



Gardiner Angus Ranch Plans for 25th Annual Production Sale

Even before the cattle are loaded out and the 2003 sale offering had homes with their new buyers, plans were in the making for the 25th Annual GAR Production Sale. The offering won't be remarkably different since focused and disciplined programs make deliberate and gradual changes. The difference in the 2004 sale offering is the documented fact that the cattle are even more predictable than the last offering.

Again, we will sell approximately 1,000 head including 400 bulls and 600 females. As in previous years, we will sell at least 25% of our cow herd, including approximately 30 donor females. Most in the registered Angus business know our donor females go on to generate hundreds of thousands of dollars for their new owners and continue to produce

signature sons and daughters in herds across the country.

Our bulls represent a total AI and ET program. No clean up bulls are ever used on our cows. The majority of the bulls (73% in 2003) are the result of embryo transplant. The bulls have recently completed an 85 day test at Beeiland and Triangle H Feedyard, Garden City, KS. Their ADG was 5.52 lbs./day with an avg. dry matter conversion of 4.43 lbs. Remember, GAR bull customers can use our USPB delivery rights and gain access to one of the most successful value-based marketing systems in the country.

Mark April 4, 2004, on your calendar and join us in Ashland, KS for our 25th Annual Production Sale.

(GAR Customers continued from page 2)

U.S. Premium Beef, sponsoring special video auctions, feedlot relationships and management and genetic consulting and assistance. AngusSource marketing tools enable GAR customers to provide documented source and genetic information on an individual head basis. "We feel obligated to provide as many opportunities as possible for our customers to realize more value from their investment in GAR genetics. We believe added value is the price paid for accurate information. Participating in AngusSource is one more step

in source verification that documents superior genetics," states Mark Gardiner.

For more information about the AAA AngusSource program, contact Matt Perrier, commercial programs department at 816.383.5100. For more information about the Profit Proven Commercial Replacement Female Sale, contact Giles Ranch Co. at 620.826.3683 or Mark Gardiner at 620.635.2932.

(Troy Marshall - Continued from page 4)

able lessons through an activity the whole family can participate in, and one that is a whole lot of fun. The difference is focusing on the job that your customers are hiring your product to do, and rejecting the zero sum mentality that more often than not focuses on creting resentment through the manifestation of success envy.

Remember all brands start out as hollow words, slogans, logos, and images, until marketers attache meaning to them. If a brand's meaning is positioned on a job to be done, then when a job arises for genetics they will

remember your brand and hire your product. Customers are willing to pay a significant premium for brands that do a job well. The key is in understanding what the job is that they are hiring your product for. When it comes to genetics, the answer is fairly straightforward. What they want their genetics to accomplish doesn't change quickly (profitability, ease, convenience, growth, carcass, maternal, etc.). Your product offering will succeed to the extent to which they help customers accomplish what they are already trying to accomplish more effectively and in an easier manner.

Summary of Grid Performance, FY 2003

By Brian Bertelsen, Director of Field Operations

During fiscal year 2003, U.S. Premium Beef continued to reward high quality grading cattle that also yielded well. The top 75% of USPB cattle in fiscal 2003 earned grid premiums of more than \$25 per head. Part of the reason for that success was the fact that USPB members delivered cattle that were 64.12% Choice or higher—the second highest in USPB history, down only slightly from 65.46% last year. These results are even more impressive when you consider how current feedlots were in marketing cattle during much of the year resulting in cattle being sold with less finish.

The average Choice/Select spread was also the second highest at \$8.71 per cwt.—compared to the record of \$10.22 per cwt. in fiscal 2000. Both of these factors combined to generate a record quality grade premium of \$18.59 per head, which was up from last year's high of \$17.26 per head. Table 1 lists the premium breakdown for the last three fiscal years.

Members also delivered a record percentage of black-hided cattle at 69.36%. Each year members ship a greater percentage of black cattle to capture premiums offered for Black Angus branded programs. As a result, a new high for Farmland Black Angus Beef® (FAB) was set at 5.98%.

	Fiscal 2001	Fiscal 2002	Fiscal 2003
Quality Grade	\$16.78	\$17.26	\$18.59
Yield	5.10	10.85	6.10
Yield Grade	-1.74	-3.52	-6.50
Outweights	-1.71	-2.38	-2.33
Hide Premium	0.16	0.18	0.03
Overall	\$18.59	\$22.39	\$15.89

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Mule Creek Ranch Tops Pratt Market

Profit Proven Group member, Mule Creek Ranch, recently sold 269 steer calves sired by GAR bulls at Pratt Livestock. The calves average weight was 496 and sold for an average of \$1.32/lb. The calves averaged \$15/cwt over market for all other calves sold for the day.

38 hd weighing 424 sold for \$1.46
 97 hd weighing 483 sold for \$1.37
 91 hd weighing 516 sold for \$1.295
 43 hd weighing 561 sold for \$1.185

Many of the female mates to the steers that topped the market will also sell in Pratt, December 1.

Fiscal 2003 was a strong year of growth for USPB NBP Acquisition Tops Successful Year

By Steve Hunt, USPB CEO (reprinted with permission)

We will likely look back on fiscal 2003, our fifth full year of operations, as one that culminated in our successful acquisition of Farmland's interest in National Beef Packing Company (NBP) and in securing controlling interest in the nation's fourth largest beef producer. While this event is significant to USPB members and the growth of our company, fiscal 2003 was also noteworthy for the continuation of benefits provided to our members. Guaranteed market access, a competitive consumer driven grid and a sound investment remain the foundation behind the success of USPB.

Market conditions were favorable to reduce the concerns of market access in fiscal 2003. With over five years of experience, it is easy to take for granted the guaranteed market access provided along with unique delivery and carcass data systems we have developed.

Fiscal 2003 saw several extraordinary events impact the grid premiums realized by our members. First, the underpinnings of strong demand and limited supplies fueled near record beef and cattle prices.

While the return to profitability was a welcome site, it encouraged members to market cattle quicker than in previous years thus impacting carcass performance. Grade and dressing percent dropped, but were somewhat offset by higher premium product prices paid on our grid.

Second, a combination of strong feedyard performance and drought stress (during the growing stage of many of the cattle that were harvested in fiscal 2003) combined to nega-

tively affect the relationship between ribeye area, fat thickness and carcass weight. This caused an increase in Yield Grade 4 and 5 carcasses.

In spite of those challenges, USPB saw increased demand from our members for additional shares, both to lease and buy, during fiscal 2003. USPB share prices reached a new high of \$145. The fiscal year weighted average share transfer price was a record \$138.74 per share, a 27% increase over fiscal 2002.

Fiscal 2003 was also a great year for our processing company. Excellent demand, fewer pounds of beef on the market and the disruption in beef exports from Canada, fueled National Beef's profitability.

During fiscal 2003 we initiated a three-year plan to increase the capacity of our Dodge City facility. NBP continued to maintain a strong market share of the chilled beef export business to Japan. And, we received FDA approval and additional independent validation of our food safety initiative, activated lactoferrin.

National Beef continues to operate in a very competitive industry. The commitment of USPB members to deliver superior product remains a decisive advantage for our processing company. That is an advantage that will serve National Beef even more in the coming years as we strategically move to meet the demands of today's consumers around the world.

(USPB Grid Performance continued from page 5)

ven with more black-hided cattle, Certified Angus Beef® (CAB) qualifying carcasses decreased. This was partly due to an increased incidence of Yield Grade 4 and 5 carcasses, which cannot qualify for either CAB or FAB.

The percentage of Prime carcasses also decreased in fiscal 2003. This is further evidence that there were fewer cattle with the higher marbling (upper two-thirds of Choice) necessary to qualify for CAB and Prime premiums.

The percentage of Yield Grade 3, 4 and 5 carcasses all increased in fiscal 2003. This has been an industry trend resulting from increased production of overly fat carcasses.

The U.S. Premium Beef grid continues to reward high quality cattle that excel in quality grade and yield. For the third consecutive year USPB's top 25% carcasses averaged more than \$45 per head in grid premiums during fiscal 2003. The top 50% of USPB carcasses averaged premiums of more than \$33 per head for the year.

Plan now to join us Saturday,
April 3, 2004, for the Gardiner Angus
Ranch 25th Annual Production Sale.



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The GAR REPORT

Fall 2003

PROUD TO BE A FOUNDING MEMBER OF U.S. PREMIUM BEEF.

Editor's note:

The Fall issue of The GAR Report is full of marketing and management information from both Gardiner Angus Ranch and our customers. See the details regarding the 2nd Profit Proven Gardiner-Influenced Commercial Replacement Female Sale. The Profit Proven offering has been enrolled in the AngusSource Program and will sell with identifying ear tags in the December 1 sale in Pratt, KS.

Also in this issue, we have included another CIDR article. Gardiner Angus Ranch relies heavily on the use of CIDRs as a synchronization tool.

Once again, Troy Marshall, Seedstock Digest, shares his insight in his timely "Top 10 Principles to Ignite Powerful Changes" article.

Profit Proven Female Sale to offer 1150 head of GAR-influenced genetics



Approximately 550 replacement heifers (including bred heifers and 6-wt. calves) will sell in this year's offering. All are sired by sons of Gardiner sires or out of GAR influence cows.

Since 1999, GAR influenced cattle sold through U.S. Premium Beef® have returned premiums and dividends to our customers over \$1,293,720.00!

Since 1885



If you have industry related questions or specific issues that may be addressed in the GAR Report, please submit to:

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The 2nd Annual Profit Proven Gardiner-influenced Commercial Angus Replacement Female Sale will be held Monday, December 1, 2003, at Pratt Livestock Auction, Pratt, KS. Five long-time Gardiner Angus Ranch customers will offer young cows and heifers sired by Gardiner sires or sons of GAR sires. The females come from diversified commercial cow/calf, stocker and feeder operations raised in large native pastures and open range country.

The mature females are proven producers and their calves have done well in retained ownership and value-based marketing systems such as U.S. Premium Beef. The heifers are bred to be the same dependable producers for years to come.

The entire offering has been enrolled in the AngusSource Program and will sell with AngusSource ID tags verifying state of origin and herd location.

The Profit Proven Group is represented by the following ranches:

GILES RANCH COMPANY is a commercial cow-calf, stocker-feeder operation utilizing dominantly native grasses. They run approximately 1,400 commercial Angus cows and retain ownership on the majority of their calves. The ranch is a founding member of US

Premium Beef. Since 2000, their home raised calves, processed through USPB, on average have graded 81.36% choice or better, 4.66% prime, 33.35% CAB, and yielded 63.97%. The Giles' had the Grand Champion overall steer at Beef Empire Days in Garden City this year. He was fed at Triangle H and weighed 1,246 lbs., graded low choice and was a YG 2.39. He had a 15" ribeye, .48" backfat and dressed at 65.65%. In addition to cattle, the ranch has farming, hay, and recreational hunting enterprises. The Clark County ranch was established in 1947 by Norman Lee Giles and his father, Norman A. The ranch is currently operated by Norman Lee, his son Roger and their families.

XIT RANCH is located in Meade and Seward counties of Kansas and Beaver County, Oklahoma. The ranch is primarily a commercial cow-calf operation, while also maintaining a stocker-feeder program. In addition, it utilizes irrigated farm land. The ranch was purchased by H.G. Adams in 1903 to compliment his operation in Maple Hill, KS. The ranch is operated by the Adams Cattle Company, a founding member of US Premium Beef. Its partners are Raymond E.

(Continued on page 2)

(Profit Proven continued from page 1)

Adams, Jr., Raymond E. Adams, III, John C. Adams, and Clay S. Adams.

IRSIK RANCH is a 1,000 head cow operation primarily located in NE Finney Co., Ks. The ranch management philosophy revolves around the following goals: the calves will be born unassisted from a moderate framed efficient mother, the calf will gain at least 3 lb/day on wheat pasture, will gain 4 1/2 lbs/day or better with a 5.5 conversion in the feed yard, to be harvested at 14 months of age while producing a yield grade 2 carcass, that is 100% choice or better. Irsik Ranch totally manages the production system from conception through wheat pasture into the feed yard and marketed 100% of the calf crop through their ownership in USPB. The ranch has been utilizing artificial insemination (AI) on the replacement females for 10 years along with ultrasound selection for marbling and back fat. Any replacement female not meeting a choice or better scan or with more than .3 back fat is sent to the feed yard. For several years, the entire herd bull battery used at Irsik Ranch is sired by Gardiner bulls. The ranch and cow herd is managed by Jim Reimer, assisted by Raymond Inguanza.

MULE CREEK RANCH is located between Coldwater and Medicine Lodge, Kansas. The ranch is an all grass operation that runs approximately 900 commercial cows. The ranch is committed to developing sound reproductively efficient females. Through an intensive AI program and disciplined sire selection from Gardiner Angus Ranch, Mule Creek Ranch has developed an economically efficient cow herd that calves in April and May.

MERRILL RANCH covers 27 sections of the red hills of Kansas. It is a diversified operation with about 850 mother cows, 100 plus replacement heifers, and 35 to 40 bulls plus 1900 acres of farmland, devoted to wheat and sorghum. The ranch was purchased by H. A. Merrill and began operating in 1937. The ranch is now held by a trust in Kansas City. Dee's father, Virgil Scherich, began working for Merrill Davis Nolan Grain Company on the Z-Bar Ranch in 1938. Scherich then moved his family to the Merrill Ranch in 1945 where he assumed management shortly. Dee worked for the Ranch while growing up, then left in 1957 to attend Ottawa University, earning a BS in biology in 1961. Dee & Phyllis, with their 3 sons, returned to the Merrill Ranch in 1976 to assume management.

For further information regarding the Profit Proven sale offering, contact: Giles Ranch, Roger Giles 620.826.3683 or email: gilesranch@midway.net; Merrill Ranch, Dee Scherich, Manager 620.738.4471 or email: lpsch@havilandtelco.com; XIT Ranch, John Adams 620.563.7532 (mobile) 620.621.4017 or email: jcadams@carrollswb.com; Irsik Ranch, Jim Reimer, Manager 785.848.2211 (mobile) 620.357.5497 or email: r7jim@yahoo.com; and Mule Creek Ranch, Kim Leeper 620.248.3265.

AngusSource Offers New Marketing Tools

In an industry that gets more complex each day, a return to simplicity is long overdue. Commercial cow-calf producers want to be paid for what they produce. Buyers want more information about the cattle they purchase. But, neither wants to add large amounts of record keeping, labor, or cost to achieve this objective.

To fill this need, the AngusSource program, which is provided by the American Angus Association, has been enhanced to serve as a more visible method of conveying valuable source, genetic and management information between producers and potential buyers. AngusSource was formed from the Association's Internet-based listing of Angus-influenced cattle for sale and provides documented information about Angus-influenced commercial cattle for sale.

"Commercial cow-calf producers across the country are looking for ways to improve the profitability of their operation," says Matt Perrier, director of commercial relations for the Association and coordinator of the AngusSource program. "AngusSource provides an easy, affordable way to capture the information many producers already have and turn it into dollars. In today's beef industry premiums aren't paid on the cattle you sell, they're paid on the information you provide."

An official AngusSource visual tag, available from the Association for \$1 each, enrolls Angus-influenced cattle into the program. The basic parameters of the program include:

- Both feeder cattle and replacement females can be enrolled.
- Cattle are enrolled as a group with no ties

to sire or dam required.

- Permanent, pre-printed tags show the U.S. state of group's origin, site ID number, within-herd tag number (customized to cow-calf producer's specifications), and unique 15-digit ID number.
- Tags are shipped directly to the producer, minimum order of 20 tags.
- AAA registration numbers of all calves' sires and/or dams' sires must be provided.
- Breed make-up of calves must be at least 50% Angus.
- Prior to marketing, official documentation may be printed, listing the group's source, genetics, and management information for potential buyers.
- Tagged cattle are eligible for online marketing listings, participation in special AngusSource program sales (where available), and other marketing opportunities.
- Tags can serve as a medium for data transfer from feedyards or packing plants, but do not guarantee data feedback. Arrangements for data collection and feedback must be made between buyer and seller at marketing time.

AngusSource offers commercial beef cattle producers a simple and comprehensive way to convey the source, process and genetic information about Angus-influenced cattle to potential buyers. To order tags and enroll calves in the AngusSource program, go to www.angussource.com or call the Association's commercial programs department at 816-383-5100.

GAR Commercial Customers Some of First to Enroll in AAA AngusSource Program

The Profit Proven Group, in conjunction with Gardiner Angus Ranch and Ashland Vet Clinic, will be one of the first in the U.S. to enroll an entire sale offering of documented replacement females in the American Angus Association's AngusSource program. The Profit Proven Group includes Giles Ranch Co., Merrill Ranch, XIT Ranch, Irsik Ranch and Mule Creek Ranch. Each ranch represents a diverse, Kansas-based, ranching operation. All are Gardiner Angus Ranch commercial customers and have recently purchased AngusSource visual ID tags for all females offered in their commercial replacement female sale to be held December 1 in Pratt, Kansas.

By enrolling steers or heifers in the program, visual ID ear tags will display coded information documenting herd location, farm

or ranch of origin and national ID number. In addition, documentation will accompany the cattle, outlining the birth date, sire registration number, breed make-up and health, management and marketing information of the group. Matt Perrier, director of commercial relations for the American Angus Association states, "Commercial cow-calf producers are looking for ways to improve the profitability of their operation. AngusSource provides an easy, affordable way to capture the information many producers already have and turn it into dollars. In today's beef industry premiums aren't paid on the cattle you sell, they're paid on the information you provide."

Gardiner Angus Ranch continues to develop enhanced marketing opportunities for their commercial customers by providing access to

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“New” CIDR + Prostaglandin Synchronization System

— Reprinted with permission

Pfizer Animal Health received FDA approval to market an intravaginal, progesterone-releasing device, called a CIDR (pronounced “see – der”; Figure 1). This device can be combined with a prostaglandin F2a injection (Lutalyse, Prostaglandin, or Estrumate) to synchronize estrus. The CIDR device can also be used to resynchronize estrus.

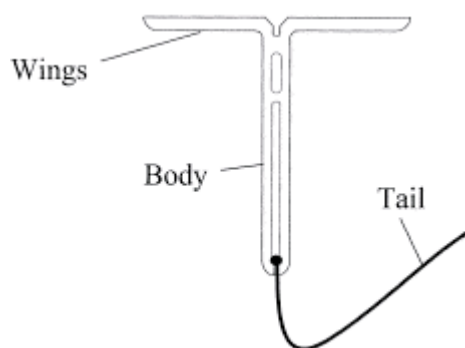


Figure 1. EAZI-BREED™ CIDR® containing progesterone in elastic rubber molded over a nylon spine.

injection is given 1 day before CIDR removal. CIDRs have been available in New

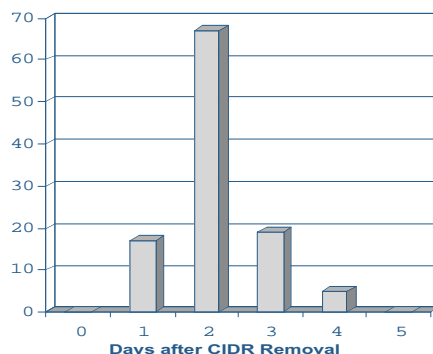


Figure 3. Distribution of estrus following CIDR + Prostaglandin treatment (Prostaglandin injected day before CIDR removal)

Zealand since 1988. The New Zealanders have described a method of using the CIDR device to resynchronize cows or heifers that fail to become pregnant following estrus synchronization and the first insemination. The

after withdrawal of the CIDR.

The pregnancy rate to the second inseminations following CIDR resynchronization has been reported to be as high as that following the first synchronized heat. This method of resynchronization can be used to enhance the efficiency of estrus detection in cows or heifers that fail to conceive to the first insemination and to improve the efficiency of labor need for estrus detection.

After insertion for 7 days a CIDR contains some residual progesterone. The residual progesterone is available if the CIDR is cleaned and reinserted into the vagina of another cow.

The manufacturer recommends NOT to reuse a CIDR device. Information available on the package and on the manufacturers website (<http://www.cidr.com/>) clearly advises against reuse with the following warning:

“EAZI-BREED™ CIDR® Cattle Insert is designed for one-time use. Used inserts may contain bacteria that cannot be removed. Potency and sterility cannot be assured with multiple use. After removing each EAZI-BREED CIDR Insert, dispose of it immediately in a sealed, plastic container in accordance with applicable local, state and federal regulations.”

Researchers at Kansas State have reported that cleaned and disinfected CIDRs can be used to successfully synchronize estrus. Reuse of CIDRs has become a common practice in the field and producers constantly inquire about the efficacy of reusing CIDRs. Researchers at Virginia Tech conducted a study to determine how many times CIDRs could be reused.

The purpose of a CIDR in the CIDR + Prostaglandin treatment (Figure 2) is to keep cows from coming into heat until the CIDR is removed. So the experiment at Virginia Tech determined how many times a CIDR could be used for 7 days to stop cows from coming into heat. Cows were treated with Prostaglandin to synchronize heats, but before they could show heat a new CIDR or a CIDR that had been used for 7 days on one (2nd use), two

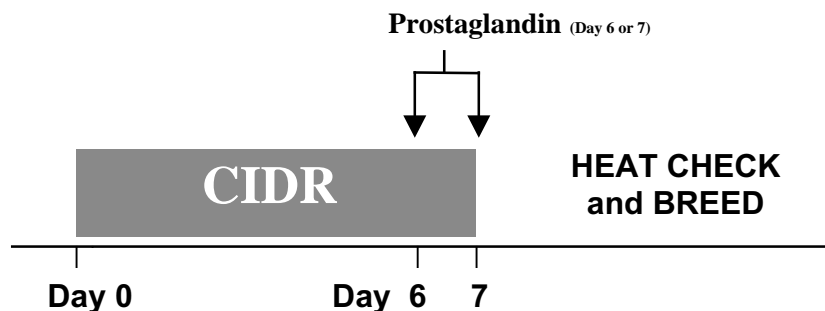


Figure 2. Treatment schedules for CIDR + Prostaglandin system used to synchronize estrus

The manufacturer-recommended protocol indicates that one new CIDR should be placed in the vagina of a cow or heifer and left in place for 7 days (Figure 2). Prostaglandin is administered 1 day before CIDR removal or at the time the CIDR insert is removed. Breeding is recommended to occur 12 hours after heat detection.

The function of the CIDR device in this system is to temporarily inhibit estrus and block ovulation in animals originally destined to exhibit estrus during the CIDR period. Conversely, among cows or heifers originally destined to cycle after CIDR removal, the injection of Prostaglandin hastens the onset of estrus. Estrus is synchronized in the majority of animals treated with CIDR + Prostaglandin during a 3- to 4-day period following CIDR removal (Figure 3). If the Prostaglandin injection is given the same time as the CIDR is removed, heats occur a bit later and are slightly less synchronized than if the Prostaglandin

timing of the return to estrus in non-pregnant cows or heifers is controlled by inserting the CIDR approximately 13 days after the first detected estrus and removing the CIDR 7 days later. Estrus in cows and heifers not pregnant to the first service is resynchronized, with most non-pregnant animals exhibiting estrus approximately 48 hours after CIDR removal. If the animal is pregnant it should not show heat

New (1 st Use)
2 nd Use CIDR
3 rd Use CIDR
4 th Use CIDR
5 th Use CIDR
6 th Use CIDR

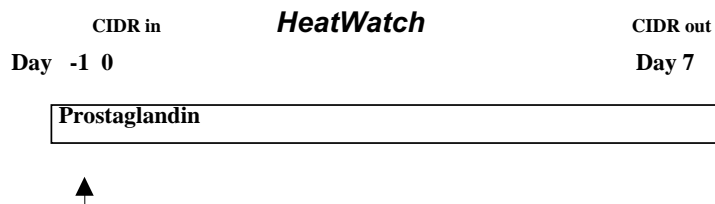


Figure 4. Experiment to compare use of new or reused CIDRs. * Each use 7 days.

(CIDR + continued from page 3)

(3rd use), three (4th use), four (5th use) or five (6th use) previous occasions was inserted (Figure 4). Heat was checked continuously using an electronic heat detection system (HeatWatch).

Estrus was blocked for the entire time a new, 2nd use, 3rd use or 4th use CIDR was in place. During the 5th use of the CIDRs 50% (3/6) of the cows showed heat before the CIDR was removed and on the 6th-use all of the cows were detected in heat before the CIDR was removed. The experiment proved that CIDRs can be used for up to four times (7 days each use) to keep cows out of heat.

The data indicate that CIDRs can be used up to four time, but less progesterone is

released each time the CIDR is used. The amount of progesterone released from a reused CIDR may be enough to suppress estrus, but there has been no research to determine if lower levels of progesterone released from reused CIDRs is less effective than the levels released from a new CIDR. When reused CIDRs are employed, the timing of estrus after CIDR removal may be altered. Therefore, it is probably best to use estrus detection rather than a timed breeding program when synchronizing with used CIDRs (especially 3rd and 4th use CIDRs).

CONCLUDING STATEMENT

The use of CIDRs in estrus synchronization

and ovulation control programs is increasing. The CIDR + Prostaglandin treatment is a quick, effective way to synchronize estrus. CIDRs can also be used to resynchronize cows that fail to become pregnant to the first service. Reuse of CIDRs is not recommended by the manufacturer because of the potential for disease transmission and lower progesterone release. However, washed, disinfected CIDRs have been reused successfully to synchronize and re-synchronize estrus. The CIDR represents an exciting new tool that can be used in many ways to improve reproductive management.

The Top 10 Principles To Powerful Marketing

— Reprinted with permission, Troy Marshall, *Seedstock Digest*, October 6, 2003

The Top 10 Principles to Ignite Powerful Changes in Your Cattle Operation

1. Be crystal clear about the purpose of your operation. A thorough understanding of your goals and objectives will help you in shaping all of your business decisions. A purpose links your passion and enables you to move forward in that direction.

2. Have an outrageous vision. Small dreams do not have the capacity to stir men's souls. The bigger and bolder the vision, the more likely it is to help you rise above the obstacles that you will encounter.

3. Begin today, without delay. There is no time like the present to begin. Inertia is the key. An outrageous vision will require significant change and the time is now to set the pace for that change.

4. Don't be afraid to experiment. The more new and innovative solutions you come up with the more successes you will experience.

5. Focus. Energy, money and time are the key ingredients for powerful change, and you have to make room for them. Focused simplicity is a virtue.

6. Listen. Input from others is vital in understanding what the real questions and challenges are.

7. Be an opportunist. Commit to take advantage of every opportunity that presents itself. It is all about opportunity. If the opportunity is in line with your purpose and vision, don't just respond –over-respond. At least in terms of exploring the opportunity.

8. Network. Be visible, be seen, create an aura where you not only pursue opportu-

nities but where opportunities come looking for you. The size of your network equates roughly to your level of influence and your impact.

9. Give more than you receive. The most difficult thing to give is your time and attention. Give only to those who are in alignment with your purpose and vision, but give freely.

10. Laugh and smile. No industry can offer a more rewarding lifestyle, or a better way of raising your children. Don't miss the present while trying to build a future. If you aren't laughing at least five times a day, you need to find a new set of friends, or a major attitude adjustment. Enjoy the process.

Your customers aren't buying genetics; they are hiring genetics to do a specific job.

Theodore Levitt, Harvard Business school professor says it well "People don't want to buy a quarter inch drill. They want a quarter inch hole". Whether your customer is a cow/calf operator purchasing a bull, or a feed-yard purchasing a set of feeder cattle, your customer could really care less about the product. What they care about is how well they will do the specific job they were purchased for. As a result the challenge for you is to enable your customers to do the things they have always been trying to do, but to do them more easily and with more predictability.

Get rid of the zero sum mentality. In a zero sum world you must create better genetics, more quickly and in more volume than that of your competition. The result is a mass rush towards an undifferentiated, one size fits all genetic program that performs poorly on any specific jobs that your customers might hire them to do. Admittedly, that Leatherman can

be a pretty handy tool, but it is an okay set of pliers, a marginal knife, and a pretty sorry screw driver. I'm not saying it isn't a great product but it understands what job it is being hired to do. Fix easy problems, without requiring a trip back to the toolbox. The key is in understanding what job your genetics are being hired for, and providing a customized solution. Another problem with zero sum thinking is that you often miss who the real competition is. The competition is probably not your fellow breeder, it probably isn't even pork and poultry, but rather whether or not people will elect to do other things than raise cattle to make a living or spend time with. Maybe it is farming, CRP or fishing. For example, the AI industry tends to see fellow semen merchandisers as the competition, and assumes that all new sales will come at the expense of someone else, when in reality their competition is with the 95+% that elect not to AI in the first place. A prime example is the disposable camera. Camera manufacturers were opposed because they thought the quality was poor and that it would cannibalize their higher end camera sales. It didn't, because the disposable camera's competition wasn't quality camera, but rather no camera at all. Club calf producers tend to see their competition as the other club calf producer down the road, when their biggest competition is probably the horse industry, or maybe even activities like Boy Scouts and Little League Baseball. If a club calf producer wanted to grow his/her market exponentially then he would work on making sure the steer and heifer projects offer more than those activities, because he would understand that most parents aren't buying a show animal but rather a means to teach responsibility and life's valu-

(Continued on page 5)