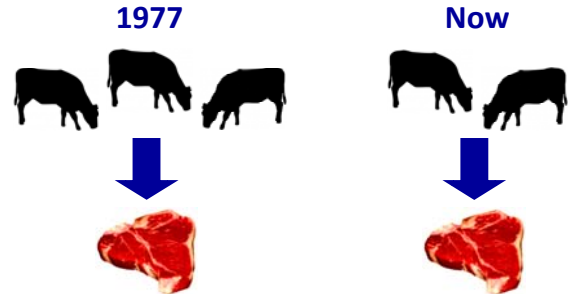




Our customers are the most profitable cow-calf producers in the world.

## One-Third Fewer Cows...

I'm sure you've heard that today's beef industry is producing the same amount of beef as it did in 1977 with one-third fewer cows. The beef industry seems to be quite proud of this accomplishment. Science wants us to believe we're producing the same amount of beef with one-third fewer cows because of improved genetics. Now, wait a minute. Before you accept that assumption, I want you to do a little thinking.

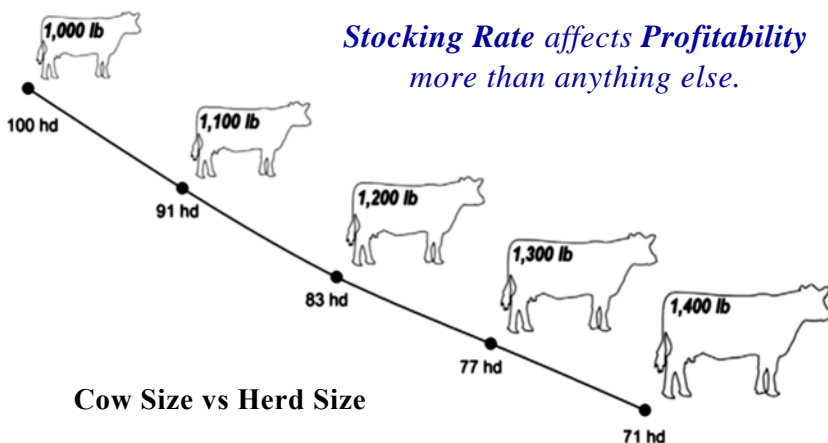


**What really happened?** Are we producing the same amount of beef at the cow-calf level of production with one-third less inputs? Hardly. If anything, it is requiring more inputs to produce the same amount of beef — even though we have one-third fewer cows. How can that be? You know the answer to that. There has been a dramatic increase in cow size in the last 42 years. If today's cows are 40 percent larger, they will require at least 30 percent more daily maintenance energy and will consume much more forage. This will decrease your stocking rate and increase your cost of production.

Based on what we know about cow size, feed requirements and percent cow weight weaned, it's easy to determine cow-calf producers are producing less pounds and less profit per acre today than they did forty years ago. Is that progress? With bigger cows, producers have increased pounds per animal — but not per acre. As pounds per animal increase, pounds and profit per acre decrease. Consequently, today's cow-calf producers are spending more to make less than producers of the 1970s. Bigger cows have provided absolutely no benefit to cow-calf producers.

**So, who benefited** from the increase in cow size? The feedlot and packing segments benefited greatly — at the expense of the cow-calf producer and the end consumer. You might be asking how the end consumer is negatively affected by larger cows. As cattle increased in size, so did all cuts of meat. The larger cuts of meat result in huge and expensive portions if they are cut to the traditional one to one and a half inch thickness. The only solution is to cut steaks thinner. If you're like me, you love a thick, juicy steak. It's difficult to make a thin steak taste good.

Yes, it's true. Today's beef industry is producing the same amount of beef as it did in 1977 with one-third fewer cows. This, however, is *not* because of better genetics — unless bigger is better. It's because today's cows are much bigger than they were in 1977. If you are a cow-calf producer, you need to realize stocking rate affects your profitability more than anything else.



Because smaller cows can wean a higher percent of their own weight, they will always produce more total pounds (pounds per acre) than bigger cows. Not only will smaller cows produce more total pounds, their calves will be worth more per pound.

~ Kit Pharo

*"Those who do not think outside the box are easily contained."*

~ Nicolas Manetta ~

## THREE Spring Bull Sales

*West, TX — April 1<sup>st</sup>  
Springfield, MO — April 4<sup>th</sup>  
Burlington, CO — April 15<sup>th</sup>*

- Over **550** Solar Bulls — Angus, Red Angus, Polled Hereford and Composites
- One-Year Guarantee on All Sale 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

Published four times per year by:

Pharo Cattle Company  
44017 County Road Z  
Cheyenne Wells, CO 80810

Editor: **Kit Pharo**

Phone: **800-311-0995**

Email: **Kit@PharoCattle.com**

Website: **www.PharoCattle.com**

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

**Call or Email for a Free Subscription**

### *Fall Sale Results...*

We sold **381** ultra-low-maintenance, grass-developed bulls in our two fall bull sales (Colorado and Nebraska). These bulls averaged \$5500 — with a range of \$2500 to \$14,000. As expected, our customers were willing to pay a premium for disposition, calving ease and fleshing ability.

We sold and delivered bulls into 26 different states. We also sold bulls to customers in Canada and Australia. A whopping 48% of the bulls were purchased by Stay-at-Home bidders. With our unique Quick Sort program, bull videos and bull delivery service, we make it easy for our customers to purchase bulls without leaving home.

Worldwide demand for our unique Solar Bulls continues to increase at an unprecedented rate. Profit-minded producers know the future belongs to those who are able to successfully transition to a low-input (high-profit) program with efficient, low-maintenance cows that can increase pounds and profit per acre in nearly all environments.

### *Weekly Emails...*

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

### *Famous Last Words...*



- ◆ What does this button do?
- ◆ Are you sure the power is off?
- ◆ It's strong enough for both of us.
- ◆ Good doggie.... Nice doggie.
- ◆ He's probably just hibernating.
- ◆ The odds of that happening are a million to one.
- ◆ I can do this with my eyes closed.
- ◆ Duck? What duck?
- ◆ Pull the pin and count to what?
- ◆ Hold my beer and watch this.
- ◆ Hand me a match. I think it's empty.
- ◆ Throw me my knife.
- ◆ It looks like it is not hungry.
- ◆ Hey... This will look cute on the cat.

## ***PCC's Grassfed Beef Alliance...***

Ever since we announced the formation of the grassfed beef alliance between Pharo Cattle Company, Cactus Feeders and Tyson Foods, the excitement has been building at an unbelievable rate. This alliance was the hottest topic of discussion at both of our fall bull sales. Everyone wants to know how they can receive hefty premiums for their calves.

As stated in our Fall Newsletter, we decided in May to move forward with 120 head of PCC steers in a trial run. Leading up to the trial run, there were several at Cactus Feeders and Tyson Foods who were skeptical that 100% grass-fed cattle would have the ability to grade USDA Choice. Here at PCC, however, we were confident our thick, easy-fleshing, low-maintenance cattle would be exactly the type needed to finish on grass.

**Throughout this trial...** everyone was encouraged by how well the steers were performing. Cactus Feeders was so encouraged they put in an order for another 2,000 head to be delivered late fall. The majority of these animals have already been delivered. Everyone at Cactus Feeders who has seen them was impressed with the quality and disposition. The PCC customers who filled this order were thrilled with the premiums they received. The 2,000 head came from customers in California, Oregon, Colorado, Texas, South Dakota, Nebraska, Wyoming and Kansas.

Even with the encouraging performance and positive developments throughout the summer and fall, we were anxious to get the final results. Well, the wait is over and the results are in. Everyone was thrilled to learn that 57% of the PCC steers graded USDA Choice! What makes these results truly amazing is the fact that an entire calf crop that had not been terminally sorted, graded 57% Choice. In the future, we will have the luxury of terminally sorting cattle prior to slaughter. This will allow us to achieve a much higher percentage of cattle that grade Choice.

As you can imagine, we are extremely excited to announce that this Grassfed Beef Alliance is moving forward. Once we have a better handle on our springtime needs, we will begin contacting PCC customers who responded to the survey we sent out last May. If you are a PCC customer and if you have not returned your survey, give me a call at the office.

Producers with the right genetics are in the sweet spot! Demand for grassfed beef has been growing 25% every year for the past ten years. Dr. Allen Williams and economist Bill Helming believe market share could reach as high as 30% within the next ten years. With JBS, Cargill and Tyson Foods actively pursuing domestic grassfed beef, a market share of 30% is certainly within reach.

Here at PCC, we are experiencing the increasing demand first hand. Other companies have expressed an interest in our genetics. Some are looking to grow their grassfed beef supply while others are looking to enter the sector. Due to all that is going on, premiums for cattle with the right genetics should remain high for decades. This is the new frontier in beef production!

**One final note.** Substantial premiums are being paid for PCC calves and everyone wants to know how they can get involved. While I understand the excitement, I feel it is important to point out the true benefits of PCC genetics — benefits which far exceed any premium paid for your calves. The early-maturing, easy-fleshing, low-maintenance genetics that can grade choice on grass are also the most profitable at home. **There are no tradeoffs!**

*~ Tim Goodnight*



**45 Days Pre-Harvest**

***Cowboy Logic: "Speak your mind — but ride a fast horse."***

## *Fake Meat...*

**NOTE:** This article was originally shared with PCC subscribers on September 26, 2018 in a PCC Update email. It created much discussion.

One of the hottest topics within the beef industry is fake meat and meat alternatives. I am definitely not an expert on this subject — but I would like to share a few thoughts. I guarantee this will be totally different from everything else you have heard or read about fake meat. I'm sure I will upset some — but it won't be the first time.

Although veggie burgers have been around for over 30 years, they never did gain much popularity. When I first heard the latest talk about creating fake meat products, I thought it was ridiculous. Why would anyone want to waste time and money producing a product no one wants? I had no concern because I thought this whole notion would be short-lived. Guess what? The concept of producing fake meat is not going away. If anything, it is escalating. Retail sales of fake meat in 2018 have increased 24% over last year. Total sales for fake meat products so far this year is \$670 million. That's not chump change! Why is this happening?

**I am a meat producer and a meat consumer.** Most of our subscribers are meat producers and meat consumers. There is little chance we will ever change. Our ancestors have been eating meat almost forever. We often poke fun at those who do not eat meat. Perhaps we should take time to consider *why* some people don't eat meat and *why* they are looking for meat alternatives. If we, as meat producers, don't understand *why* a growing number of people don't want what we produce, there is good reason to feel threatened by this movement.

The world is constantly changing. People are constantly changing. In some ways, the people of today are vastly different from the people of yesterday. In 1900, for example, 40% of the total US population lived on farms and 60% lived in rural areas. Today, only 1% of the US population lives on farms and only 20% live in rural areas. It would be ridiculous for today's meat producers to think everyone sees things the same way we see things. As we move forward, I'm afraid fewer and fewer people will see things the way we see them.

Much of the fake-meat movement has been driven by the Millennials, otherwise known as Generation Y. This includes people who were born between 1981 and 1996 (ages 22 to 37). In the United States, there are over 80 million people in this age group. As meat producers, we simply cannot afford to ignore that many people. The Millennials, however, are not the only ones involved in this movement. There are people from all ages and walks of life involved in this movement. I think it would be prudent for us to find out *why* there is a noticeable shift away from the consumption of animal products.

**For the most part...** the increasing demand for meat alternatives has been driven by health, environmental and animal-welfare concerns. The same can be said about natural, organic and grass-fed beef. There are several things about the traditional, status quo beef industry that concern people. I will provide a few examples. Some of these concerns are valid and real. Others may just be a matter of perception. However, perception is reality for most people.

Today's status quo beef production is centered around the production of genetically modified crops — corn and soybeans. There is a growing number of people who are very concerned about the use of genetically modified crops. Crop production requires a tremendous amount of water and fossil fuel. Crop production is damaging the ecosystem. In the US, fertile topsoil is being swept and washed away 10 times faster than it is being replenished.

More and more people are concerned about the misuse of antibiotics in beef production, as well as the noticeable increase in antibiotic resistance. Antibiotic resistance has become one of the biggest health challenges. Every year in the US alone, at least two million people get an antibiotic-resistant infection — and at least 23,000 die. The use of hormones in beef production is another major concern. In 1989, the European Union banned the importation of beef that contains artificial growth hormones. Many are concerned that hormones in beef are contributing factors to cancer, early puberty in girls and other health problems.

*(continued on the next page)* ➡



Unknown to most Americans, feedlots have been feeding a drug called ractopamine to promote lean beef production during the last 30 days before slaughter. This drug mimics the effect of adrenaline, resulting in increased protein synthesis. Ractopamine has been blamed for Fatigued Cattle Syndrome (FCS). FCS affects highly finished cattle during and following transport. Affected cattle exhibited various clinical signs including rapid breathing, lameness and a reluctance to move. Some cattle slough hoof walls during transport.

Scientists are seeking a better understanding of the potential health consequences of ractopamine in humans. Ractopamine is known to affect the human cardiovascular system, and is thought to be responsible for hyperactivity. It has been banned from food production in at least 160 countries around the world. If imported meat is found to contain traces of the drug, it is turned away. I'm not an expert or a scientist, but I am smart enough to know that anytime we go against nature and what is natural, there will be negative consequences to deal with.

**People love animals.** A few mistakenly consider animals to be on the same level as humans. Perception is reality. Nearly everyone is concerned about the health and wellbeing of animals — including the animals we eat. Every now and then, some idiot producer is caught on film abusing and mistreating a farm animal. This gives all of us a bad name. We don't need the Humane Society or the government telling us what we can and cannot do. We just need to do a better job of policing ourselves. We need to show the world how well we treat our animals.

A growing number of people view putting cattle in a confinement feedlot as a mistreatment of animals. Back in my early days, I cowboied at a feedlot for six years. Feedlots can be pretty disgusting. Deep mud (manure) is often a problem. Manure dust can be suffocating. Blizzards can quickly kill hundreds of cattle. Preventing the spread of sickness can be a challenge. I asked someone once why he prefers grass-fed beef. He quickly responded by asking, "Have you ever driven by a feedlot?"

You may not agree with the concerns I shared above. You don't have to agree. However, if you are a beef producer, it is imperative for you to understand what the concerns are. There is clearly a growing movement away from what I refer to as status quo beef. A growing number of people want natural beef, organic beef, grass-fed beef — and even fake beef. More and more people want to know where their beef came from. They want to connect with the family that produced it. They also want to know how it was raised.

**Like it or not...** changes are taking place within the beef industry. We should not expect things to stay the same forever. I'm afraid most beef producers are taking the "stick your head in the sand" approach to dealing with these changes. Ignorance may be bliss — but it is a very poor management strategy. Instead of hoping people will continue to purchase what we produce, we should produce what people want. Long-term success will require a knowledge of what consumers want, along with an understanding of why consumers want what they want.

~ *Kit Pharo*

---

## ***What Are You Going to Hitch Your Wagon To?***

The fact that a growing number of consumers are moving away from traditional beef should be a wakeup call for beef producers. The beef industry is made up of several segments. As discussed in the "Fake Meat" article, the 60-year-old, status quo segment is steadily losing demand. At the same time, a few of the newer segments are unable to keep up with demand.

As a beef producer, what segment are you going to hitch your wagon to? Will you remain hitched to the status quo segment that isn't very profitable and is essentially going nowhere — or will you hitch your wagon to one of the new, up-and-coming segments? Most producers will keep their wagon hitched to the status quo segment.

**From our vantage point...** the grass-finished beef segment of the beef industry seems to have the greatest potential for long-term growth and profit.



## Reaching Your Destination...

Imagine, if you will, that you are driving east on a highway with plans to meet up with a friend in a certain town. You come to a Y in the road. To continue traveling east toward your destination, you should have taken the left-hand fork — but you mistakenly chose the right-hand fork. Now you are driving south on a different highway toward a totally different destination. Once you realize you are on the wrong road, how long will you continue before turning back? Five miles, 100 miles or 1000 miles? That's a silly question, isn't it? A wise person would turn back immediately.

**Over the years...** I have known hundreds of cattlemen who knew they were on the wrong road as far as their genetics and their business were concerned. Most slowed down — but stayed on the wrong road. Today they are even farther away from where they want to be. Unfortunately, only a few were able to do an about-face and get back to the right road. This is a very tragic and disturbing part of human nature. If you ever discover you are headed the wrong direction, the best time to turn around is *NOW!*



## Where's The BEEF?

### God Did NOT Create Religion...

God created man — and man created religion. All religions (denominations) and most religious traditions were created *by* man, *for* man. Consequently, they detract from our ability to serve and worship the Lord our God the way He wants us to serve and worship.

*See to it that no one takes you captive through hollow and deceptive philosophy, which depends on human tradition and the basic principles of this world rather than on Christ.* (Colossians 2:8)

If you are not already receiving our weekly devotions and would like to receive them, send us your email address.



## Willingness to Change...

Whether you want to believe it or not, your long-term success in the cow-calf business will be dependent on your willingness to make some changes. Cattle prices will continue to go up and down, up and down — while the cost of inputs will continue to go up, up, up. In the last 50 years, the cost of inputs has risen four times faster than cattle prices. As time moves on, more and more producers will fail to have enough income to cover their expenses. **WHATCHA GONNA DO?**

Those who would like to increase their long-term, sustainable profit need to start thinking in terms of production and profit per acre — instead of per animal. They need to work with nature — instead of against nature. They need to implement proper grazing management to make the most of every ray of sunshine and drop of rain that falls on the land they control. They need to reduce and eliminate expenses. And... they need to produce cattle that fit their environment — instead of artificially changing the environment to fit their cattle.

**Pharo Cattle Company** has the low-input, grass-based genetics you will need to produce efficient, easy-fleshing, 3 to 4-frame cows that can increase pounds and profit per acre in nearly all environments. Our 3 to 4-frame cows weigh 1100 to 1250. In contrast, most seedstock producers have high-maintenance, 5 to 7-frame cows. Their bulls will continue to take you farther and farther in the wrong direction.

## ***The Three Cs...***

By Kit Pharo

**Circumstances** are where you are right now. You had no control over some of your circumstances. Circumstances of your birth and childhood, for example, are not the result of any choices you made. Other circumstances, however, are the consequence of choices you have made.

**Choices** are what you make happen to alter your circumstances. The choices or decisions you *don't* make can have as much of an effect on your circumstances as the choices and decisions you *do* make.

**Consequences** are the result of your choices, or lack thereof. Consequences can be both good and bad — depending on the choices you made — or didn't make.

**You can't go back in time** to alter your circumstances. You can, however, change your future circumstances. The decisions you make (or don't make) will have a profound effect on your future and the future of your family business. This is a responsibility that should not be ignored or taken lightly. Your kids and grandkids are hoping you make the right choices. Don't be afraid to take control of your future.

***"Life is 10% what happens to you and 90% how you respond to it." ~ Lou Holtz***

## ***What is a Solar Bull?***

We use the term Solar Bull all the time. Tammy, our public relations person, tells me a lot of people call her — wanting to know what a Solar Bull is. I assume these are relatively new subscribers. Since we get new subscribers on a daily basis, it is always appropriate to do some reviewing.

Most of the bulls being sold nowadays are tall, lean, high-maintenance animals that require high levels of energy (grain, hay, etc.) to perform. We refer to these bulls as Diesel Bulls. Their survival and production are heavily dependent on fossil fuel energy. As expected, females sired by Diesel Bulls also require high levels of fossil fuel energy.

In contrast, thick, easy-fleshing, low-maintenance bulls can perform quite well on a year-round, all-grass diet. We refer to these bulls as Solar Bulls because they don't require anything other than free solar energy. As expected, females sired by Solar Bulls can get by quite well on nothing but free solar energy.

**As you know...** the status quo beef industry was built on cheap land, cheap feed, cheap equipment and cheap fuel. That era is over. Fossil fuel-based expenses continue to increase at an unprecedented rate. It's no wonder most cow-calf producers are struggling to make a decent living — even with high calf prices.

As cow-calf producers, we are in the business of converting *FREE* Solar Energy into a high-quality food product. Properly done, the cow will do nearly all of the work for us! Folks, we are in the *GREATEST* business in the world! We need to stop trying to make it so difficult and complicated.

## ***Bulls Tested for Feed Efficiency...***

If you produce your own replacement females and if you plan to purchase bulls that have been tested for feed efficiency, then we strongly urge you to select for bulls that performed the worst in the feed efficiency test. Yes, I said select the ones that performed the worst.

Bulls that performed the worst in a feed efficiency test will be the most early-maturing and easiest fleshing. Their daughters will be much more fertile and cheaper to maintain than daughters of the tall, lean, late-maturing bulls that performed the best in the feed efficiency test.

**If this doesn't make sense** to you, then I suggest you re-read the "Feed Efficiency" article in our *Fall 2018 Newsletter*. Don't let all the hype about so-called "feed efficiency" take your cowherd and your profits in the wrong direction.

## ***Pharo Cattle Australia...***

We are excited to announce that we will be hosting our first-ever Australian bull sale on May 13, 2019. We have formed a partnership with Furracabad Station in New South Wales. They have been purchasing some of our very best Angus bulls — and are creating one of the best PCC cowherds in the world. We are currently developing 114 bulls on grass under drought conditions.

**PHARO CATTLE CO.**  
44017 County Road Z  
CHEYENNE WELLS, CO. 80810

PHONE 800-311-0995  
E-MAIL Kit@PharoCattle.com  
Tyson@PharoCattle.com  
WEBSITE www.PharoCattle.com

PRSR STD  
US POSTAGE PAID  
PERMIT NO. 28  
Grand Island, NE

◆ ADDRESS SERVICE REQUESTED ◆



**Cowboy Logic: "Real cowboys don't take baths... They just dust off."**

