

Meeting of the Minds

Angus University drew producers eager to learn more about profitability equations.

Story & photos by
STEVE SUTHER

Cow-calf producers interested in adding value and being paid for it packed meeting rooms of the Bozeman, Mont., Holiday Inn Aug. 16-17. Some 270 attendees at the Certified Angus Beef (CAB) Program's first-ever Angus University participated in the interactive educational program.

Ron Bolze, director of progeny tests for carcass merit, and Christy Johnson, supply development marketing manager, welcomed the group and invited an open exchange of ideas.

"We are blessed with a problem — that demand greatly exceeds supply," Bolze commented. "Without you, we would not have nearly enough *Certified Angus Beef*[™] product to meet demand."

Jim Riemann, who was soon to be the Program's executive director, opened with a history of the Program that led to the challenge to participate in continuing robust growth. He then introduced one of the CAB Program's first licensees, Elard "Butch" Pfaelzer of the Bruss Co. Bruss led the Program into the international market and established it as a growing foodservice force.

Pfaelzer recalled his first meeting with Mick Colvin and then-CAB Program consultant Leonard Berkowitz in 1982, when the Program was struggling to achieve profitability. Their decision to license was good for both organizations as it opened doors to the Pacific Rim for Bruss to license hotels and restaurants in Singapore and Japan.

The CAB® advantage

"Why did we want to hitch our wagon to CAB®?" Pfaelzer said the service and consistent high quality let Bruss exploit a niche to compete with commodity boxed beef domestically and other countries' export offerings in the Far East. "In most markets we had a quality advantage, and in Japan we had a price advantage over Waygu and Kobe," he explained.



Fort Dodge veterinarian **Jerry Woodruff** provided firsthand lessons in quality assurance one layer at a time.

"In the U.S. the Beef Quality Audit and the beef industry's Long-Range Plan showed the need to focus on quality, consistency and yield," Pfaelzer noted. In his leadership roles with the Meat Export Federation (MEF), Pfaelzer could see the importance of each part of the production and processing chain, and he emphasized that connection. "We can't ever lose sight of the fact that we're all in this together."

Bill Osterhout, CEO of Saltgrass Steakhouses, donned a 10-gallon hat and told producers he calls the years prior to his licensing in 1996 "B.C. — for 'before CAB.'" The turnaround in profit from 3% declines to annual 12% profits had him feeling "evangelical," he confessed. He had the crowd ready to shout "Amen" when he said he expects his \$6 million in annual *Certified Angus Beef* product purchases to reach \$42 million by 2003.

With restaurants across Texas and coming soon to Colorado, Saltgrass is leveraging its success with *Certified Angus Beef* product to expand its chain. "We feel we compete with Outback Steakhouses because of CAB," Osterhout said. "The customers know the difference, and the chefs back it, too. We'll never go back."

Field studies

The breakout sessions Wednesday afternoon at Montana State University saw producers learning firsthand about quality assurance (QA), ultrasound, ribeye value differences and the Oklahoma State University (OSU) Boxed Beef Calculator.

The QA session, featuring a necropsy and injection-site analysis on a "realizer" animal, was one of the most popular attractions at Angus University. Fort Dodge Animal Health veterinarian Jerry Woodruff took the crowd through the examination one layer at a time, occasionally letting an abscess burst for effect. Producers learned everything from the value loss associated with the processing errors to proper needle size, use and application.

At the ultrasound station, Matthew Lane, Big Dry Livestock Services, Jordan, Mont., demonstrated his scanning techniques on bulls and heifers, while Doyle Wilson, Iowa State University animal scientist, highlighted the American Angus Association Centralized Ultrasound Processing (AAACUP) Program, which had processed 27,000 yearling bulls and 6,000 heifers. There was active class participation as attendees asked questions.

In response, Lane said if he had to choose, he would prefer to ultrasound heifers in any one herd, "so I would know

what they need for breeding to complement.”

Wilson said heifers are scanned in contemporary groups prebreeding, and bulls are scanned prior to use. “It’s important to scan the animals at a relatively young age to predict the performance of 15-month-old steers — and yearling bulls lose a lot of backfat and marbling after being used for breeding.”

Discovering differences

Duane Wulf, South Dakota State University meat scientist, effectively demonstrated value differences in ribeyes with varying quality and yield carcass characteristics. Classes completed work sheets on rib cuts A, B and C, while a fourth cut served to illustrate the ideal Yield Grade (YG) 2 Prime. The demonstration graphically illustrated how too much or too little fat affects value.

Assuming three starting hot-carcass weights at 750 pounds (lb.), differences in external fat and ribeye area led to calculated Yield Grades varying from 1.9 to 4.6. The highest-value primal ribeye cut in one demonstration was a *Certified Angus Beef* ribeye of 14.9 square inches and YG 2, with a calculated value of \$2.72/lb. A Select YG 1 fell far short at \$2.16/lb., and a Choice YG 4 came in at \$2.27/lb.

Glen and Sally Dolezal, formerly with OSU (now in Wichita, Kan., where Glen has accepted a position with Excel), demonstrated the OSU Boxed Beef Calculator. Glen noted that the program is most accurate in predicting values for carcasses from 600 to 900 lb., from YG 1 to YG 4.5. The Angus University notebook provided a click-by-click tutorial on using the program to calculate value.

Glen said the tool clearly shows that the yield, or cutability, side of the equation is a more important component of value for the end meats and grinds. He pointed out that the ribeye is the only middle-meat cut in the top 10 components by weight of any beef carcass. For the rest of the carcass, genetics and environment control the differences, he added.

Sally explained that the calculator’s development started with correlating carcass weight to weight of the round, which is disassembled to five subprimals that have prices reported daily by the U.S. Department of Agriculture (USDA). “We thought, if we can predict



South Dakota State University’s **Duane Wulf** showed how too much or too little fat affects value.

weight, we can predict value,” she said.

Work with North Platte, Neb., seedstock producer Bill Rishel led to another practical use — generating what might be called a “boxed beef value” expected progeny difference (EPD) for bulls.

Producer participation

Rishel discussed his experiences in more detail at the evening producer panel. He shared that platform with fellow seedstock producer Tim Ohlde, Palmer, Kan., and commercial producers Gene Harris, Killdeer, N.D., and Dale Johnson, Belt, Mont. Colorado State University beef scientist Ronnie Green provided the academic anchor for the panel.

At a banquet preceding the panel discussion, Commitment to Excellence awards were presented to seedstock producer Clarence Van Dyke, Manhattan, Mont., commercial producer Robert Fastje, Wilsall, Mont., and cooperating feeder Doug Alesch, Marcus, Iowa.

After the panel discussion, attendees took advantage of an opportunity to visit with personnel from a dozen CAB Program-licensed feedlots stationed around the perimeter of a hospitality room. After discussing feeding options, producers could register for a variety of feeding-company and CAB Program paraphernalia. These were distributed by each feedlot representative at breakfast on Thursday.

Following those presentations, Twig Marston, Kansas State University, explained his work on the impact that selection for marbling has on beef cow herds.

With the dawn of value-based marketing, he said, carcass traits such as marbling, percent retail yield and carcass weight increase in importance when making breeding decisions.

“The ‘perfect beast’ is one that does all things well. That animal must be produced by a cow that complements her environment, grows efficiently and yields the ideal end product,” Marston said. “Those breeders [who] practice multi-trait selection will produce individuals that are balanced in the economically important traits, match well with their environments and produce a product that appeals to a larger customer base.”

Marketing opportunities

For those who aim to produce cattle that do it all, Bryce Schumann and Bill Bowman provided marketing options. The CAB Program feeder-packer relations assistant director and American Angus Association commercial relations director, respectively, informed producers of the CAB Program’s Feedlot-Licensing Program and the Association’s Angus Resource Clearinghouse Network (ARC-Net).

Schumann recapped the opportunities available for producers of Angus-type cattle through working with licensed CAB Program partner feedlots, which are specialists in managing these cattle to optimize their genetic potential. In addition, producers get individual carcass data, benchmarking against all other calves in the system, assistance in data interpretation and marketing in a manner that re-

wards those cattle that meet *Certified Angus Beef* specifications.

Bowman explained the ARCNet feeder-cattle, replacement-heifer and bull-listing programs, which feature detailed genetic and health information. These are compiled and listed on the Association's Web site (www.angus.org) and are sent by mail or fax to potential buyers upon request.

Marcine Moldenhauer, Excel's head of quality-cattle procurement, emphasized that the Program-licensed packing company wants to build relationships with producers. In her presentation on sourcing feeder cattle, she noted that Excel is building a database on known sources of cattle, so producers need to know what they are producing, too.

Besides supply and demand, producers must consider timing, feed costs, location, health condition and cash flow when marketing calves, Moldenhauer said. Factors that determine how to market include available time, negotiating expertise, knowledge of terms and conditions, and number to market. Finally, and most importantly, producers must consider what they want from a buyer: highest bid only, individual tracking of

cattle, long-term relationship, partnership or retained ownership.

The bottom line

The impact of stacking genetics in a commercial herd was a key in Tom Hogan's presentation on beef's uniformity challenge. The Agri-Plan consultant said product inconsistency is a result of ecosystems, genetics and management. Then he pointed to a solution in "planned systems breeding."

This "silver bullet" approach, Hogan said, is based on determining herd strengths and weaknesses, matching EPD parameters, and finding a single-solution sire. On a large Southeastern ranch half-brother sons of a single Angus sire hung up carcasses worth \$26.34 more than that herd's average from composite rotation breeding.

Moreover, Hogan found an \$11.06/carcass increase in value for half-brothers over a Nebraska Angus herd's average ("Uniformity is more predictable and faster with pure lines," he says), and a \$22.55/carcass advantage for three-quarter-brothers, achieved through mass breeding. Meanwhile, average cost of gain in that herd fell from \$57.33/hun-

dredweight (cwt.) in 1991 to \$41.38/cwt. this year. Adding advantages in opportunity cost and herd productivity, planned systems breeding can add \$150 or more to the bottom line, Hogan said.

In one of his last appearances before producers as executive director of the CAB Program, Mick Colvin addressed the oft-asked question, "Where's my premium?" Colvin assured them, "Consistent, high-quality branded product with superior taste and tenderness will regain market share and assure long-term economic viability for ranchers committed to those consumer traits."

The CAB Program's success story is where the movie slogan, "Build it and they will come," meets the producer position, "Come pay us, and we will build it." Colvin provided evidence that the market is paying producers, while pursuit of the *Certified Angus Beef* target works in harmony with other profit targets. He demonstrated the positive effect CAB Program success has had on Association registrations and bull values, and confidently predicted, "Growth will continue."

