SYSTEMS APPROACH TO BEEF CATTLE SUSTAINABILITY

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A SYSTEMS APPROACH...

- A mindset or way of thinking
- Seeing the whole...and how the parts are interconnected

Why a Systems Approach?

- To UNDERSTAND...
- To find LEVERAGE...
- To overcome the CHALLENGE
FOCUSING QUESTION

Why is “Sustainable” beef production so challenging?

First, what does “Sustainable” mean?

➢ To many of us it means something like:
  ✓ passing on the ranch/beef enterprise to sustain the next generation while maintaining or improving the natural resources for generations to come...

➢ GRSB:
  ✓ “…a world in which all aspects of the beef value chain are environmentally sound, socially responsible and economically viable.”
Global/National Impact
- ↑ World population/food demand
- ↑ World population/urban sprawl/land value
- ↑ Consumer interest in food production practices
- ↑ Regulations and complexity of business (6.7%/yr)
- ↑ Speed of technology development

Enterprise/Ranch-Level Impact
- ↑ Climate variation/drought
- ↑ Commodity/input prices (>beef price)
- ↑ Land values
- ↓ Willing and skilled ranch labor
GRSB:

...envisions a world in which all aspects of the beef value chain are **environmentally sound**, **socially responsible** and **economically viable**.
ECONOMICALLY VIABLE/CONTINUOUS IMPROVEMENT

We have done this VERY Well! ...we had to!
What’s driving efforts to increase profit?

➢ Opportunity?

➢ Risk of Failure?
EXTERNAL INFLUENCE ON PROFITABILITY

Profitability of Beef Production "Economically Viable"

Incentive/Desire to Produce Beef

Risk of Business Failure

Beef Price

Revenue

Unit Cost of Production

Beef Production

Cattle Quality

Efficiency of Beef Production

Improved Management of Cattle & Natural Resources

Research and Education on Cattle and Natural Resources Management

Need to Increase Production

# Cows and Stockers

Forage Demand

Forage Consumption by Cattle

Grazeable Forage

Forage Supply

Fixed Cost/Animal Unit

Average Animal Unit Cost

Continuous Improvement Reinforcing

Precipitation
LIMITATIONS OF FORAGE/PRECIPITATION

- Beef Price
- Unit Cost of Production
- Beef Production
- Revenue
- Incentive/Desire to Produce Beef
- Profitability of Beef Production “Economically Viable”
- Improved Management of Cattle & Natural Resources
- Efficiency of Beef Production
- Research and Education on Cattle and Natural Resources Management
- # Cows and Stockers
- Need to Increase Production
- Risk of Business Failure
- Need to Reduce Grazing Pressure
- # Cows Sold on Suppressed Market
- Cow Replacement Cost
- Average Animal Unit Cost
- Supplemental Energy Feeding
- Fixed Cost/Animal Unit
- Animal Unit & Forage Balancing
- Forage Supply
- Forage Demand
- Forage Consumption by Cattle
- Precipitation

Continuous Improvement Reinforcing

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EXTERNAL INFLUENCE ON PROFITABILITY

- Beef Demand
- Beef Price
- Incentive/Desire to Produce Beef
- Beef Price
- Profitability of Beef Production 
  "Economically Viable"
- Improved Management of Cattle & Natural Resources
- Efficiency of Beef Production
- Unit Cost of Production
- Revenue
- "Economically Viable"
- Continuous Improvement Reinforcing
- Forage
- Demand
- Animal Unit & Forage Balancing
- Precipitation
- Land Value
- Urban Sprawl
- World Population
- Risk of Business Failure
- Need to Increase Production
- Research and Education on Cattle and Natural Resources Management
- World Population
TRIPLE BOTTOM LINE = SUSTAINABLE BEEF

GRSB:
...envisions a world in which all aspects of the beef value chain are environmentally sound, socially responsible and economically viable.
Social Acceptability Cycle

Environmentally Sound Cycle

➢ Virtuous?
   or

➢ Vicious?
**The Cycle must be Virtuous!**

**USRSB Mission**

To advance, support and communicate continuous improvement of sustainability across the U.S. beef value chain.
IMPORTANT TRENDS ASSOCIATED WITH BEEF PRODUCTION SUSTAINABILITY

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Enterprise/Ranch-Level Impact
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- ↓ Willing and skilled ranch labor

We are Counting on this to ↑ PRICE
WHERE DO WE FIND LEVERAGE TO OVERCOME THE CHALLENGES

As an industry?
➢ Consumer Trust
➢ Improved Cattle Management

At the Beef Enterprise Level?
➢ Improved Cattle Management
Revenue:

- Weaning Rate
- Weaning Weight
- Calf Value
  - Genetics
  - Marketing
  - Markets
    - Domestic ~ 85%
    - Export ~ 15%

Social Acceptability of Beef Production "Socially Responsible"

Consumer Trust

Beef Demand

Beef Price

Revenue

Profitability of Beef Production "Economically Viable"
GREATEST OPPORTUNITIES

#1. Export Market Expansion
- Product Quality
- Policy and Trade Negotiations
  - Identification System
  - Process/Practice Verification

#2. Domestic Market
- Product Quality
- Product Consistency
- Social Acceptance
  - Handling Practices
  - Cattle Well-Being
  - Environmental Impact

CONSUMER TRUST
CONSUMER TRUST...

Our license to manage land, livestock, water, wildlife, and to sell food products will be valid only if we maintain consumer and social TRUST.
**Why “Improved Cattle Management”**

**As an Industry**
- Some producers are not responsive to financial signals for improvement
  - Are the production methods and beef products from those operations continuously improving?

**At the Beef Enterprise Level**
- Sustained profitability results from implementing efficient production systems designed to withstand the impacts of drought and other external challenges
  - We must build more resilient production systems

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King Ranch® Institute for Ranch Management®
These **virtuous cycles** must be virtuous...not vicious!

The system must be economically viable!
Continuous Improvement

CANNOT and WILL NOT occur unless there is a

Incentive/Desire to Produce Beef

OTHERWISE

All Virtuous Cycles become VICIOUS!
THANK YOU!

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