

Para-Phrased article, **ALLIANCE OFFERS PROFIT POTENTIAL**, found in Volume 3, Issue 1 of the Charolais Edge.

Through documented success at the feedlot and packer level, Charolais-cross cattle have created significant interest from both segments of the industry, increasing demand for Charolais bulls in designed crossbreeding systems.

Through an alliance with GeneNet and Swift & Co., American International Charolais Association (AICA) has taken the next step to offer purebred and commercial users of Charolais genetics addition benefits when marketing their product. This agreement, although not the first of its kind, offers tremendous profit potential for cattlemen who can identify genetics that will ring the bell at harvest.

The new alliance takes in two partners who have been very aggressive in securing a supply of genetics that will garner premiums through grid marketing. GeneNet and Swift & Co. have provided customers bonuses for cattle that can meet specific carcass targets. Over the last six years, GeneNet clients have marketed over 600,000 head of formula cattle through Swift & Co totaling premiums of over \$14 million. The Swift Premium Classic band will identify non black-hided cattle and pay premiums based on quality and yield grade specifications.

“Combining all the traits Char-cross cattle offer, they could become the Continental breed that offers the most advantages to the cow/calf man. Since the premiums paid through this carcass formula are based on yield and quality grade, there is a lot of potential for the smokey cattle,” says Ken Conway, GeneNet, Hay, Kansas.

“There are only a few grids that offer carcass premiums for non black-hided cattle. Since the Char-cross cattle tend to be a lower yield grade this formula should fit the genetics,” Conway says. “A lot of grids only pay a \$3 Certified Angus Beef (CAB) premium; this grid will pay \$4 Swift Premium Classic. This is a monumental step for non black cattle and will take a concentrated effort to develop supply.”

Obviously, CAB set the standard for premium marketing systems. It is Swift & Co.’s vision to reward cattlemen who can provide them a product that combines both quality and yield. Case-ready has impacted the way packing companies do business and high yielding cattle are rapidly becoming the future.

“The Swift Premium Classic brand will add value to everything in our cooler,” Schifelbein says. “This is a program for upper 2/3 Choice non black-hided cattle similar to CAB. The next step in the evolution is finding a home for similar beef.”

“As case-ready increases, so will premiums for yield grade, Conway says. “Cattle harvested at Yield Grade 2 are obviously more efficient. Charolais cattle are cheaper to feed and can yield grade bonuses.”

“We are not saying producers have to get all the cattle to hit the Premium Classic target, because there is a huge premium for the Choice [Yield Grade] 1s and 2s. Once cattlemen start moving in the right direction with their product the premiums will come,” Schifelbein says. “The smokeys hit the target pretty well already. With further genetic selection, more premiums will become available.”

“Charolais has the genetics to make upper 2/3 Choice, Yield Grade 2 cattle. The Choice/Select spread has doubled over the last 10 years.”

“Having the Premium Classic grid available gives feedlots incentive to go buy Char-cross genetics because they can buy these calves with a premium option built-in that is almost equal to or greater than CAB. Even without retained ownership, feedlots can pay more for good Charolais-cross calves because of increased profit potential,” Conway says. “The premiums offered without the black hide should increase demand for Charolais bulls. Charolais is the only Continental breed that can produce carcass quality on a consistent basis.”