



Our customers are the most profitable cow-calf producers in the world.

## *Feed Efficiency...*

### *How We Got It All Wrong*

Defining and measuring feed efficiency is something I have always struggled with. It's definitely not as easy as science wants it to be. Science wants to break everything down into understandable bits and pieces. Unfortunately, that won't work in the real world. The real world is made up of wholes with thousands of interactive pieces.



Before we continue, we need to understand that all beef animals fall into two basic categories. Some animals are destined to end up on the dinner table, while others are working in a cowherd to produce more beef animals. Ironically, success in both categories is dependent on the same thing — storing up energy in the form of fat. Beef does not provide an enjoyable eating experience until it has stored up enough fat to grade Choice or Prime. A cow is incapable of getting bred until she has stored up enough fat to come into estrous.

All beef animals must meet their maintenance requirements before any weight gain can take place. After the maintenance requirements have been met, nutrients will first be allocated to skeletal and muscle growth. After those needs have been taken care of, nutrients are made available for milk production in lactating animals. Fat deposition, which is by far the most important, cannot take place until all other needs have been met. A pound of fat requires 2.5 times more energy than a pound of muscle. Therefore, it takes substantially more pounds of feed to produce a pound of fat than it takes to produce a pound of muscle or bone.

**You cannot assume** the animal that gains the most is the most efficient because you don't know how much feed was required to achieve those gains. Therefore, the beef industry came up with ways to determine how much feed is required to produce a pound of gain. On the surface, this seems like the ideal way to measure feed efficiency. In reality, though, feed to gain ratios have done nothing but create taller and taller animals that are leaner and leaner. Animals that do the best in these tests are gaining pounds of skeleton and muscle — *not* fat. It takes much, much less feed to produce skeleton and muscle than it does to produce fat.

I'm sure you have heard of seedstock producers who use residual feed intake (RFI) tests to determine the so-called "feed efficiency" of the bulls they sell. More and more are purchasing the expensive GrowSafe equipment required for this test. RFI tests are slightly better than feed to gain ratios because they take into account the size of the animal being tested. Even so, they still heavily favor tall, hard-keeping animals. Moderate-framed, early-maturing animals that have the propensity for fat deposition will never be able to compete with tall, late-maturing, hard-keeping animals in an RFI feed-efficiency test.

**In the name of feed efficiency...** the beef industry has inadvertently created tall, lean cattle that take longer and longer to finish and are difficult to get bred. This has been going on for the past 40 years — and it continues to get worse every year. I don't know why so many seemingly intelligent members of the status quo herd are unable to see what is going on. I suspect they are afraid to think or to look outside the box they have put themselves in.

*"If you make people think they're thinking, they'll love you; but if you really make them think, they'll hate you."*

~ Don Marquis ~

## TWO Fall Bull Sales

Valentine, NE — October 27<sup>th</sup>

Burlington, CO — November 5<sup>th</sup>

- Over 400 PCC Solar Bulls — Angus, Red Angus, Polled Hereford and Composites
- Developed on Grass
- One-Year Guarantee on All Bulls
- Evaluated for Disposition, Thickness, Muscling, Masculinity, Fleshing Ability, Hair Coat, Fly Resistance and Much More
- Guaranteed Calving Ease
- FREE and Very Afford-a-BULL Delivery

*Call or Email to receive a Sale Catalog*

### THE PHARO CATTLE COMPANY NEWSLETTER

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*Our Mission: Help ranchers put more fun and profit into their business.*

Call or Email for a Free Subscription

### One-Year Guarantee...

Our age-advantaged, grass-developed bulls have always had a reputation for being tough as nails. They also have a reputation for being able to breed more cows for more years than bulls coming out of other programs.

Even so, problems do occur. That's why we are offering a **One-Year Guarantee** on all the bulls selling in our two fall bull sales. Now you're covered. Customer service has always been important to us. This just makes it easier.

### Weekly Emails...

If you would like to receive our FREE weekly updates and/or devotions, send your request to [Tammy@PharoCattle.com](mailto:Tammy@PharoCattle.com).

### First and Foremost...

When purchasing bulls, the most important factor to consider is the program behind the bulls. Bulls that are produced in a program that aligns with your long-term goals are worth a whole lot more than bulls coming out of a program that does not align with your long-term goals. This is so obvious it should go without saying.

However, I have visited with hundreds of cow-calf producers who say they want to produce efficient, 1100 to 1200-pound cows that can wean 50% of their own weight for many years without being pampered — only to find out they have been buying bulls that were produced by 1400 to 2000-pound cows that must be pampered to stay in production. How is that going to work?

Unfortunately, most bull programs do not align with any commercial cow-calf operations. Most bull programs are high-input operations with big, inefficient cows that require extra feed and care. They can make those big cows work because they are selling high-priced bulls to commercial producers

**Decide where you want to take your program** — and purchase bulls that will take you there. We always suggest you keep the next generation in mind. Be careful that you don't allow your judgement to be swayed by the wrong things. Pretty is as pretty does — and the proof is in the pudding!

## *Warren Buffett's 10 Rules for Success...*

1. **Reinvest Your Profits.** When you make money, you may be tempted to spend it. Don't. Instead, reinvest the profits. Buffett learned this early on. In high school, he and a pal bought a pinball machine to put in a barbershop. With the money they earned, they bought more machines until they had eight in different shops. When the friends sold the venture, Buffett used the proceeds to buy stocks and to start another small business.
2. **Be Willing to Be Different.** Don't base your decisions upon what everyone is saying or doing. When Buffett began managing money in 1956 with \$100,000 cobbled together from a handful of investors, he was dubbed an oddball. He worked in Omaha, not on Wall Street, and he refused to tell his partners where he was putting their money. People predicted that he'd fail, but when he closed his partnership 14 years later, it was worth more than \$100 million.
3. **Never Suck Your Thumb.** Gather in advance any information you need to make a decision, and ask a friend or relative to make sure that you stick to a deadline. Buffett prides himself on swiftly making up his mind and acting on it. He calls any unnecessary sitting and thinking "thumb-sucking."
4. **Spell Out the Deal Before You Start.** Your bargaining leverage is always greatest before you begin a job — that's when you have something to offer that the other party wants. Buffett learned this lesson the hard way as a kid, when his grandfather Ernest hired him and a friend to dig out the family grocery store after a blizzard. The boys spent five hours shoveling until they could barely straighten their frozen hands. Afterward, his grandfather gave the pair less than 90 cents to split.
5. **Watch Small Expenses.** Buffett invests in businesses run by managers who obsess over the tiniest costs. He once acquired a company whose owner counted the sheets in rolls of 500-sheet toilet paper to see if he was being cheated (he was). He also admired a friend who painted only the side of his office building that faced the road.
6. **Limit What You Borrow.** Buffett has never borrowed a significant amount — not to invest, not for a mortgage. He has gotten many heart-rending letters from people who thought their borrowing was manageable but became overwhelmed by debt. His advice: Negotiate with creditors to pay what you can. Then, when you are debt-free, work on saving some money that you can use to invest.
7. **Be Persistent.** With tenacity and ingenuity, you can win against a more established competitor. Buffett acquired the Nebraska Furniture Mart in 1983 because he liked the way its founder, Rose Blumkin, did business. A Russian immigrant, she built the mart from a pawnshop into the largest furniture store in North America. Her strategy was to undersell the big shots, and she was a merciless negotiator.
8. **Know When to Quit.** Once, when Buffett was a teen, he went to the racetrack. He bet on a race and lost. To recoup his funds, he bet on another race. He lost again, leaving him with close to nothing. He felt sick — he had squandered nearly a week's earnings. Buffett never repeated that mistake.
9. **Assess the Risks.** In 1995, the employer of Buffett's son, Howie, was accused by the FBI of price-fixing. Buffett advised Howie to imagine the worst-case and best-case scenarios if he stayed with the company. His son quickly realized that the risks of staying far outweighed any potential gains, and he quit the next day.
10. **Know What Success Really Means.** Despite his wealth, Buffett does not measure success by dollars. In 2006, he pledged to give away almost his entire fortune to charities. He's adamant about not funding monuments to himself — no Warren Buffett buildings or halls. Buffett, said, "When you get to my age, you'll measure your success in life by how many of the people you want to have love you actually do love you. That's the ultimate test of how you've lived your life."

## Game Changer...

**NOTE:** This special announcement was originally shared with PCC subscribers on August 6, 2018 in a PCC Update email. This is BIG News — but for some it is old news.



Pharo Cattle Company is on the verge of something really, really, REALLY BIG — a Game Changer like no other! We started sharing bits and pieces with our customers in March. This is the first mention of it, however, to rest of the world. In the last few months, all of the pieces of the puzzle have miraculously been falling into place. Many PCC customers will soon be receiving a premium of \$75 to \$120 *per head* on their calves. There isn't another program that will even come close to paying premiums like this. If you are a cow-calf producer, this could totally change the future of your business.

Tyson Foods (one of the big four packers) asked Cactus Feeders to help them create a source for a domestic (made in the USA), grass-finished beef product. I've been told three major retailers have expressed a serious interest in this new grass-finished product.

The grass-fed beef movement is consumer driven. Growth in the grass-fed beef sector has been averaging around 25% every year for the past 14 years. I hesitate to say this — but cow-calf producers are often the last to know what is going on. This happens because most of them are inundated with mainstream, herd-mentality ways of thinking. Truth be known, there are HUGE premiums being paid for grass-fed beef — much bigger than most producers can imagine.

Consumers perceive grass-fed beef to be healthier than beef produced in a feedlot. If you have been paying attention, you have seen many examples of grass-fed beef being heavily promoted in supermarkets, fast food joints and upscale restaurants. Unfortunately, much of the existing grass-fed beef is not finished (highly marbled). Therefore, it does not provide a good eating experienced.

Cactus Feeders knew they would have to start out with the right genetics. They also knew mainstream genetics were not efficient enough to work in this production model. After doing some research, Cactus Feeders decided Pharo Cattle Company has the easy-fleshing, low-maintenance genetics required — and in large enough numbers to meet the growing demand. Pharo Cattle Company is currently selling 800 to 900 bulls every year. In January, Tres Hess from Cactus Feeders contacted me and explained what Tyson Foods was wanting to do.

Suffice it to say, I was ecstatic. However, there were many unanswered questions. They were talking about numbers in the 10,000 to 20,000 range. That's impressive — but where would we finish so many animals? How would we create a consistent and uniform product? I was about to say, "Thanks, but no thanks," when Cactus Feeders decided they wanted to partner with Pharo Cattle Company in the production of this grass-finished product. They have access to many, many irrigated circles that could be used to finish cattle on grass and other green forages. Properly done, this will create a very consistent and uniform product — year after year after year.

About that time, Tim Goodnight from PCC Headquarters took the reins on this exciting project. This is right up Tim's alley and fulfills a vision Tim has had since he became a member of the PCC management team. Under Tim's leadership, this project is sure to be a huge success. Tim communicates with Tres Hess from Cactus Feeders almost on a daily basis. They have been working out all of the possible kinks.

Everyone involved, from Tyson Foods to Cactus Feeders to Pharo Cattle Company, thought it would be best to put together a trial run. Tim went to work to procure 120 steers that are high-percentage Pharo genetics. He also helped Cactus Feeders set up a workable grazing system that involves daily moves. The 120 PCC steers arrived at Cactus Feeders in Texas on May 25<sup>th</sup>. The folks at Cactus Feeders were very impressed with our cattle. They said these steers would be just as profitable in the feedlot. Of course, we already knew that. It was good, however, to have the people at Cactus Feeders see what we are all about.

Cactus Feeders added two groups of ten head each of some mainstream genetics that Cactus considers to be among the very best they have fed. In just two weeks, the people at Cactus noticed the PCC cattle were literally walking away from the other two groups. No comparison! As time goes on, the PCC cattle continue to out-perform the other two groups. Most status quo producers do not understand the true benefits of low-maintenance genetics. *(continued on the next page)* ➡

These cattle are grazing green forages with a TDN value of 68 to 72 percent. This is by design. That is not much lower than a typical feedlot ration. We expect the PCC cattle to grade no lower than USDA Choice. Some will probably grade Prime.

We were just four weeks into our trial run when there was talk about sourcing another 2000 head for fall delivery. Cactus Feeders and Pharo Cattle Company are so confident Tyson Foods will love the results of the trial run, they will want to ramp up immediately. With a program like this, it is impossible to ramp up immediately. You can't just go out and purchase several truckloads of grass-finished cattle. They are nowhere to be found.

Tim Goodnight is currently sourcing another 2000 head of cattle with at least 75% Pharo genetics for fall delivery. He may put some big 800-pound steers in the program to help fill the anticipated gap. Pharo Cattle Company will pay \$15/cwt over the Oklahoma City market or over the customer's local market — whichever is higher. That is a premium of \$75 per head on 500-pound calves and a premium of \$120 per head on 800-pound yearlings.

We believe consumer demand for grass-finished beef will skyrocket once we provide a supply of consistent, highly-marbled, grass-finished beef. We think it will be many years before supply starts to catch up with demand. Therefore, we expect the premiums will likely increase in the near future.

If all goes as planned, Tyson Foods is expected to ramp this program up as fast as they can. The numbers I have heard seem daunting and overwhelming — but I'm sure they are possible. This is really exciting! However, we need to be careful we don't grow so fast we overlook some important details.

**We believe this will be a real Game Changer** for many cow-calf operations. There isn't another program out there that will pay premiums like this with so little required of the producer. All they have to do is use the right genetics. PCC customers are already the most profitable cow-calf producers in the world because of their focus on increasing production and profit per acre — instead of per animal. Receiving a guaranteed premium for the calves they produce is like a very thick layer of frosting on the cake.

From the very beginning, Pharo Cattle Company's greatest concern has been doing what is in the best interests of our customers. Our second greatest concern is that the cattle in this program be handled, finished, harvested and marketed under the highest industry standards. Our third greatest concern is in providing beef consumers with a great eating experience — an experience that can be duplicated over and over and over.



**This is a win-win relationship** — from the cow-calf producer to Pharo Cattle Company to Cactus Feeders to Tyson Foods to the end consumer. Working together, we will be able to accomplish things that no one could have accomplished on their own. This is beyond exciting!

~ *Kit Pharo*

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## ***Gut Volume...***

By selecting for gain and feedlot efficiency, the beef industry has inadvertently selected for taller and leaner animals. This might not be a problem when you place cattle in a feedlot where they can reach their voluntary caloric intake prior to gut fill. However, when these cattle are placed on an all-forage diet, they are unable to reach their caloric requirements prior to gut fill. Also, since forage-based diets are much higher in fiber than feedlot diets, they require more time for digestion before the animal is able to begin grazing again. These are two major factors in the discrepancies seen in grain vs forage efficiency trials.

**In my opinion...** this is why we see the mainstream cattle on the forage circle at Cactus Feeders lagging so far behind the PCC cattle. The mainstream cattle may have some of the best conversion ratios in the industry, but they are unable to keep up with Pharo genetics on an all-forage diet due to their higher maintenance requirements and their smaller gut capacity. If calves with mainstream genetics are unable to perform well on grass, what makes you think their mothers are performing well on the ranch? They aren't! What do you want on your ranch?

~ *Tim Goodnight*

THERE ARE PEOPLE  
WHO WOULD LOVE  
TO HAVE YOUR  
BAD DAYS.

Be Grateful... 1 Thessalonians 5:18

### *Drought-Tolerant Cows...*

Much of Cow Country USA is dealing with severe drought conditions. There is also moderate drought in western and southern Canada, as well as parts of Mexico. Much of Australia is dealing with what some consider to be the worst drought in 200 years. For cow-calf producers around the world, drought is a normal part of business.

Are some cows more drought tolerant than others? Absolutely! If you have ever been through a drought, it should have been obvious that not all cows are created equal. Some cows are able to do much more with much less. The primary difference between those cows and their herd mates is their ability to maintain a good body condition score.

**In good and bad times alike...** nothing is as important as a cow's ability to maintain a good body condition score. Thin cows are incapable of getting bred. If a cow cannot get bred, she becomes an expense — instead of an income-producing asset. Thin cows also struggle to produce enough milk to raise healthy calves.

The difference between a low body condition score and a higher body condition score is the amount of body fat a cow has amassed. Fat deposition, however, cannot take place until all other needs have been met — including the requirements for maintenance (survival), growth and lactation. The sooner a cow can meet her basic needs, the sooner she can start laying down fat.

Do drought-tolerant cows come in all shapes and sizes? No! The most drought-tolerant cows I know of are thick, easy-fleshing, low-maintenance, 3 to 4-frame cows that weigh 1100 to 1200 pounds. Even during a drought with calves at side, the 10-year-old cows pictured below were able to store up energy in the form of fat. They are ready to re-breed.



**No matter how drought-tolerant your cows are...** you still need to manage your grass and your stocking rates. If you are no longer growing grass, you probably need to do some destocking. The sooner you sell or relocate the bottom end of your cowherd, the more grass you will have for the top end of your cowherd. In today's world, there is absolutely NO EXCUSE for starving cows!

### *NO Fat Bulls...*

#### *NO Pampered Bulls...*

#### *NO High-Pressure*

Are you tired of buying over-fed bulls from pampered seedstock herds at hyped up, high-pressure auctions?

Our bulls were produced by some very efficient, moderate-sized cows that have never been pampered. They have been developed slowly and naturally on grass. They will NOT melt or fall apart when you take them home.

These coming-two-year-old bulls will be sold in their work clothes at our unique, low-pressure Cowboy Auction. We hope you will make plans to attend one or both of our fall bull sales.

## ***Stop Treating the Symptoms...***

The status quo beef industry is very good at treating the symptoms of a problem — while totally ignoring the problem. Parasite problems are a perfect example of this. The problem is the fact that most of today's beef animals do not have any genetic resistance to parasites. Instead of addressing the problem, the status quo industry spends millions of dollars on toxic chemicals to treat the symptoms.

If given the opportunity, cattle have the unique ability to adapt to their environment, as well as to all of the pests within that environment. How did cattle survive before we had chemical wormers and insecticides? They survived because they had bred-in genetic resistance to flies, worms and other parasites. Modern-day use of chemicals has allowed cows with little natural resistance to parasites to reproduce and pass on their inferior genetics. The more we treat the symptoms, the bigger the problem becomes.

**Bred-in parasite resistance** is one of many areas in which Pharo Cattle Company has assumed the leadership position. Most of our PCC cowherds have gone two decades without any chemical treatments for parasites. We have cooperative cowherds in a variety of environments from Minnesota to hot, humid, fescue country in Missouri and Mississippi and all the way to the high-plains desert. We also have cooperative herds from the southern plains of Texas all the way to the northern plains of Montana and North Dakota.

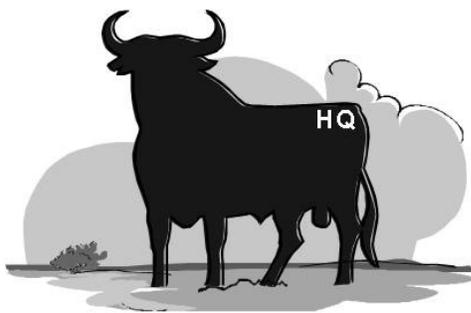
Pharo Cattle Company is doing what members of the status quo beef industry say cannot be done — and we have been doing it for 20 years. No one has as much bred-in parasite resistance as we do — because no one else has ever tried to select for genetic parasite resistance. We continue to be different for all the right reasons. While other seedstock producers continue to treat the symptoms of the problem with toxic chemicals, we are helping you solve the problem.



**All of the bulls selling** in our two fall bull sales have been evaluated and scored for genetic fly resistance. Since the heritability of fly resistance is very high, this is something you can improve dramatically in a short period of time, if you choose to do so.

## ***Dare to be a Herd Quitter...***

A Herd Quitter is someone who has enough courage to break away from the status quo, herd-mentality way of thinking. It's more about thinking for yourself than anything else.



**Nearly all the people** in every business belong to the status quo herd. That is why it is called status quo. They conform and do things pretty much the same as everyone else in that business. They are content with being average.

Because most people are afraid to leave the so-called "comfort" of the status quo herd, they will never have a competitive advantage. That, my friend, leaves the doors wide open for you and me.

**[www.PharoCattle.com](http://www.PharoCattle.com)**

*PCC Solar Bulls  
grazing the hills near  
PCC Headquarters in  
Eastern Colorado.*



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**Cowboy Logic: "I worked there a year one summer."**

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Grass-Based Genetics

— with Calving Ease —



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