

## Something of value



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One of my advertising professors used to harp on us for developing an advertisement using the word *quality*. His reasoning was that quality is subjective. You are not selling quality, he admonished (emphatically enough for me to remember 35 years later); you are selling what makes it quality.

That's pretty ironic considering I have lived my whole life in an industry that has a USDA definition of *quality* — at least for our end product — and pursuit of the upper tiers of that quality grading system has carved out a consumer demand that underwrites my paycheck, as well as the paychecks of those I work for. That's you, by the way.

More elusive is the term *value*. Webster actually gives the word *value* eight definitions as a noun, three as a verb and one as an adjective. To a sleep-deprived editor, that's a little gray.

There's value (i.e., relative worth, utility or importance) in waking up every morning where we are free to pursue our choice of vocation, to practice our religion openly, to vocalize our beliefs, and to cuss and discuss the value of the Angus cow as long as we can hold someone's attention. There's intrinsic value in being able to own a piece of ground and to spend the day working with family tending to God's critters. Those are the values our forefathers worked and fought to capture for us, and I hope you'll go to the voting booth in November to protect them.

### Something more tangible

This issue focuses on something more tangible — capturing monetary value.

When the subject of profitability comes up, many producers will bristle, ready to say increasing input costs make it harder and harder to show a positive bottom line. But controlling costs isn't the only factor in the equation. Adding value has become the mantra of the cattle industry in recent decades. It's not a new concept, but there's a wide disparity among producers in their ability to capture value in the form of monetary return.

After all, you can add value to a product, but if the buyer doesn't realize that or doesn't understand the value, he or she is not likely to pay more for the value added. If it came at a cost, you may actually be dollars behind. Take the backup monitor in my car, for instance. When I purchased the vehicle, I would have never paid extra for something that seemed an unnecessary luxury. After experiencing it, however, I likely won't buy a vehicle without one.

As an industry, we've worked hard to define what value is so that we can find ways to add it. Ultimately, value is what someone is willing to pay more for.

Consumers have proven they are willing to pay more for consistent, *high-quality* beef. We built the *Certified Angus Beef*® (CAB®) brand to distinguish a product in the meatcase with the specifications to guarantee superior eating quality. Consumers responded more than we dared dream, creating a monetary incentive clear back to the feeder-calf level. It was easy when a black hide pretty much meant black Angus. Now we look to tags and process-verified programs to document the value under the hide.

Feedlots are willing to pay more for calves that won't get sick, but that's a little harder to guarantee. Preconditioning programs and health protocols "add value," but monetary gain often depends on third-party verification.

As more supply of the added-value product becomes available, value may erode, requiring us to reconsider what adds value.

As the only real new money in the beef industry comes from the consumer, we have a constant need to define what the consumer will pay more for that can capitalize on something we already have or do, or that we are willing to incorporate into our production system. But we also have to find ways to communicate that value to the next segment in the supply chain.

This issue is full of ideas and successful examples. Enjoy! **I**



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