



# Revitalizing the Eastern Corn Belt Beef Business



**Michigan Livestock Exchange joins  
with Southern States Cooperative and  
a Five-State Beef Initiative to  
jump-start the feeding industry  
and generate a consistent supply  
of high-quality beef.**

BY JULIE GRIMES ALBERTSON

**B**eef production east of the Mississippi could see some positive changes as a result of a merger between the region's two largest producer cooperatives. Michigan Livestock Exchange (MLE) and Southern States Cooperative signed an intent to merge in January. Members will vote on the issue in March. Though each co-op will maintain its own identity, both expect to open markets previously out of reach.

"Southern States wanted to provide another service to its

members," says Ray Ramsey, vice president of operations for MLE. "It made perfect sense for us because it will increase our supply of high-quality beef."

Southern States is a supplier of agricultural inputs such as feed, seed and fertilizer. The co-op had no interests in the livestock marketing business. MLE is a livestock finance and marketing cooperative and boasts 56,000 members in Indiana, Ohio, Michigan and Kentucky.

Ramsey says this merger will add momentum to MLE's Beef

**"The cow-calf producer will always have trouble when he has to depend on the ups and downs of the market. Producers can do a lot to eliminate those ups and downs through retaining ownership on the cattle from birth to slaughter? — Ray Ramsey**

Improvement Program, established two years ago to help invigorate the eastern Corn Belt feeding industry. MLE has been working toward that end since 1987, sourcing mid-Choice beef for export. Sold as Michigan Special Export, the program targeted the Japanese market. While the product was well-received, there wasn't a consistent supply for Moyer Packing Company (MOPAC), MLE's partner in the program.

Finding and maintaining a supply of mid- to high-Choice meat for white-tablecloth restaurants and the export market has been the stumbling block for MLE. However, in 1995 Michigan State University (MSU) became involved in the project as part of the Michigan Beef Alliance.

"We started with live animals instead of sourcing, stimulated by MOPAC's need for a Japanese export product," says MSU Extension Beef Specialist Harlan Ritchie. "We had a need and a known buyer with a need," he says. "So we decided to start with heifers with known genetics bred to bulls with known genetics to produce a consistent, high-quality product."

Ramsey says using Angus genetics was the clear answer. "The carcass data on Angus is superior to any other breed because they've been collecting it the longest. Our goal was to engineer cattle from the ground up, so we needed to know what we were dealing with."

Breeding Angus sires with high-accuracy, positive marbling expected progeny differences (EPDs) to Angus females selected for the same qualities proved to be even more successful than they expected. Ritchie adds, "Eighty-two percent of the progeny from our matings graded in the

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## Five-State Beef Alliance

As the Michigan Beef Alliance was gaining steam, a group composed of agricultural interests in the states of Illinois, Ohio, Indiana, Kentucky and Michigan was also meeting. State departments of agriculture, universities, farm bureaus, cattlemen's associations and other agricultural interests began meeting in 1995 to develop a system of producing and marketing premium beef in the eastern Corn Belt region.

The Five-State Beef Alliance had similar interests and goals as the Michigan Beef Alliance and the two groups held a joint meeting in August of 1997.

"Things they were doing and talking about were similar to our objectives, and together we became inspired to plan an Eastern Corn Belt Center to enhance the beef industry in this area," says Harlan Ritchie, Michigan State University beef specialist.

One of their first objectives was to write a grant proposal for the creation of a "Center for an Innovative, Coordinated Beef System in the Eastern Corn Belt." Five universities are serving as the writing committee: the University of Illinois, the University of Kentucky, Michigan State University, Purdue University and Ohio State University.

Ritchie says the center will not be bricks and mortar. "There won't be a monument of a building," but rather "a group of people working together to revitalize the industry."

The U.S. Department of Agriculture (USDA)-sponsored Fund for Rural America (FRA) Program awarded an initial \$25,000 to be used for developing the Center Grant Proposal. The proposal is due March 26 and if funded will be a \$3- to \$4-million grant.

Ron Lemenager, Purdue University professor of ruminant nutrition and beef management, serves as program director for the Center. "Our livestock growers realize that they're going to have to produce something different than what is produced in the High Plains region. The consensus is that a premium product with guaranteed tenderness would be marketable," says Lemenager.

The group has come to the table with few conflicts because they agree the time is right for

a value-based marketing system, according to Lemenager. The center involves every level of the industry and will have a built-in system to capture consumer feedback

### Center for an Innovative, Coordinated Beef System in the Eastern Corn Belt

*CENTER GOAL: To strengthen economic opportunities for the eastern Corn Belt's beef industry by providing value to the consumer.*

#### CENTER OBJECTIVES

- 1 Develop high-quality product lines to meet consumer demand and enhance profit for the producer.
- 2 Develop a production system that will create the high-quality product line.
- 3 Develop an information center to collect, analyze, interpret and disseminate data and information to support the production and marketing system.
- 4 Develop a business function that will handle the financial and contractual arrangements and coordinate product flow.



"We have plans for a grid-marketing system through which our objective will be to eliminate tough, undesirable meat with effective use of genetics and management," Lemenager explains.

Revitalizing the beef industry in the eastern Corn Belt is the goal of MLE and the Five-State Beef Initiative. Tremendous cooperation between various interests in agriculture is making it happen. Producers in this part of the country are being rewarded for using high-quality Angus genetics to produce a consistent, top-notch product.

## Michigan Livestock Exchange *cont.*

upper two-thirds of Choice.” The industry average for upper two-thirds Choice is 12.7% according to the 1995 National Beef Quality Audit (NBQA).

The figures came from 289 head of 18-month-old cattle harvested during the summer of 1997.

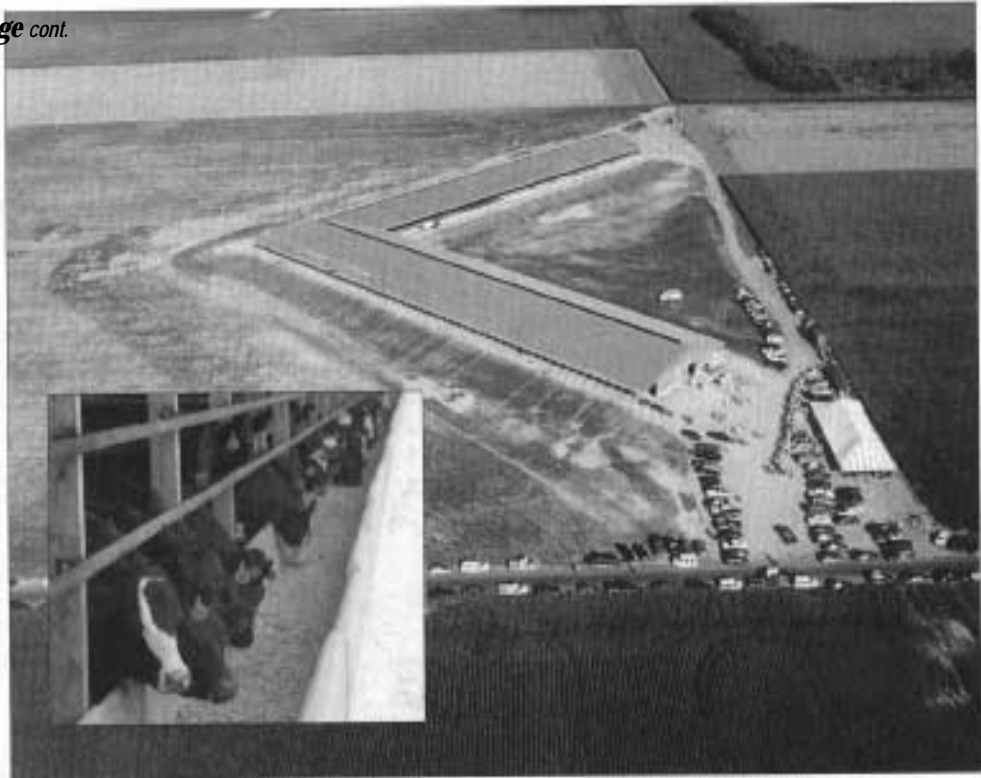
“Actually, I was even more excited about the next group we slaughtered because we only used known-sire genetics; the females we selected by sight only,” says Ramsey. On that set of 126 head harvested in the fall of 1997, identifying only the sire’s genetics, 47% graded in the upper two-thirds of Choice or higher.

Ritchie says this kind of data will only enhance the sale of Angus bulls. “We have a list of guidelines we use for EPDs, but we only select for breed average of all carcass traits because we believe that average Angus marbling is adequate and will change a lot of herds.”

**MLE leases bulls** and finances cows that fit the program’s criteria to cooperating members. To date, they have 3,000 cows and 70 bulls in the program. Anderson Circle Farm, Harrodsburg, Ky., has 700 cows in the program and 350 head on feed.

“We believe there should be linkage between the genetics and the consumer and that fits with MLE’s beef improvement program,” says Harvey Mitchell, general manager of Anderson Circle. By teaming with the co-op, Mitchell says the farm is aligning itself with a partner in the business of producing quality genetics and quality beef.

Anderson Circle retains ownership of its calves and takes advantage of MLE’s feedlot financing program. The co-op provides marketing assistance and guarantees producers at least a break-even selling price on slaughter cattle.



Above: Stoneman’s Michigan Livestock Exchange (MLE) financed feedlot opened in the summer of 1997. The 4,000-head lot feeds only high-quality cattle, including MLE cooperators’ cattle.

Table 1: Michigan Livestock Exchange Beef Improvement Harvest Summary, averages for groups harvested June 11, 1997, through July 30, 1997

	Group					Overall Avg.
	1	2	3	4	5	
HCA <sup>a</sup> , lb.	664	652	581	642	609	632
FEA, sq. in.	12.3	11.6	10.8	11.3	11.2	11.4
BF, in.	0.39	0.45	0.40	0.40	0.43	0.41
YG	2.5	2.8	2.7	2.9	2.8	2.7
% Choice	97.6	100.0	97.7	100.0	100.0	98.0
% Prime	11.9	26.2	18.6	25.9	17.8	20.0
* CAB %	89.0	83.3	90.7	93.3	82.2	83.7
No. Head	42	42	43	45	45	217

<sup>a</sup>HCA=Hot carcass wt.; REA=ribeye area; BF=backfat; YG=U.S. Department of Agriculture Yield Grade.

\*Percent meeting Certified Angus Beef™ specifications

Table 2: Carcass Data on Michigan Beef Alliance Cattle vs. 1995 National Beef Quality Audit Averages

	MI Beef Alliance 1 <sup>a</sup>	1995 NBQA	MI Beef Alliance 2 <sup>b</sup>
% grading USDA Choice or higher	97.2	47.5	96.8
% grading upper 2/3 Choice or higher	82.4	12.7	47.6
% grading Prime	20.7	1.3	3.2
% grading Select	0.5	46.4	3.2
% grading Standard	0.0	4.6	0.0
Avg. carcass wt., lb.	626	748	757
Avg. fat thickness, in.	0.43	0.47	0.53
Avg. ribeye area, sq. in.	11.3	12.8	12.4
Avg. yield grade	2.79	2.82	3.2
% YG 1 or 2	68.9	57.9	42.1
% YG 3	28.6	34.2	54.8
% YG 4	0.9	7.1	3.2

<sup>a</sup>Summary of 289 head harvested from June 11 to July 30, 1997. Sire and dam genetics were identified.

<sup>b</sup>Summary of 126 head harvested from Aug. 11 to Sept. 1, 1997. Sire genetics only were identified.

MLE maintains a state-of-the-art feedlot in Central Michigan for cooperators like Anderson Circle. With a one-time capacity of 4,000 head, the total-confinement feedlot enables the co-op to maintain consistency in the feeding phase of its program.

“We breed the cattle alike, raise them alike and now we are able to feed them alike, which ties the whole program together,” says Ramsey. In a combined effort with Packerland, MLE opened a processing plant in January to process 300 head per day. “This plant is just one more tool that will benefit our producers,” says Ramsey. “I’d like to see beef producers rewarded for their hard work. By contracting a fair price and knowing the genetics, smaller producers can compete.”

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