



Frequently asked questions about the Feedlot-Licensing Program answered

by **STEVE SUTHER**

U.S. cattle producers have heard it said often enough that it hurts: The reason for low cattle prices and profitability is simply too much beef. But have you heard the rest of the story? The problem is not really too much beef. For the right kind of beef, there is demand so strong it can pay increasing premiums.

The Certified Angus Beef (CAB) Program began more than 20 years ago, building demand from the only real base the beef industry has — the consumer. As more and more licensed retailers and restaurateurs sold more and more *Certified Angus Beef*™ product, they began demanding the specific brand from purveyors and packers. That has filtered up through the network of licensed packers to pay increasing premiums in recent years.

The commodity beef industry is waking up to the fact that you can lose money buying cattle of unknown background. Buyers want to know more and more about the cattle they buy, and smart sellers want to know more and more about how their cattle perform in the feedlot and on the rail. That is valuable marketing information.

Enter the CAB Program's Feedlot-Licensing Program, which began signing feedlots as partners this winter. As that network grows, so does the cow-calf producer's opportunity to capture more value for each calf through structured marketing and information feedback.

Naturally, producers have questions about the new program. Here are answers to some of the most commonly asked questions.

Why should the CAB Program license feedlots?

Building on the 20-year tradition of linking branded-beef marketing to the cattle production sector, the licensing program creates a more formal linkage and structure in the production sector that helps producers improve beef quality while being paid for those improvements.

Why would a feedlot want to be licensed?

The Program helps in locating and placing Angus-type cattle of superior genetic quality.

Licensees will enhance their access to

the world's most successful specification-based branded-beef marketing program and become part of a leading-edge program in value-based marketing.

How will licensed feedlots help commercial producers?

The Program will create markets and potential market premiums for Angus and Angus-cross calves and will facilitate formal marketing links between cattle producers and licensed feedlots.

Is the licensing agreement overly rigid or restrictive?

No. It simply commits the feedlot to devoting at least 25% of annual fed-cattle volume to feeding high-quality Angus and Angus-cross calves within three years. Angus-type cattle beyond that percentage volume are also enrolled in the Program.

The licensing agreement requires the feedlot to follow a quality assurance program, offer feed financing and provide access to structured marketing opportunities (live or in-the-beef).

Will there be extra paperwork?

Probably not. CAB Program-eligible cattle can be tracked using basic entry forms such as feedlots already use. There may even be less paperwork: CAB Program staff will handle information flow back to producers.

Does a feedlot have to be large to become licensed?

No. The program is size-neutral and works for the 100-head yard as well as it works for the 100,000-head yard.

What will it cost to participate?

There is no initial startup fee, just a commitment to feed high-quality Angus-type cattle.

Licensees will pay a \$2/head fee to cover ear tags, data tracking, quality assurance training and promotion.

What cattle can be fed at these licensed feedyards?

All kinds of cattle can be fed in those pens not devoted to the Program.

Those cattle that count for the portion of the feedyard devoted to feeding Angus-type cattle must meet the U.S. De-

partment of Agriculture (USDA) live-animal specifications for the CAB Program: at least 51% black hide and Angus-type on virtually all cattle in the Program pens.

How will licensing feedyards benefit cow-calf producers?

They offer more marketing opportunities for adding value to the calf crop, whether by direct sales, retaining ownership or partnering on the calves.

How will feedyard licensing benefit seedstock producers?

As seedstock producers look for more ways to provide service to bull-buying customers, offering new marketing opportunities for genetically superior calves becomes more important.

Seedstock producers can invite these feedyards to their sponsored customer Angus calf sales, which will ensure demand from the structured market.

Other seedstock operators may enter into more formal and intensive cooperative arrangements with licensed feedyards.

Will my cattle receive a premium?

Most of the structured marketing agreements have the potential for excellent premiums for cattle with above-average carcass merit.

What will influence the profit potential of my calves in a feedlot?

Profitable calves must do four things: live, grow, convert feed efficiently and meet consumer demand.

How can I find out if my cattle have above-average carcass merit?

Work with your Angus seedstock partner on ways to gain access to carcass data or participate in the Sire Evaluation Program.

Will licensed feedlots allow retained ownership of cattle?

Most will, and some will even co-own, or partner, with you on the cattle.

Do the feedyards offer feed and cattle financing?

Most feedyards now provide these fi-

nancing services for customers retaining ownership on calves.

Are licensed feedyards located only in the "feedlot belt?"

As enrollment of feedyards in the program increases, you will be able to find licensed feedyards of all sizes located throughout the United States.

Are these licensed feedyards another form of "captive supply?"

No. Most licensed feedyards will develop structured marketing programs

with a number of licensed packers, facilitating price discovery.

If I choose to market my cattle to a feedlot that is not licensed, will they still have the opportunity to be part of the CAB Program, and will I have opportunity to earn a premium for cattle meeting *Certified Angus Beef* specifications?

That depends on the feedlot, but the CAB Program always has been and will remain open to all producers of Angus-type cattle.

How do I get a list of licensed feedyards?

For a current list, contact the CAB Program office (1-800-225-2333) or call Bryce Schumann at the Manhattan office ([785] 539-0123). The list also will be published frequently in the *Angus Beef Bulletin*.

How can cow-calf producers get involved?

Contact a local Angus seedstock producer, a CAB Program-licensed feedlot in your area or the CAB Program office.

