

## FOCUS ON THE FUNDAMENTALS, LOOK TO THE HORIZON

*American Angus Association CEO Mark McCully said change is inevitable, but the Angus breed's foundation is strong, during the 2021 National Angus Convention & Trade Show.*

*by Julie Mais, editor*

If the past two years of living through a global pandemic have taught us anything, it's that we don't always see change coming. And most people aren't waking up each day hoping for major shifts to their lives and businesses, suggested Mark McCully, American Angus Association CEO.

McCully said anticipating changes on the horizon, to the best of our knowledge, will allow Angus breeders to discuss and plan accordingly.

While change is inevitable, McCully highlighted areas of the Angus business and beef industry that are foundational during his CEO report Nov. 8, at the 2021 National Angus Convention and Trade Show in Fort Worth, Texas.

Angus breeders are no strangers to adapting to demand while being profit-minded. In the '70s and '80s, the Angus breed led a pioneering mindset shift from focusing solely on lean gain to producing the quality beef consumers were desiring.

"We thought of ourselves as being in the cattle business and not in the beef or food business, and that's changed in a really, really big way, and I don't see that coming back," McCully said.

### **106** | ASSOCIATION INSIGHTS

Reflecting on a successful year provides momentum for Angus entities in 2022.

### **110** | THE BACKBONE OF THE BUSINESS BREED

Passion is the driving force for countless faces in the beef production chain.

### **114** | MAN'S BEST FRIEND

For companies and individuals to succeed, there must be focus on innovation.

### **118** | FROM THE BATTLEFIELD TO THE BUSINESS WORLD

Former Navy SEAL shares experience at Angus Convention.

### **122** | LEADERSHIP ELECTED

American Angus Association installs officers and elects Board of Directors at Annual Convention of Delegates in Fort Worth, Texas.

### **126** | HERITAGE FOUNDATION INDUCTS FIVE

Heritage Foundation recipients honored at the 2021 Angus Convention.

### **130** | EVEN BETTER

Balance and longevity discussed at Angus Convention.

### **136** | A WOMAN WORTH LOOKING UP TO

The newest woman to wear the crown of Miss American Angus looks forward to representing the Angus breed.

### **140** | MORE THAN \$20,000 RAISED TO SUPPORT ANGUS FOUNDATION

Live and silent auctions during the 2021 Angus Convention & Trade Show raise unrestricted funds to support education, youth and research.

### **144** | TAKING ON TEXAS

The 2021 National Angus Tour took attendees to Gabriel Ranch in Grand Saline, Texas.

### **148** | AMERICAN ANGUS AUXILIARY HOSTS EVENTS AT ANGUS CONVENTION

Organization acknowledges leadership, award winners and camaraderie.

### **153** | ROLL OF VICTORY SHOW WINNERS

Accomplished show cattle and breeders recognized at Angus Convention.

### **156** | REALITY OF THE FUTURE

Attendees of Angus Convention win big after completing Angus Media virtual scavenger hunt.

### **158** | GRAND-PRIZE GIVEAWAYS

Three attendees took home grand prizes from the 2021 Angus Convention.





McCully said today the industry is producing the highest-quality product ever delivered, with one in five of all fed cattle qualifying for the *Certified Angus Beef*® (CAB®) brand.

“You as Angus breeders should take a lot of credit for this, because it was about building the genetics, first creating the focus, first creating the target of making the change, deciding to make the change, and then building the genetics to actually get it done,” he said. “This is a testament to the tools we have in our toolbox to make progress where we want to make progress.”

This progress has been made on the back of the Angus cow herd, which has been foundational to producing a quality product.

“That Angus cow needs to be able to be dumped in a lot of different environments; be able to go get bred; bring in a big, heavy calf and mother up that calf,” McCully said. “That calf needs to go on and grow efficiently and produce a high-quality product in the end. To me, that’s fundamental to our business. We have to be able to do all that in a profitable way. I don’t believe those fundamentals are going to change.”

McCully added that instrumental to continued success will be the Association staying focused on its members and investing in the next generation — an Angus family legacy.

History demonstrates decisions today affect the future, and McCully urged Angus breeders to approach this fact as a challenge and opportunity.

“We are in the registered seedstock business, and decisions you are making today ... think about the true impact that those have,” he said. “It’s a long ways down

the road, so we do have to have this long lens. We have to not just be thinking about what the consumer’s asking for today — obviously that’s the consumer we need to deliver on — but in the registered genetic seedstock business, I think we need to be thinking with a little longer horizon.”

McCully admittedly said he has more questions than answers when it comes to anticipated changes in the beef industry, but he shared those questions and potential disruptors.

The COVID-19 pandemic seems a tiresome topic at times, but McCully said we have to ask, “What impact has COVID had on the consumer?”

For the first time in generations, consumers have seen store shelves with limited supply at best, and empty at worst.

“Our supply chains have been so disrupted over this,” he said. “I do think that’s going to impact the psyche and maybe the decisions that the consumers make. But maybe much bigger than that is, there’s data that is documented that COVID clearly changed how our consumer is buying their products.”

He noted data showing an increase in online grocery shopping could mean an opportunity for the CAB brand to connect with consumers.

Foodservice was greatly affected by the pandemic restrictions, and though it has rebounded, labor shortages continue to be a challenge.

“I do think we’ve got to acknowledge that the consumer has changed,” McCully said. “The consumer will always change. They will continue to evolve. They’ll continue to have different preferences.”

*Continued on page 104*



He said consumers, however, will continue to want beef that is tender, flavorful and consistent.

McCully said today consumers are asking different questions than they did a few decades ago. Quality matters, but is it enough?

Today when asked what is influencing the amount of meat they eat, McCully said, “The answers they gave today are animal welfare, health, planet, social responsibility. We have to keep this in mind.”

While some disruptors we can see in the distance, McCully said the industry is unable to predict them all.

“We have a lot of external things that are impacting our business, that are disrupting our business as raising Angus cattle, as operating an Association,” he said.

Not unlike other industries, labor shortages are affecting cattlemen.

“You think about the impact to your commercial customers. I hear it all the time. ‘I just cannot find labor.’ So, guess what? They don’t need problems in their genetics. They don’t need calving problems. They don’t need udder problems. They don’t need any problems, right? Because there is no labor.”

Still, not all disruptors are a bad thing, McCully said. New tools and technologies on the horizon may change the way things are traditionally done, but could prove beneficial similar to genomic-enhanced predictions and reproductive advancements like *in vitro* fertilization (IVF) and sorted semen.

He said the Board of Directors works to stay informed of emerging technologies like gene editing and consider potential benefits and unintended consequences.

“I’m awfully encouraged and optimistic about our future based on the heritage of this great organization,” he said. “We adapt well. You adapt well, as breeders. We adapt well in agriculture; always have, always will. And I’m proud to be a part of an organization that is focused on bringing value to our membership, bringing relevance to this beef industry, improving this Angus breed.” **AJ**

*Editor’s note: The Angus Journal will print coverage of the 2021 National Angus Convention and Trade Show in this issue and upcoming issues.*



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