

ELEVATING THE GAME

44 Farms, Walmart build supply chain to enhance the retailer's meatcase with brand featuring progeny of registered Angus bulls.

by Shauna Hermel, editor

Commercial cattlemen using registered Angus bulls have had a stronger advantage in video auctions across the country in recent years. That's in part due to some aggressive bidding by 44 Farms and Prime Pursuits to supply two branded beef programs, one a private label and the other providing product to the world's largest grocery retailer, Walmart.

That latter venture created the need to buy a volume of calves in 2019, says Doug Slattery, 44 Farms COO. Though they couldn't

specify the number for intellectual property reasons, suffice it to say they will almost double that volume in 2020, buying calves and

yearlings from more than 700 cattlemen across the country.

The innovative business approach is a family tradition at Cameron, Texas,-based 44 Farms.

Loading the bases

The McClarens have been recognized for their leadership and innovation in the Texas farming community since S.W. McClaren settled near Cameron in 1896. Though cattle have been a part of

the family business since before they filed for the 44 brand at the Milam County Courthouse in 1909, it wasn't until great-grandson Robert "Bob" McClaren came back to the ranch in the mid-1990s that the focus turned to Angus.

"Angus cattle were not very popular in Texas 20 years ago when we started," says the former president of the Houston Astros, describing his initial research into launching a quality branded beef program. The more he researched it, the more *The Business Breed* appealed to him.

"I love that tagline, and I believed it to be true after I did a lot of research. I thought, if we're going to be in the cattle business,



we need to be associated with a breed that can really deliver results,” McClaren says. Since then, they’ve focused each year on improving the quality of the farm’s Angus seedstock program branded Angus Strong®.

It provides the genetics to a customer base committed to the same ideals, who are willing to follow its RightWay™ animal welfare and stewardship protocol (see Table 1) to supply calves — and a feeder to feed them — for the 44 Farms Steaks branded beef program. Launched 12 years ago as an all-natural, never-ever-3 (NE3) Choice and Prime product, the 44 Farms Steaks brand is now available in 600 restaurants across the country and to consumers direct from the farm.

Their feeder-calf buy-back program provides Angus calves and yearlings to be fed at Mc6 (pronounced Mac 6) Cattle

Feeders near Hereford, Texas. The 55,000-head-capacity yard managed by Warren White specializes in alternative cattle feeding, including the verified all-natural, NE3, Global Animal Partnership (GAP) and non-hormone-treated cattle (NHTC) programs.

“The only reason we started our seedstock program was to improve the quality of the cattle that ranchers in Texas were selling,” McClaren says. “My view has always been, if we can lift what has historically been a commodity-driven business into one in which producers have a product that is now a premium product — one that they get paid a premium for — it lifts the whole industry.”

“The producers are the ones who provide the resources to raise



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these great cattle, and they’re the ones that should be first in line to be rewarded for their hard work,” he continues.

Call from the majors

While they offered the brand

through a few small grocery stores in Texas, they hadn’t made a connection to a large retail chain — that is until November 2016.

That’s when Greg Foran, then CEO of Walmart USA, and some of his executives paid 44 Farms a visit to discuss an idea they were mulling over to improve the retail giant’s meatcase.

“He had experienced some of our beef and wanted to talk about how we could possibly integrate our program or develop a new brand into the Walmart retail platform,” McClaren shares.

“They knew how important it would be to have high-quality beef with a story, traceability and affordability,” says Slattery. And they wanted it to be based on progeny of registered Angus bulls.

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Table 1: 44 Farms RightWay™ Cattle Protocol

For this animal welfare and stewardship protocol, cattle are:

- ▶ verified all-natural through a non-hormone-treated cattle (NHTC) program;
- ▶ born to 44 Farms black Angus genetics;
- ▶ fed according to strict, vegetarian guidelines;
- ▶ have access to fresh water at all times;
- ▶ are raised using animal husbandry best practices;
- ▶ live low-stress lives in safe environments;
- ▶ never receive facial branding;
- ▶ are protected from heat and cold; and
- ▶ receive immediate and appropriate medical care when necessary.

SOURCE: 44 Farms, 2020.

That was four years ago, notes Slattery. “We worked for literally two and a half to three years hammering out all of the many details of developing a national brand and production infrastructure.”

The end game, he explains, was to launch a branded premium beef product developed through a known supply chain to provide consumers a consistent, high-quality eating experience in a product they can be confident was raised to certain standards.

“The grocery business is always changing, and customers’ expectations are higher than ever,” says Charles Redfield, Walmart U.S. executive vice president for food. “Our end-to-end Angus beef supply chain is an industry innovation through which we will deliver unprecedented quality Angus beef cuts, including steaks and roasts, to our customers.

“To realize the vision,” he continues, “it’s important that we collaborate with best-in-class

suppliers like Prime Pursuits and 44 Farms, whose expertise in sourcing quality cattle from family farms and ranches is a key factor in the supply chain that ultimately helps drive customer satisfaction.”

Season preview

“Our role,” McClaren says, “is to source, develop and deliver to Walmart cattle that fit the specifications that we’ve been given by Walmart. That’s what we’re doing now.”

In 2019, they unrolled Prime Pursuits, the procurement and cattle development entity comprised of 44 Farms and Mc6, to fill grocery shelves.

“We call this Prime Pursuits for the simple reason that’s the business we’re in — to produce the finest-quality Angus beef possible,” McClaren says. “And we all know that Angus cattle deliver the Prime carcass more than any other.

“Prime Pursuits seems the perfect name for a program that we’re all working on,” he adds, including the 700-some cow-calf



Warren White, chief procurement officer for Prime Pursuits, coordinates with a team of backgrounding operations to stretch a seasonal calf crop into a constant supply.

producers who have participated in the program, as well as the backgrounders and feedlots forming the supply chain.

White, in charge of procuring cattle and scheduling supply, coordinates with a team of backgrounding operations to stretch a seasonal calf crop into a constant supply.

“My job is to deliver cattle to the packing house when they want them,” White says. Walmart specifies the number of cattle it

wants delivered per week based on consumer purchasing trends.

Cattle are fed at Mc6 and partner yards in Nebraska, then harvested at Creekstone Farms Premium Beef in Arkansas City, Kan., explains Slattery. From there, boxed beef is shipped to Thomasville, Ga., where Walmart built and opened a further-processing case-ready plant.

Beef from the program hit Walmart shelves in much of the southeastern United States in December 2019, though the retailer chose to launch the brand somewhat later.

Slattery explains that the Walmart team wanted the supply chain up and running before the brand launch.

“The launch, planned for the near future, will be grand when it takes place,” Slattery shares. “Walmart wants people to know where their beef comes from. It is a great story for producers and the Angus breed.”

In the meantime, shoppers keep shopping and the supply chain

Long-distance connection

Jared Kerr, ranch manager at the Tom Bengard Ranches, Red Bluff, Calif., started buying 44 Farms bulls for the cow-calf and stocker operation in 2017. With 2,600 mama cows, the ranch typically buys 25-30 bulls a year, buying three to 10 bulls from 44 Farms to supplement bulls purchased from Vintage Angus Ranch, Modesto, Calif.; EZ Angus Ranch, Porterville, Calif.; and other local ranches.

With the herd operating as a Global Animal Partnership (GAP) Level 4 pasture-based cow herd, Kerr says they were first attracted to the 44 Farms Steaks program with its requirement for never-ever-3 (NE3) certification. That relationship has evolved into participation in Prime Pursuits™.

Calving in June-August, Kerr says the ranch stockers its own calves on grass, marketing the lead end of the steer calves in May and June.

“We try to take everything to 850, 900, 950 pounds and sell load lots that way,” Kerr says, noting they sell in a half-dozen Western Video Market sales each year. For the last four years,

44 Farms has been a very aggressive bidder on the Bengard calves.

“They’re buying them as yearlings on the open market through the video sales,” Kerr explains. “They have been very active on just about every load we’ve offered to sell for the last four years.”

In fact, Prime Pursuits bought every steer the ranch sold in 2019, and they purchased 15 of 17 loads sold this year.

“You have to have two buyers to have an auction,” Kerr says. “If people are recognizing the cattle for their quality, then the more aggressive buyers there are sitting in the seats, the better dollar there is back to our bottom line. I think they’ve done a tremendous job helping make sure that their bull customers’ calves are getting represented for what they are on sale day.”

There’s little wonder as to why Prime Pursuits is so aggressive at bidding on the Bengard calves. The herd’s entire bull battery has been pure, registered Angus for 25-plus years.

Kerr credits cattle operation founder Terry

Bengard, who died last year, for having the vision and laying the groundwork for the herd’s quality genetics.

“The Angus breed has done a great job focusing on a product that consumers want,” Kerr reasons of their reliance on Angus. “These cattle are producing great carcasses and being decent mamas at the same time. And there’s a premium behind it on sale day.

“There’s a market advantage to being predominantly, if not all, Angus, and we happen to be in a position to capitalize on it,” he adds.

“I think our biggest premium is that we have cattle that perform well in the feedlot and perform well on the rail,” Kerr says. “There’s quite a few buyers out there who know that and want those types of cattle, and we sell them at the right time of year.”

And there’s benefit to being in the GAP-Natural-NHTC, and source-and-age systems right now.

Invaluable feedback

“Having an active buyer, who’s interested in

focuses on refining its role in sourcing non-hormone-treated Angus cattle from Angus Strong and other registered Angus sires and developing them in a consumer-friendly system that will capture value for each segment of the supply chain through a premium brand.

Scouting for quality

To qualify for Prime Pursuits, feeder calves must be sired by registered Angus bulls; meet live animal specifications for Angus as recognized by USDA — black or black baldies with minimal white; show minimal Brahman influence; be predominantly Angus Strong genetics; and non-hormone treated. There must be a minimum of one load of calves, and they must be third-party-verified.

The calves must be weaned a minimum of 45 days with no more than a 90-day age spread. Groups will be subject to minimal sorting by a 44 Farms representative to ensure uniformity.

“We have our own health



44 Farms is intentional about transferring the registration papers of their bulls to customers, says Doug Slattery, COO. “We want them to know that this is a known commodity. You can trace the heritage, you can follow the numbers and you can learn from those papers as you progress into your program so you know what you need to do differently or the same next time.”

protocol that we require,” Slattery says. “It calls for a minimum of two rounds of modified-live vaccinations.”

“We’re buying calves, as well as yearlings,” he explains, adding that they are working with

backgrounders in Nebraska, New Mexico and Texas that are certified to develop non-hormone-treated Angus cattle.

The first question producers inquiring about the program often ask, says Slattery, is how much

premium do you pay? That’s when they start the education process, inquiring about their herd, management and former marketing.

“If they tell me their herd is half

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getting data back to us so we can do something with that data to improve our system,” Kerr says, makes the 1,900-mile trip for a bull worthwhile. “You don’t necessarily have to live and die by it, but you can damn sure make decisions to improve what your operation’s doing by it.”

44 Farms COO Doug Slattery has been good at responding to requests for information, Kerr says, and the information provided has been easy to read and digest.

“They’ve bought enough cattle that we’re actually able to track some trends,” he adds. “Any time you get some numbers of that size, that many data points, there’s definitely something a person can learn about their herd.”

Closeout data received through Prime Pursuits has shown a small change for the positive, grading 99%-100% Choice and Prime.

“We have seen in a couple groups with quite a few more Prime than Choice, but that is partly due to the days on feed,” Kerr says. “One big number I was glad to see was cattle going into the 44 Steaks program (natural) performed

very similar to cattle that were being fed conventionally for the Prime Pursuits program.”

With cows individually identified and newborns tagged back to their mamas until they get their own individual electronic ID as they are sorted into marketing groups, Kerr says the potential is there to tie feedlot and carcass performance back to the cow. For now, he uses the information as a benchmark to help guide bull purchasing.

Buying all Angus bulls simplifies comparisons.

“We’re only looking at one breed’s set of EPDs (expected progeny differences). So it’s convenient that way,” Kerr says, admitting it does get a little tight on being able to find bulls that aren’t closely related. “We’ve got enough genetic potential in our cows that we don’t need to focus so heavily on certain traits, which allows us to look at other more important-to-our-herd traits.”

Describing his bull-purchasing process, Kerr says he relies on the American Angus Association’s storage of the registrations on his past bull purchases to make reports on the bulls

he has in inventory. He works backward from there to sort sale groups according to their EPD profile, prioritizing EPDs for birth weight, yearling height, mature weight and carcass traits.

“We try and get as much marbling and carcass traits as we can afford,” he says.

“Once we find bulls that fit our parameters, we sort through them phenotypically, and then sort through them monetarily,” Kerr says, emphasizing their focus on feet and legs. “If we can afford them at the sale, we buy them.”

Kerr says he’ll stick to buying strictly pedigreed bulls.

“Without papers, I’m probably not interested,” he says, basing his thought process on the marketability of the Angus calf.

“We’ve got producers out here who are buying bulls without papers, but they’re not seeing the premium that we’re seeing,” he observes. “They’re close, but they’re not close enough.”

Charolais, half Red Angus, we aren't for them," he says. "We have people who are changing their cow herds to get more cattle into the program."

Likewise, if a rancher says they are raising their own bulls and don't really know what they are out of, Prime Pursuits will shy away.

While one of 44 Farms' goals with the program is to increase demand for Angus Strong genetics, the program is large enough it will drive demand for other Angus seedstock, as well, Slattery says, quick to point out that demand will be for Angus bulls registered with the American Angus Association. "They have to be registered."

When buying genetics outside the Angus Strong program, the registration on sires becomes invaluable, he says. "It's everything to us. We can take that reg number and at least find out something about the background of these cattle, where if it's just a quote 'Angus bull,' we don't know anything. It gives us a level of confidence to project what the cattle can do."

Adding value

The volume of calves they buy, and their aggressiveness in bidding for the quality cattle, have made 44 Farms reps very welcome at feeder-calf sales across the country.

"We buy a lot of cattle on the video sales, and have for seven or eight years. And we buy a lot of cattle privately in the country," Slattery says, noting the program doesn't currently allow for retained ownership. "Through our network selling bulls, we have learned where a lot of these good cattle are, and we've added some people to our team who know where a lot of the good cattle are."

Prime Pursuits relies on sire genetics, word of mouth and past history to scout for new teammates. They then invest in collecting and sharing data to improve team performance.

"If we get three or four years of



"We're not trying to take anything away from Certified Angus Beef (CAB), the American Angus Association or Angus breeders. We're giving positive exposure and developing the need for more registered Angus bulls," Doug Slattery says. "We further the mission of the American Angus Association by empowering commercial producers through great Angus genetics to receive a premium for a job well done, which provides financial stability to those involved."

data on a set of cattle, we can really zero in on them and know what bulls to recommend to those people, what they need help with," Slattery explains.

Once purchased, calves are individually identified with electronic identification (eID) tags before they leave the ranch of origin, so they can be followed all the way through the process to the meatcase.

"Consumers will eventually be able to scan a package of meat and know what farm it originated from," Slattery says. The producers they work with want that transparency. They understand it is the way of the future.

Many of the producers inquiring about the program are recognizing they are getting discounted at local markets with cattle that have no differentiation, Slattery shares.

Value-added programs are critical to the success of commercial cattlemen, he expands. "We see it in the video markets. The difference between program cattle (known genetics, health program and verified natural and/or NHTC) and straight commodity cattle gets larger every six months."

Reviewing the stats

"One of the biggest things that

we're excited about is the data that we're going to be able to collect, both in the feedyard and carcass data," Slattery says. "We've developed a program called Prime Intelligence (PI), where we're collecting, digesting and monitoring all this data on known sets of cattle — with known genetics."

The PI program does everything from producing a contract the day they procure a set of cattle to scheduling where they will be shipped, and by what trucking company, to collecting the feedlot and carcass data to close out a lot.

"It's a turnkey program from the time we make the purchase."

The program stops just short of collecting DNA profiles on the cattle harvested for the program.

"That's the next step," Slattery says, as well as fine-tuning the PI program and how it can be used to help customers enhance their breeding programs.

Pro experience

"They have been extremely good about getting carcass data back to me," says Joe Leathers of the 6666 Ranch, Guthrie, Texas. "They want quality and consistency, and the only way we, as producers, can do that is to get the carcass data back."

That's something a lot of producers aren't able to get, because it's not readily sent back from the packer, says Leathers, who has been purchasing Angus Strong bulls for the 7,000-cow operation for nearly a decade and selling calves to 44 Farms for their steaks program.

Since the launch of Prime Pursuits, 44 Farms has purchased all the 6666 calves to go into one program or the other, and Leathers has become one of the supply chain's backgrounding operations.

Being involved in a program with partners willing to feed back that information is invaluable, Leathers says.

"For us, it's all about relationships. They're not just out to sell bulls or buy our calves. They're in it to be a partner, to help us improve on what we're doing so they can improve on what they're doing."

That's music to the ears of Doug Slattery and Bob McClaren.

"For an industry to be sustainable, it must first be profitable," McClaren says. "We're dedicated to trying to make the producer profitable and to make it known that the producer is the hero of the Prime Pursuits program, and thus the Walmart program. They're the men and women who are really doing the heavy lifting to make this all successful, and we want to reward them and to acknowledge them. And we're giving them lots of data back about how well their cattle have done so they can continue to improve."

"One of the things I love about baseball is it is a social sport," McClaren says. The slower pace of the game gives people a chance to talk to one another, eat and even talk about what they've had to eat.

"If we can make our Angus product the source of that conversation around the dinner table, that would be a great, great thing to do for the industry, the Angus breed and our constituencies." ■