

On the Road in Georgia

National Angus Conference & Tour provided educational conference program, firsthand look at Georgia Angus herds and time to interact with fellow Angus enthusiasts.

by
KASEY MILLER & KATIE GAZDA

More than 200 Angus breeders braved inclement weather to meet in Georgia for the three-day 2011 National Angus Conference & Tour (NAC&T) Sept. 6-8. Headquartered in Athens, the event included a one-day conference program and tours of Georgia ranches and agricultural establishments.

Joe Hampton, American Angus Association president and chairman of the board, welcomed attendees to the conference before turning the program over to an all-star lineup of speakers who focused on the future of the beef industry, estate transition planning, and international markets.

The Solution Will Come From Within

"I'm here to say that there is going to be a future," declared Tom Field, executive director of producer education for the National Cattlemen's Beef Association (NCBA). "There is a future." Despite recent trials, he said he remains confident in the direction that the industry is heading.

Field showed results of the "Cattlemen's Stewardship Report," which indicated 97% of us in the cattle business are family farmers or ranchers, and 54% of our farms have been in the same family for three or more generations. A quarter of us have served in the military, and 94% of us vote. We are volunteers and activists, he noted.

Our passion for the industry is what will keep the industry alive, he said.

"We have very real challenges in front of us, but they are solvable. ... We just have to find the solution," Field said.

In the words of his farm manager, he asked, "Are we going to put on our big boy pants today or not?"

Field noted that government overreach is one of the largest issues facing cattlemen today.

"We have to rein this train in before it wrecks," Field emphasized. "In this nation, the government is the people. We are the government. We get what we vote in. We get what we are willing to tolerate."

Even those who don't like politics need to be involved, Field said. "You don't have to be political. You do, though, need to stand up in your local communities and advocate for self-accountability."

Field drew attention to three macro issues of concern: the shrinking number of producers; the erosion of agricultural research and educational infrastructure; and access to technologies and freedom of choice. Additionally, the industry can't afford to lose independent rural banks, industry infrastructure (including

veterinarians, feedyards, etc.), or healthy regional and local economies and communities.

Field agreed with Jeff Simmons of Elanco when he said that there are definite things that we must get right about food production. These include ensuring the human right of access to affordable food; protecting all consumers' rights to spend their food budget on the widest variety; and creating an environmentally right, sustainable food production system.

"Give the consumer value and they will stay with it. It's that simple," Field said, adding that today's consumers want the same thing they did 20 years ago: taste, quality and price. The *Certified Angus Beef*® (CAB®) brand, which experienced its single largest sales month in June 2011, is right on track.

"We have some great opportunities.

The cow-calf business has been good enough in the past three years that even three cavemen — my two brothers and I — can do it," Field said. "We're going to grow. Why? Because the opportunity is there. We're more energized than we've ever been before about the business. But we also know that volatility reigns."

Field called volatility the new normal.

"It's just the reality," he said. "Volatility is going to be part of your existence and everyday experience for the foreseeable future — in markets, trade agreements, finding help, dealing with federal government, competing for access to land and resources."

Field challenged members of the audience to figure out what makes them unique, to join together and then to step up to the plate to become leaders within the industry in order to preserve the future of their livelihoods.



Morning keynote speaker Tom Field told Angus producers to look in the mirror for solutions to the industry's problems.

"If we're looking to leadership to get us out of the mess we're in, then turn and look at the person to your right and to the person at your left. When you get the opportunity, look in the mirror. That's where the leadership will come from to solve this problem," he emphasized.

Transition Planning Necessary for Industry Future

A three-person panel moderated by Curt Lacy, livestock economist and associate professor at the University of Georgia (UGA), offered insight and tips for transitioning the farm from generation to generation. Lacy; Scott Bennett of Knoll Crest Farm Inc., Red House, Va.; Don Schiefelbein of Schiefelbein Farms, Kimball, Minn.; and Tommy Maples, of Maples Angus Farm, Elkmont, Ala., shared their personal experiences in the challenges of transition planning.

Planning needs to take place early, Lacy advised, because poor planning can put families in trouble. Recognizing that family and money are two of the most sensitive topics families can discuss, Lacy suggested seven major considerations for transition planning.

1. Is there a clearly focused goal?
2. Whom does the transfer affect?
3. Is the farm profitable today?
4. How do you fairly treat participants and nonparticipants?
5. What is the correct entity?
6. Do you maintain one unit or divide?
7. Do you have a firm buy-sell agreement?

A fourth-generation farmer and the youngest panelist at 22, Bennett offered four main pieces of advice based on his experience with his father and two uncles: (1) The farm can always be family time, but family time should not always be farming. (2) A family is a team effort, so the business should be, too. (3) It is important to know each other's interests and strengths and to embrace them. (4) Have faith in God and support each other.

Bennett said support for each serves as a checks and balances system so that "no ego ever gets too big and no extreme decisions are ever made. Slow-and-steady, conservative business decisions work for us."

Schiefelbein shared a unique and successful business plan that works for his large family. The finalized business plan took about a year to construct. He offered the rules and guiding principles that went into its creation. His father's two major rules for all nine brothers were that everyone must leave the ranch for at least four years and that all business meetings were for operators only.

The business plan set protocols



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for asset and management transfers, and defined the "what if's," which Schiefelbein said needed to happen before the estate transfer. To make the business plan, the group agreed to five guiding principles. They concluded that fair vs. equal would be determined in various operations, the operators have control, the tax understanding to minimize tax burden, the structure of three organizations within the farm, and the unselfish rule that the ranch's success was the first priority.

Maples' farm has been in his family since 1818, a year before Alabama



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became a state. His children are the seventh generation on the farm. His family's method for estate transfer is a gradual process, he explained. Currently, his parents, he and his wife manage the farm. They operate it together, though Maples said his father decides what he does and does not want to do on a daily basis.

Maples said he started to take over the books from his father, especially because his wife is a certified accountant. When breed records became electronic, Maples began taking care of the recordkeeping, too. Gradually, when his father decides that he doesn't want to farm anymore, Maples will have full control of the farm.

Because Maples works so closely with his parents, he says, "You've got to really love the people you're working with."

He said he maintains the farm so he can pass it on to his children, who have grown up with a love of the farm and of agriculture.

International Markets are Game Changers

When it comes to international markets, access is our greatest challenge, explained Geof Bednar, who shared insights into international markets. Out of the top four countries to which we send exports — Mexico, Canada, Korea and Japan — three provide us only limited access. To increase access, we need the government's help, said the director of international sales for Certified Angus Beef LLC (CAB).

Beef exports have been up 39% in the first six months of 2011, Bednar noted. These numbers haven't quite made it back to where they were in 2003, before a cow in the United States was found to be infected with bovine spongiform encephalopathy (BSE), but they are rising.

Despite our issues since 2003, beef export value is up 40%, Bednar said, noting a number of drivers of success: the quality of beef; the world demand for taste; currency advantages; and cattle inventories by competing countries, including Brazil, Australia and Argentina.

"Certified Angus Beef is enjoyed in 71 countries," Bednar said. "We are the global brand. No one else has the foothold, strength or consumer recognition."

A problem the brand faces, however, is logo protection. While the brand is enjoyed in 71 different countries, the logo is protected in only 45. In the remaining 26 countries, packers believe they are free to use a CAB logo on any box of meat.

When the brand is compromised, the integrity of the business is threatened, Bednar said. The most important thing that CAB aims to do, both domestically and internationally, is protect the integrity of the brand.

Bednar said he believes CAB will need to rely on the international market in order for it to grow during the next 10-20 years.

The best international selling year for CAB peaked at 90 million pounds (lb.), with 52% of the product going to Japan. The market crashed to 33 million lb. following the 2003 BSE scare, but it has risen back to 81 million lb. in 2010. Predicting an all-time record of about



International markets hold promise, but the beef industry needs greater access, shared CAB's Geof Bednar.

92.8 million lb. in 2011, Bednar said he is confident that the number will continue to rise.

Of course, as with any other product, the beef industry faces its share of market challenges. Economies, competition (between both other protein sources and other countries), access and costs can affect the market. Additionally, consumer perception is a key factor determining beef's success. A lack of focus on consumer needs, including source verification and wholesomeness of the product, as well as the general perception of the U.S. beef industry as a whole, can be detrimental.

CAB plans to meet these challenges through brand positioning. As a brand, CAB aims to position the product to the consumer — the chef who prepares the product as well as the person who physically consumes it — in a way that is different and exciting.

This year, 40 guests from 12 countries came to the United States to participate in the International Roundup. Sponsored by CAB, the Roundup took chefs from CAB-partner hotels worldwide to U.S. farms and ranches, showing them the origins of the product and introducing them to the farmers and ranchers who raised it. Through this unique form of brand positioning, CAB was able to send its partner-chefs back to their countries with an emotional bond to the product.

Bednar wrapped up his discussion by saying that from an international standpoint, convincing the consumer that the product is safe and wholesome is the most important thing CAB — and the industry as a whole — can do. If we are willing to assure consumers that our product is a safe one, they will invest in it.

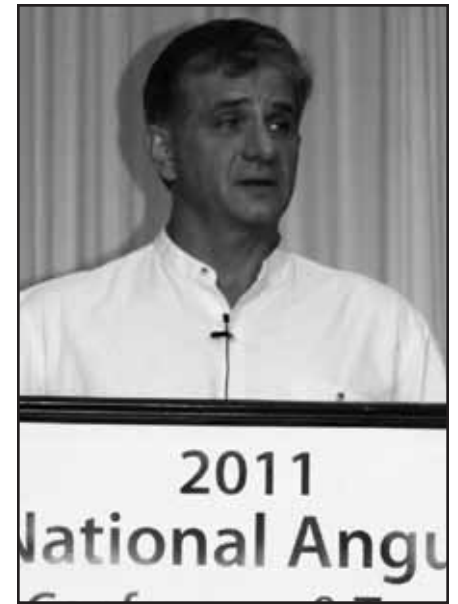
Hope for Agriculture in Advocacy

"Rural America is being protected to death," said Bruce Vincent, co-owner of Environomics and third-generation logger. The keynote speaker for the 2011 NAC&T outlined some of the challenges activists pose to farmers and ranchers and offered some suggestions to provide hope for American agriculture and rural culture.

Americans are having a collision of visions, Vincent said. Urban Americans want to protect rural areas without understanding the rural culture and how their actions affect rural Americans. Vincent compared what animal agriculture is facing now to what the logging industry experienced years ago. Urban Americans want to protect the environment, and they want to protect animals, but they don't understand the stewardship that goes into both industries.

"There's a thin line between environmental sensitivity and environmental insanity," he noted.

Vincent gave the example of celebrities being called upon to testify in Congressional hearings or being interviewed on the news about environmental issues on which they have no knowledge. The unknowing public bases policy on what they are shown. Vincent emphasized that farmers and



Speaker Bruce Vincent encouraged cattlemen to put themselves in a position to be recognized as the experts they are in issues related to animal care and the environment.

ranchers — the experts in animal care and environmental issues — need to show the public their side of the story.

"Their ignorance is our problem," he emphasized. Truth without a champion does not do any good. Associations and industry organizations can't do it alone, he emphasized. All in animal agriculture need to speak out in a bold and truthful manner, warts and all.

Vincent outlined three truths about advocacy:

- Democracy works, but it is not a spectator sport.
- When people lead, leaders follow.
- The world is run by people who show up.

Vincent encouraged everyone to take one hour out of every business week to lead the discussion about the future of agriculture.

"We need a new environmental vision in our nation, and it needs to be built on hope instead of fear, science instead of emotion, education instead of litigation, resolution instead of conflict, and employing rather than destroying human resources," he said. "The new movement is going to be led by rural people because we live too close to the ground to pretend."

Vincent started the Provider Pals program (www.providerpals.com), through which rural and urban classrooms "adopt" rural workers to learn about where products originate. The program has connected 60,000 children with rural people.

Editor's Note: Through sponsorship of Land O'Lakes Purina Feeds, Angus Productions Inc. (API) provides comprehensive coverage of the 2011 NAC&T online at www.nationalangusconference.com. Visit the site for more in-depth summaries, PowerPoints and audio.