

Cattle Connection

Kentucky businessman plays catalyst to beef profits.

Story & photos by *Laura Nelson*



It's not your typical ranch office, perched on a Kentucky knoll with matching outbuildings. The manicured lawn and interior look more like downtown Louisville than a cattle farm halfway between there and Cincinnati, Ohio.

But there are little things that tell you it's a farm office. There's concrete instead of carpet, boots under the desk instead of dress shoes, and a horseback rider bobbing past the window instead of city traffic.

Neatly organized three-ring binders and file folders hold an array of data. The flat-screen computer monitor shows a cascade of spreadsheets among current market reports and e-mail.

Bob Sand — not your typical cattleman — sits behind the L-shaped desk, likely on his cell phone, thumbing through analysis or progress reports. He's as comfortable speaking about Deming principles used daily in manufacturing or high-precision submicron measurement as cattle genetics or feedlot performance. That's because to him, those four topics may very well be connected.

That's another thing he'll talk about — connections. In fact, this tidy office near Union, Ky., is the center of one of those interrelated efforts. It's home to The Beef

Connection LLC, with Sand as CEO and owner. After the company opened in 2004, it began connecting more success stories in the Kentucky beef industry than you could shake a tobacco stick at.

Connecting ideas

Sand's story began typically enough. He grew up working on his grandfathers' dairy and vegetable farms in the area, spending summers in tobacco fields and hay barns. But then there was a 30-year interlude in the field of micro-metrology, working his way up in the manufacturing world of precision measurement. In 2000, he sold the company he had acquired to Japanese buyers and returned to his roots.

Mulberry Meadows Farm started as a hobby in 2001. Sand bought a few Angus cows and settled in for early "retirement," as just a technical consultant to his former company. That was until he saw that his past life in manufacturing and his current "hobby" had a lot in common.

"I took my first set of calves — good, black Angus calves — to the sale barn and realized there was no way I could market them," he recalls. "I couldn't describe those calves with anything other than color and breed. I didn't

have any information on them."

The auction buyer told him to be proud they topped the market that day. Sand thought he could do better, so he asked the buyer exactly what it would take to get more for his cattle. He didn't exactly get the answer he was looking for.

"He couldn't quantify what kind of cattle he was looking for," Sand recalls. "So how was I supposed to know what kind of cattle to build?"

An inquiring mind can't rest, even when considering a hobby. Sand set out to track down each part of the beef industry system and find out where he fit in the process. He headed west to visit feedlots, packing plants, breeders and other cattlemen. He researched marketing systems, nutrition companies, genetic lineage and both international and domestic demand, all with one question in mind.

"If we were going to build this production model to manufacture a good black calf for a feedlot, what would that process be? I needed to figure out what feedlots wanted, and then build that animal," he says.

He used Mulberry Meadows as a lab and his first year in business as a baseline for continuous improvement. The first area of

► **Above:** "I took my first set of calves — good, black Angus calves — to the sale barn and realized there was no way I could market them," says Beef Connection CEO Bob Sand, explaining his entrance into the business. "I couldn't describe those calves with anything other than color and breed."

focus was data collection, both on his cattle and on the industry.

"I tried to go to every industry expert I could find," he says. "The first two or three years in this business were filled with just getting data together. Then I started sorting it out."

Connecting people

By 2005, Sand had created a detailed handbook and started networking with cattlemen in his county. The Beef Connection was incorporated with its focus on creating a turnkey model for cattle production. He had an ideal in mind: genetically superior, feed-efficient calves that consistently grade at least 80% USDA Choice, "a good chunk of that *Certified Angus Beef*® (CAB®)," with a program to age- and source-verify them for export markets.

Cattlemen pay a membership fee; in turn, Sand provides the handbook, which now incorporates the Certified Angus Beef LLC (CAB) Best Practices Manual (BPM), along with all pertinent information analyzed to assist a producer in making decisions. Industry partners like feedlots, animal nutrition and health companies, and marketing entities pay an allied membership fee for access and connections to the ranching members.

"When we came up with the name, The Beef Connection, I was convinced it would work. That's a manufacturer's mind — you connect all the processes so that, as a whole, everybody prospers," Sand says.

CAB-licensed partner Pratt (Kan.) Feeders was an early allied member. In fact, manager Jerry Bohn was one of the first Sand consulted with on his fact-finding mission, and the source he credits with some of the best advice in developing a business plan.

"Most of our guys use Angus bulls," Sand notes. "We're color blind and use all breeds in this company, but Angus just happens to have



► Sand helps Kevin Perkins (left) of Taylor Cattle Farm, Crestwood, Ky., sort through the data, digging through the Beef Connections three-ring-binder handbooks. Bob's son Travis (center) heads up the marketing, web design and media production part of the business.

the biggest data set for us to pull from." Predictability helps in a model that values precision, but breed choices are up to individuals.

"Jerry's the one who told me, 'When it comes to cattle, stay neutral. Don't start trading bulls or buying cattle. We'll buy the cattle; that's what we do well. You stick to what you do well — look at the data and analyze how to make it better,'" Sand recalls.

Then it's up to the cattlemen to do what they're best at — raising high-quality cattle. Sand points out that the average 30-cow operators in Kentucky have traditionally found limited marketing opportunities. That hinders information feedback, leaving them at a disadvantage for herd improvement or even selecting replacement heifers.

"Say we have a member who needs 10 replacement heifers. I'll comb the database, go through the directory and find a member

who needs to sell heifers," he says. "I'll know everything about those cattle. I'll put the two together; then they have to sort out the prices."

There's no gouging.

"Beef Connection members have gotten beyond that cannibalistic attitude," Sand says. "They recognize that we're going to survive as a group, not as an island."

"This system is built for these smaller guys," he explains. "When we pool together, it gives them just as much power as the big guy. When I have all the data on their cattle, I can help them pool like cattle to fill a truck, then organize them to send to the right feedlot."

Adding value

That opens doors for the Kentuckians and makes it easier for a feeder like Bohn to manage the cattle.

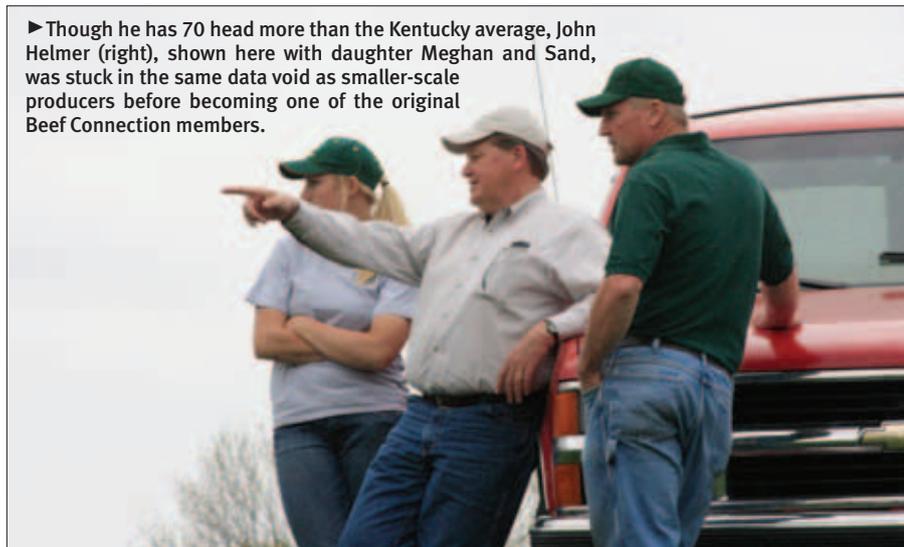
"One of their members recently fed 18 head here. Those cattle brought back \$129 per head grid premium. They fed awfully well, too. So I'm sure his return, above what he could have sold them for last fall, was approaching \$200 per head or more," Bohn says.

John Helmer, one of Sand's neighbors, is another of the original Beef Connection members. Though he has 70 head more than the Kentucky average, he was still stuck in the same data void.

"Prior to joining up with Bob, our calves would leave here, go through a sale barn and we wouldn't know a thing about them after that," he says.

For the past five years, Helmer's been building a database of feedlot and carcass performance reports with Sand's help, culling below-average genetics and retaining heifers from above-average cows. "It's a tool we can

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► Though he has 70 head more than the Kentucky average, John Helmer (right), shown here with daughter Meghan and Sand, was stuck in the same data void as smaller-scale producers before becoming one of the original Beef Connection members.

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use to improve and increase our profit. And let's face it, that's what we're all trying to do out here," he says.

That's a fact Sand takes to heart, for each Beef Connection member and his home state.

"The point of this whole thing is to add value to cattle," he says. "Kentucky has about a million cows. If I can help these cattlemen get just \$50 more per head, that'd be a \$50 million revenue enhancement to the state if everyone could do it. In 10 years, that'd be half a billion dollars."

They're making progress. Last year, The Beef Connection collected data on 11,000 calves. By 2013, Sand's model predicts the 50,000-head range. Members already have unique program identification.

"The biggest value is when someone sees that Beef Connection tag in a calf's ear, a feedlot or order buyer should know to go after those cattle because they should be efficient, they'll grade, they'll grow, and they will be age- and source-verified," Sand says. "Those characteristics should be built in."

The company includes a sales department of account representatives and internal support personnel, an accounting department and Sand's son, Travis, who heads up the marketing, web design

(www.thebeefconnection.com) and media productions. As connections grow, the CEO just sees his role as facilitator — a catalyst to help members realize their own potential.

"This company doesn't build the calf. It gives the producer the kind of information he needs to build the calf," Sand says. "I won't ever tell a guy how to run his business. It's their decision. But cattlemen are smart enough to know the data supports our philosophies; they just have to follow the data."

Connecting data, profit

Nothing happens overnight; it's a multi-year process. Like Mulberry Meadows, all Beef Connection members start with gathering baseline data.

"That's all we're after that first year. Then you're testing that data. Third year, you're testing and improving, and by the fourth year you should be approaching the top of the market," Sand explains. "I ask them to change as little as possible those first two years because we need two years with limited variability to make an intelligent decision. Now, at the end of the fourth year or so, you may be so good that you don't need us anymore. But I've never had anybody quit."

It all comes down to statistics and projections, which are second-nature to Sand. "We gather and analyze all the available data

and help our members develop a management and marketing plan. They just have to follow the steps of the process outlined in the plan. They have to follow every step," he says.

"The 80/20 rule holds true in both manufacturing and cattle production. For instance, we consider a Beef Connection member's herd should yield 80% of calves grading Choice or better. Initially, we also find that you lose 80% of your profit potential to the low-performing bottom 20% of your herd," Sand explains. "We start by looking at the carcass merit and feedlot performance data to eliminate the bottom outliers. In a lot of cases there's a \$500 value difference in a herd. Statistically, elimination of the non-performing bottom 20% annually will narrow the control limits and shift the mean line of the herd in a positive direction. After three years of continuous improvement, your herd will be near or within the optimal zone."

Bohn likes where these connections are headed.

"Bob is working to provide us with high-quality cattle, getting them out here and getting data back to his guys," Bohn says. "In the long run, I hope that means they'll be supplying us and other feeders with a pool of cattle that better meet the consumer demands for beef quality and consistency."

