

The Alliance Angle

Ken Conway and GeneNet earn CAB Progressive Partner Award for marketing innovation.

Story & photos by

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GeneNet was always about genetics and networking, but when the cattle marketing alliance was just an idea 40 years ago, few besides founder Ken Conway thought it would get a chance to work.

Looking back, he says he didn't know enough to doubt he could change the beef industry for the good. Conway learned, and taught many quality-focused cattle producers how to make more money by satisfying consumers.

That's why the *Certified Angus Beef*[®] (CAB[®]) brand honored Conway and GeneNet with its 2015 Progressive Partner Award, which he accepted with wife Charlotte at the brand's annual conference in San Antonio, Texas, Sept. 26.

Classroom discovery

The year after earning FFA Star Farmer of Kansas at 17, while serving as a state officer in 1969, the Plainville, Kan., native's sights were lifted above farming. The first new impression was 140 miles east at Kansas State University, where he discovered "what I would do the rest of my life."

Four years later, Conway wanted to stay on, so he helped coordinate and care for cattle on feed at the Beef Research Unit for two years before the purebred herdsman post opened, and he stayed another three years, earning a master's degree in beef cattle nutrition by 1976. He thought about pursuing a doctorate and teaching classes, but Conway's favorite professors had "real-world" experience.

To gather more of that, he signed on with an oil company executive's upstart R&J Ranch near Austin, Texas.

"Most herdsman for big-money ranches last three to five years, so I thought this would be great fun before going for my Ph.D.," he says. R&J made things plenty interesting with the first on-ranch embryo transfer program.



Ken Conway revisited his packing connections and found a new home for the concept he incorporated as GeneNet with Monfort, later Conagra, then Swift and now JBS. Through it all, since 1998 GeneNet has helped producers earn premiums for 1.48 million of their best cattle, returning \$30 million in premiums and carcass data to make better cattle next time around.

That fun lasted nearly 18 years, until Conway, then 44 and well-known in the purebred Angus arena, decided to go for his doctorate at last. Maybe he could still be a professor. Yet what really caught his attention in 1993 was the beef industry's Strategic Alliances Demonstration Project.

The doctoral program at Texas A&M University had close links to that project that would launch dozens of "strategic alliances" across the beef cattle community in the next five years.

Conway had seen the showing give ground to data-based selection, but he wondered why commercial operators paid more for better bulls when 95% of finished cattle all sold for the same price each week.

"I'd seen the pig and chicken boys set up integrated systems from genetics to the finished product, but figured it was not possible until I saw the alliance idea," he said.

Top of mind for Conway then was how to put children through college while transitioning careers. He'd been near the top as a high-profile Angus herd manager, but in the commercial industry, he would be "low dog on the totem pole."

Weighing the entry-level salary as a professor against prospects for a startup business that could change that industry, he decided to go for the doctorate with a mission to develop an emerging vision.

"I saw a grid where cattlemen could get more money for higher-quality cattle," Conway said. "I wanted to organize a group of breeders that had enough of

those cattle that I could go to a beef packer and ask them to pay more than average money on a grid or formula."

Sharing a vision

He knew hundreds of Angus producers from the previous 20 years, and started communicating with them while taking "as many meats classes as I could" to finish the doctorate with greater understanding of the product side.

Having a card that said "doctor" opened doors at the big feedlots and packing plants, "but most of them still thought I was crazy," he said. One exception was Beef America, Norfolk, Neb., which was expanding its high-quality niche by going after a specific breed type. It founded Angus America to incorporate much of Conway's vision.

He moved from Texas to South Dakota for a time, and then to the current headquarters in Hays, Kan., spending countless hours on the road to build up the business. It didn't happen overnight, but the grid idea caught on fast for the traditionally slow-to-change cattle market.

"All of a sudden, we were getting these really good cattle to go through Beef America on the grid," Conway said. "Other buyers were wondering how we corralled the best ones, and then they realized we were paying a premium on them — so it kind of forced the packers to compete for the good cattle. Most of the guys, once they get a good premium for their calves, they aren't going to go out and sell them on a flat bid again."

A larger manifestation of the sea of change was U.S. Premium Beef (USPB), created in 1996 and opened the next year for business. Meanwhile, Beef America, caught up in the legal and media ramifications of *E. coli* in ground beef and a meat-cutters strike, closed in 1997.

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Across 17 years, a significant share of all premiums were paid for achieving CAB brand acceptance, which averaged 30% but moved up over time.

Conway's dream-come-true has produced more than 70 million pounds — 35,000 tons — of CAB brand product so far. The GeneNet grid features the highest fixed CAB premium in the market at \$5 per hundredweight of carcass, offset by discounts for overfinished and poor-grading cattle.

The marketing alliance membership has included more than 1,550 farms, ranches and feedlots that used the carcass data to improve profits and CAB acceptance to 70% CAB or more.

