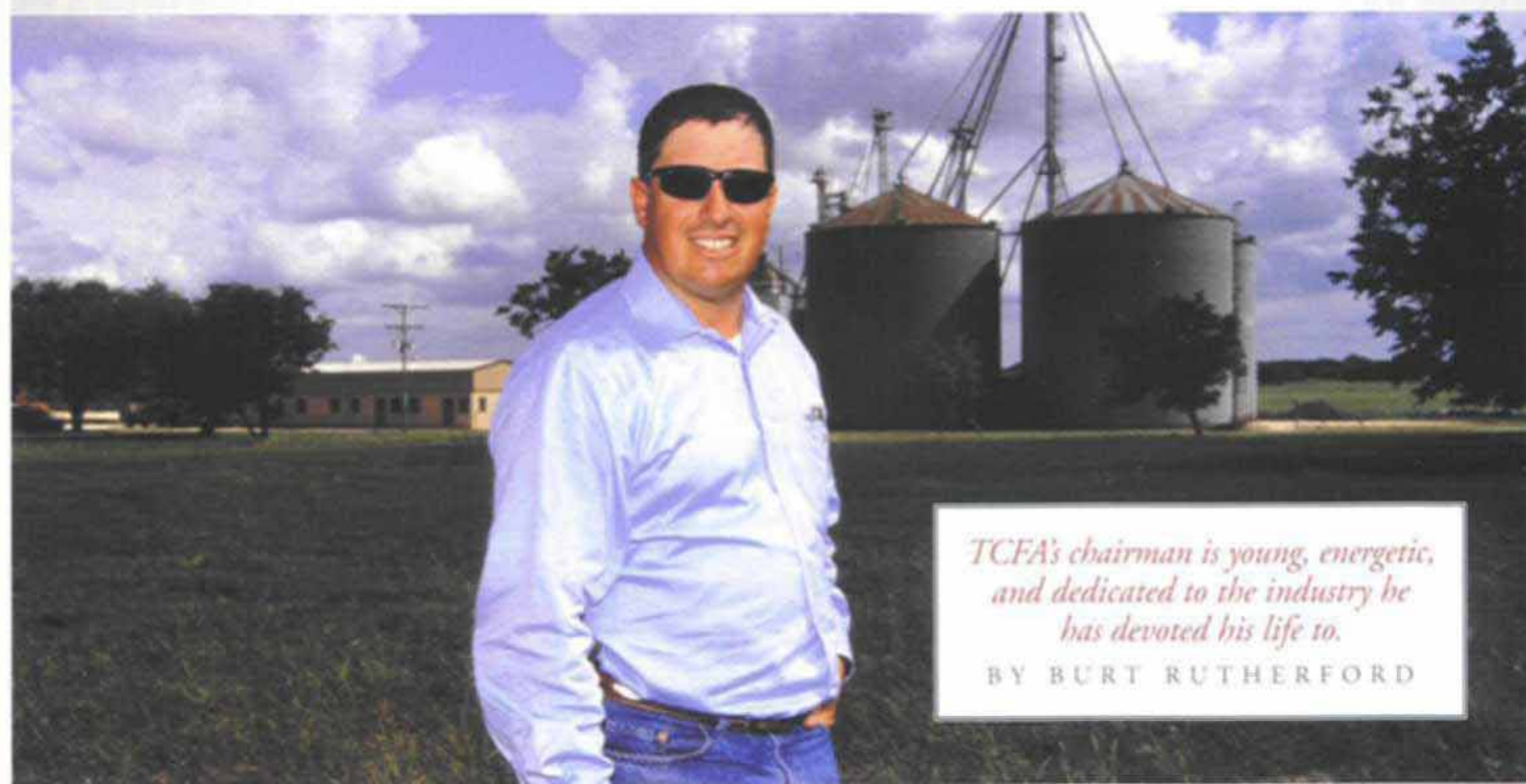


ERNIE MORALES



TCF's chairman is young, energetic, and dedicated to the industry he has devoted his life to.

BY BURT RUTHERFORD

ERNIE MORALES knows where he came from. He also knows where he's going. And, with wisdom some may say is beyond his 41 years, he knows that the two are closely connected, and that it's much easier to know where you're headed when you have a firm and solid compass of experience to guide you.

TCF's 2004 chairman has a compass three generations in the making. And it's this solid base of wisdom and experience that is the wellspring from which Morales draws as he sets his sights on directing TCF's future.

THE MAN

Make no mistake. Morales has his eyes focused firmly forward. But the respect he has for his father and grandfather is obvious, and he credits them with giving him the drive, determination and desire to continue the success

of Morales Feed Lots, a 12,000 head feedyard and ranching business in Devine, southwest of San Antonio.

"It's a family-owned operation and we are celebrating our 45th year in 2004," he says proudly. His grandfather immigrated to the U.S. in the 1920s and armed with only a 4th grade education, became a successful businessman in San Antonio.

He started out as a supermarket butcher and wound up as the owner of a beer distributorship in San Antonio and part owner of a fiberglass plant in Mexico. In addition, he worked for many years as general manager of Apache Packing Company, a small packing plant that provided beef to San Antonio supermarkets.

That created an interest in the newly-developing cattle feeding industry, so he started feeding cattle on a piece of rented ground near San Anto-

nio. His interest in cattle grew to the point that he sold his other business interests and, in 1959, turned back the lease, bought a ranch near the small town of Devine, and moved his feedyard. He purchased another ranch as well, now used for grazing and backgrounding cattle for the feedyard.

"I'm the third generation," Morales says. "I'm proud of what they (his grandfather and father) did and I want to do my best to keep going what they started." But it took him a while before he knew that cattle feeding was where he belonged.

"I graduated in 1985 from Texas A&M University with a bachelor's degree in animal science, with every intention of going to veterinary school," he says. But faced with the decision of pursuing his education or returning to the family operation, he decided the feedyard was where he belonged and

headed home. It was a decision that didn't surprise his father, Pete Morales, a bit.

"Ernie always liked cattle, from the time he was very, very young," Pete remembers. The Moraleses lived in San Antonio and commuted to the ranch and feedyard until 1969, when they moved to Devine. "Ernie and his brothers and sister all grew up in this environment, in the feedlot, and they all started working very early on." Ernie got involved in FFA and 4-H as a youngster, which only served to heighten his interest in the cattle business. "He's the one who ended up taking over the business from me because he's the one who stayed with it the most."

Pete says Ernie is a hard worker, something he learned very early in life, doing chores around the feedyard and ranch while keeping up with his school work. "He has always been a very hard worker. My dad used to be the same way and I was the same way and he just caught on to the same type of lifestyle. He's really made this business grow and he's made it very profitable."

A good portion of the success that Morales Feed Lots has enjoyed is due to the fact that Ernie has done every job in the feedyard, from the most menial to making multi-million dollar deals. And the employees respect that. "Every one of those guys who work for me, I've done their job," Morales says. "I helped

Morales how to build pens, drive feed trucks and work cattle, continues to handle the day-to-day operational issues while Morales focuses on the business end of running the operation. And even there, he's thankful for his father's guidance and trust. "I'm lucky that Dad didn't turn me loose until he was sure that I was trained and knew every facet of the business."

Morales credits his father and grandfather for shaping not only his work ethic, but his intense desire to get involved in the things that matter to him—his family and his business. "My father was constantly involved in the community," he says. "He was very well respected, so I still look up to that and try to emulate that."

Yet, his strong work ethic and intense drive is balanced by his very personable way of working with others. "You can never meet too many people," he says, and you can always learn from them. "When I'm surrounded by people who are as experienced as the people I've been involved with in TCFA, I try to do more listening than talking because you can learn to become a better problem solver, and that's what I think I am."

He's also a dedicated father and husband. Ask a casual question about how he's doing and, more likely than not, you'll get his signature grin and an update on his wife, Cindy, a real estate broker in Devine, and his children,

look at our management people and our key people in the yard, we've got tenure of nearly 25 years with our feedyard manager, our head cowboy, our office controller and our feedmill manager. Every one of these people have been with our family." In fact, one employee, Venancio Garcia, has worked for the Moraleses for almost 50 years, "and he's just like family to us. That's one of the things that has made our small company successful—we've got the right people, we've got good people."

He's served on the school board in Devine, where he grew up and graduated from high school, and began his involvement with TCFA as a young man in his 20s, serving his first stint on the TCFA board of directors in the early 1990s. He's extended that involvement to the National Cattlemen's Beef Association, the beef checkoff, as a commissioner on the Texas Animal Health Commission, and others.

"A guy told me years ago that it is important you give back to the industry you make your living from. I think the best thing we can do is get involved in our trade association. That's what I believe and that's what I've tried to do."

TCFA AGENDA

Morales considers himself a problem solver and says he thrives on challenges and likes to work with people. He's had plenty of opportunity for all that during his years as part of the TCFA leadership. And he's seen firsthand the tremendous value that TCFA gives to the industry it serves.

In fact, one of his major initiatives when he assumed the office of chairman was to spread the word about the value that TCFA offers its members. And then came Dec. 23, 2003 and the announcement that a BSE-positive cow had been found in the United States.

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build a lot of those pens. I drove feed trucks. I worked behind the chute."

Now that his saddle has wheels and fits under a desk, Morales doesn't spend as much time as he'd like working in the feedyard. Pat Seifert, the feedyard's long-time manager and the man who taught

Sabella, 16, and Ernie Jr., 10. Just as he has deep respect for his father and grandfather, he has a strong pride in his family and works hard to keep them central to his life.

That strong feeling of family extends to the feedyard as well. "If you



"After Dec. 23, it has really come to light what people really get for their dues, what TCFA is all about. We're about protecting our industry and being out there on the front lines for our members when something like this happens."

Morales says the number of hours the leadership and staff spent doing media interviews, answering members questions and reassuring consumers that the U.S. beef supply is safe was staggering. "The staff worked most of the day Christmas Eve. (Past Chairman) Scott Keeling was on his way to the feedyard at 6:30 Christmas Eve morning and heard Richard McDonald live on a local radio station. I heard Richard on a San Antonio talk show Christmas Eve." Morales did an interview for ABC Evening News from his feedyard, along with handling other media requests to talk to a knowledgeable cattleman. "That's where TCFA fits in—getting in front of issues and in front of the public when the media needs someone to talk to."

And he was pleased at how cattlemen came together and supported NCBA, state associations like TCFA and state beef councils as they enacted crisis management and media relations plans designed for just such an occurrence. "If my goal at the beginning of my term was to help our members understand TCFA, what it does and the member benefits, I think we've seen it."

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But Morales knows that what's past is prologue and that many more challenges face cattle feeders and their association. To that end, he wants to expand TCFA's already strong interest in working closely with other state and national ag and livestock organizations. That will be important as several major issues confronting cattle feeders play out during his administration.

The first is country-of-origin labeling (COOL). He expects that efforts to force mandatory COOL upon cattlemen haven't gone away and he will direct TCFA to remain steadfast in its policy that supports a voluntary COOL program.

"We have colleagues in the cattle industry from different regions who want to get the government involved in our business. And that is something I hate to see," he says. "I would like to see us work out our problems amongst ourselves. I would like to see the government stay out of regulating either how we buy or sell cattle or how we label our products. I want to see the market dictate that."

With the certainty of mandatory animal identification, Morales is ready to do what's necessary to ensure the program is useable by cattlemen. "TCFA needs to be on top of that, protecting our interests all the way to the cow-calf producer."

Another major challenge he will face is efforts by some cattlemen to destroy the \$1-per-head beef checkoff. That is something he thinks would be disastrous for the beef industry.

"It's amazing what they can do with so little money," he says of the national and state staff that conduct the various checkoff-funded projects. "Those are the people I want speaking for me, because I know what their intentions are, and that's to promote beef."

Morales has a good example of that. A customer sent him a newspaper clipping about a school foodservice director in South Texas who was going to significantly reduce the amount of beef on the school lunch menu. "The first thing that clicked in my mind was to call and confront them or write a nasty letter and get into an interaction with this foodservice director. But I calmed down and called the Texas Beef Council. They have somebody on their staff who handles just that." The TBC contacted the school district, provided sound, scientific, objective nutrition data, and beef is still being served.

Morales feels good about his year as TCFA chairman, because he knows firsthand the type of people who serve on the TCFA board and committees. "For example, when I first got involved in TCFA, I was in my 20s. There were people like the late Joe Hathoot, who was president of TCFA when I was a first-time board member, who was just a gentleman to me and helped me out on a lot of things. There were people I looked up to (as a first-time board member) that to this day I still call 'sir.'"

That depth and breadth of leadership still impresses Morales and makes him feel good about the future of TCFA and Cattle Feeding Country. "We're competitors but we're in the same business and the diversity is incredible. You look at somebody like (past Chairman) Paul Engler and somebody like Ernie Morales. There's a tremendous difference between the size of our businesses, but we have many of the same goals. I've always liked that about TCFA and this industry. There are still a lot of handshake deals and the people you deal with become friends, lifelong friends. That's a neat thing to be involved in." 