

Outside the BOX: Lessons from Little Bo Peep

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Do you remember the classic nursery rhyme featuring Little Bo Peep?

Turns out that Bo Peep, the most fashionably dressed shepherd in history, was not a particularly effective inventory manager. As a kid, I always assumed that

she lost track of the flock because she was too busy adjusting her bonnet or she had been outwitted by the dastardly deeds of an opportunistic coyote. A more in-depth analysis actually reveals that declining numbers in Ms. Peep's band of

sheep was due to a complete meltdown in consumer demand for lamb and wool. So complete was the failure that a high percentage of lamb that is available to U.S. consumers originates from overseas producers.

Is there a lesson for the beef industry? Consider the current landscape. Cattle numbers are at a 50-year low, a major packinghouse has closed its doors, and the number of beef producers has declined to worrisome levels. An honest assessment of the situation certainly turns on the yellow warning light as to the future of the business. How did we get to this point?

A variety of factors have coalesced to create the situation — drought, competing demands for feedgrains, profitability advantages in the cropping sector, inconsistent access to key foreign markets, excessive regulatory burdens, and the uncertainty created by historic volatility in the global economy have all contributed. Any one of these factors is sufficiently distracting to shift a manager's thinking to the short term.

Taken in combination, it is no wonder that during the past half-decade, cow-calf producers, feeders, packers, trade associations, and many of the companies who supply services and technologies to the beef industry have turned their focus and attention inward to deal with industry-centric issues. In the struggle to maintain short-term profitability, the industry is struggling to establish and execute strategic direction while losing sight of the singular element upon which long-term industry viability depends — consumer demand.

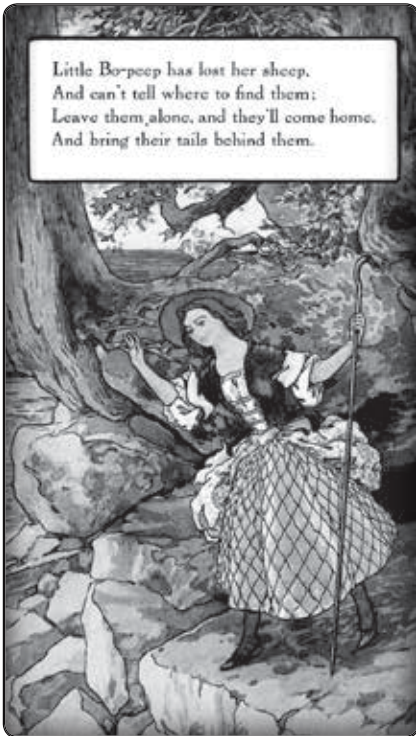
Demand is a must

The 2011 National Beef Quality Audit (NBQA) provided in-depth quantifiable analysis of the value and relative importance of those factors impacting the willingness of each sector to pay for various beef-quality attributes. Funded by the beef checkoff with the directive to define the core drivers affecting beef demand, the NBQA clearly determined that there are three core pillars upon which future beef demand will be built:

- ▶ Eating satisfaction
- ▶ Product integrity
- ▶ Communication of the beef story

For the first time in the 20-year history of the audit, concerns about the processes used in cattle and beef production were included in the top five quality concerns of the supply chain. This finding clearly indicates that future beef demand will depend not only on the physical and sensory attributes of beef, but also on the perceptions of consumers as to beef production practices and processes.

The key to future success rests on the industry's collective ability to positively impact the consumer's beef dining experience by consistently delivering



a palatability advantage to competing proteins; by providing products that are unquestioned in their safety, wholesomeness and integrity; and in providing a trustworthy, transparent beef story that engages both domestic and international consumers.

These objectives are attainable, but only if industry decision-makers at every segment of the chain double down on their commitment to deliver best-in-the-world value. Building long-term consumer trust requires a mindset that extends beyond the confines of the ranch, feedlot, sales cooler, meatcase and menu.

Recently, I saw a television commercial where a member of the C.S. Johnson family was describing his family's business commitment to providing consumers information about every single ingredient used to create Windex, as he explained that "you (the consumer) have a right to know what you are bringing into your home." This example illustrates that reassuring consumers requires a proactive, transparent level of communication.

Slogans, messaging campaigns and clever public-relations efforts are not enough in an era where brand promises are the currency required to establish and grow market share. Growing consumer demand is not a part-time job and there are no shortcuts. Delivering on a brand promise that builds trust will require a disciplined analysis of how the decisions, protocols and practices employed by each participant in the beef supply chain affects the three pillars. We will have to change, improve and adapt.

We ignore the results of the NBQA at our own peril. If we choose to stay inwardly focused, then the beef industry will suffer the same fate as another famous nursery rhyme character, and all the king's horses and all the king's men will not be able to put it together again.

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AMERICAN ANGUS ASSOCIATION
The Business Breed

APPLICATION FOR REGULAR MEMBERSHIP

American Angus Association, 3201 Frederick Avenue, Saint Joseph, Missouri 64506
(816) 383-5100 • Fax: (816) 233-9703 • www.angus.org

I (we) hereby make application to the Board of Directors of the AMERICAN ANGUS ASSOCIATION for Regular Membership and, in consideration of acceptance, agree to conform to and abide by the By-Laws, Rules and Regulations of the Association and Amendments or Modifications thereto which may, from time to time, be adopted. By signing this application for membership, applicant irrevocably waives any claim against and grants an absolute release to the American Angus Association, any member, employee or agent of the Association, for any act or omission in connection with the Association, including but not limited to, any enforcement of the rules and regulations presently in effect or hereafter adopted by the Association. It is requested that the Membership be entered as follows:

Membership Name _____ **Location of Herd** _____
PLEASE PRINT (Limit Name to 24 Spaces) (City) (County) (State)

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(P.O. Box, or Street) (City) (County) (State) (Zip)

E-Mail _____ **Date of Birth (if under 21 years of age)** _____

Phone # Home () _____ **Signed** _____

Phone # Business () _____ **Printed** _____

Fax # () _____ **Date** _____

- Fee of \$130.00 is enclosed and includes a one year subscription to *The Angus Journal*
- Certificates enclosed for correction
- Enclosed is my membership fee of \$80.00. I understand this membership does not include subscription to *The Angus Journal*. Initial here _____.

Corporations — In case of a corporation, the corporate name shall be entered on the application, which is to be signed by a duly authorized officer, and below, on this side, at least two officers of the corporation shall sign their names.

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Regular membership may be applied for in the name of a person; a farm or ranch name; a partnership; or a corporation. Membership fees are payable at the time the application is submitted.

Your regular membership is good for one year. Thereafter, annual dues are required for all regular memberships.

Application should show the name in which the membership is to be entered. If animal registrations are to be applied for in an individual's name the membership should be in the name of the individual; if by a partnership the membership should be in the exact name of the partnership; if by a corporation the membership should be in the exact corporate name. All partners in a partnership, and at least two officers of a corporation must sign their names on the back of the application.

The length of the membership name and location must not exceed 40 spaces, for example:
 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40
 Jones & Smith Cattle Co Rock River IA

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