explained, "I've just realized that I can't afford to sell culls. I need to find a way to add value to every animal that leaves my ranch." He began studying the annual cull market cycle and sold cull cows when the market dictated. He made sure he put weight on his thin culls. He put bulls in with his open cull cows (although they no longer matched his calving schedule, they fit someone's somewhere). In short, he went into the cull cow business, but if you were to ask him, he'd tell you he never sold a cull cow. The bottom line is that he eliminated cow depreciation in his business. Managing depreciation is critical when you are Ranching for Profit.

Be sure to check out our website www.gillredangus.com for the latest information and photos.

Marketing - Source: Jane Parish, MSU Extension Beef Cattle Specialist

Cattle producers must market to stay in business. Breeders who take the approach that they do not wish to sell any good animals and only wish to sell a few culls will have difficulty marketing for profitability. Livestock marketing columnist Keith Evans once stated that, "The quickest way to kill a poor quality product is to advertise it heavily." In other words, it is important to develop a reputation for good quality cattle. A quality product is something worth marketing.

There are many different perceptions of "quality." Ultimately, a commitment to quality is needed in the cattle business. A cow-calf producer affects the marketability of calves when breeding stock is selected. It has been said that, "Any type of cattle can be sold at a price." However, the goal is to produce cattle that can be marketed profitably. Breeders have the option to produce cattle to meet their own desires and preferences. Yet it is important from a marketing standpoint to produce cattle to meet the desires of potential buyers. Auction market studies in Kansas and Arkansas have shown that a "good" feeder calf that is rewarded by top of the market prices has the following characteristics: 1) medium or large frame; 2) muscle score 1 or 2; 3) weaned and healthy; 4) moderate flesh and fill; 5) dehorned, castrated, and vaccinated; 6) desirable breed composition; and 7) ready to eat feed and gain weight.

Producers who work to achieve an industry reputation for quality cattle will be in a position to attract more potential buyers to their product. For instance, a producer whose calves perform very well in a feedlot and on the rail may create opportunities where feedlots familiar with the producer's calf performance history and potential will bid on or offer to partner on the producer's feeder calves. With an increasing number of cattle being marketed on value-based carcass grids, the cattle that have documented potential for added value on the rail are worth more as feeder calves when marketed to capture that added value.

Information is worth money in the cattle industry today. Useful information for marketing purposes may include: 1) breed composition; 2) individual or group birth date; 3) weaning date; 4) performance information or herd history such as actual and adjusted weights, feedlot performance, carcass data, and ultrasound body composition scan results; 5) management practice specifics concerning creep feeding, nutrition, weaning/preconditioning, and herd health programs. With information gathering and sharing opportunities seemingly endless in the beef industry at present, why leave money on the table by not collecting and marketing valuable cattle information?



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



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 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 our annual production sales in February. (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 and vet supplies available to all customers.*
- ✓ 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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